AGENDA

Meeting: **Wiltshire Pension Fund Committee**

Place: **West Wiltshire Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN**

Date: **Thursday 14 September 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
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.

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Items to be considered	Time

PART I

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

1	**Apologies** To receive any apologies for absence or substitutions for the meeting.	**10.00am**
2	**Minutes** *(Pages 7 - 14)* To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 13 July 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	**Local Pension Board minutes (Part I)** *(Pages 15 - 22)* To receive the minutes of the meeting of the Local Pension Board held on 10 August 2023. To review the summary of the recommendations made by the Board.	
6	**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 7 September** 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 11 September**. 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.

7 **Responsible Investment Update** *(Pages 23 - 30)* **10.15am**

The Investment and Accounting officer to present a report on the Fund quarterly responsible investment performance.

8 **Responsible Investment Policy** *(Pages 31 - 60)*

The Head of Fund to present the draft responsible investment policy 2023.

9 **Climate update and progress** *(Pages 61 - 112)*

The Head of Fund to present a report on climate progress.

10 **Annual Report and accounts** *(Pages 113 - 248)*

The Head of Fund to present draft report and accounts.

11 **Office Space** *(Pages 249 - 250)*

The Head of Fund to present a proposal for new office space.

12 **Date of Next Meeting** **10.45am**

To determine the date of the next committee Administration focused Committee meeting: To be held on 5 October 2023.

13 **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.

14 **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 15 – 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

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

15	**Minutes** *(Pages 251 - 260)* To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 13 July 2023.	**11.0am**
16	**Local Pension Board minutes (Part II)** *(Pages 261 - 268)* To consider the Part II (private) minutes, and recommendations arising, from the last meeting of the Local Pension Board held on 10 August 2023 respectively.	
17	**Consultation Response** *(Pages 269 - 276)* The Head of Fund to present a draft response to the consultation on LGPS pooling.	**11.15am**
18	**Quarterly Investment update** *(Pages 277 - 334)* The Investment and Accounting officer to present a report on the Fund quarterly investment performance.	
19	**Manager Presentation - PineBridge** *(Pages 335 - 360)* Steven Oh to provide a presentation.	**12.00pm**

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Wiltshire Council

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 13 JULY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:
Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler and Claire Anthony

Also Present:
Cllr Tony Jackson

79 **Apologies**

Apologies for absence were received from Cllr Christopher Newbury, Cllr Nick Botterill, Mike Pankiewicz and Tracy Adams.

80 **Minutes**

The minutes of the meeting held on 15 June 2023 were presented for consideration, and it was,

Resolved:

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

81 **Declarations of Interest**

There were no declarations of disclosable interests.

82 **Chairman's Announcements**

The Chairman welcomed newly appointed Wiltshire Pension Fund officers, James Franklin and Matt Allen to the Committee meeting.

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

The Committee reviewed the list of ongoing actions. In relation action 78, the Chairman stated that it would be positive to not have to wait until September for the letter to be sent to Brunel. It was clarified by officers that the letter would be written from the Chair for approval over email and then brought back to the Committee meeting on 14 September 2023 to be shared.

It was clarified that in relation to minute 78, that it was not too late to provide feedback regarding training.

84 **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.

85 **Public Participation**

No statements or questions were submitted.

86 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers presented the Headlines and Monitoring report. The report included that outsourced projects were going well; however, the Hymans contract had been slightly problematic as they had not input as much resource as promised, however it was believed that this would improve. Work on the pensioner payroll reconciliation was progressing well and all overpayments had now been dealt with, with work to begin on underpayments, with confidence this would finish on time.

Recruitment had gone well, with James Franklin (Pensions Administration Lead) and Matt Allen (Employer Funding & Risk Lead) now employed into two key roles.

The Stewardship Report had been submitted with the Fund set to receive notification of whether signatory status had been maintained later in the year. Additionally, the Fund had also been shortlisted for awards later this year in September.

An update was provided in relation to Business Plan Priority updates, with it noted that though areas had been marked red, they were working towards being orange with the newly recruited officers able to progress work. It was outlined that work needed to be done on training and staff morale as these areas were not particularly good following staff restructures.

A lot of work had been completed with iConnect and controls, however there was still a lot to do, with a further role to be put up for recruitment in September to support the Pensions Administrations Lead. Clarity was provided that though some employers had been onboarded to iConnect, this had now been paused to sort control issues.

Regarding the aggregation backlog, though there had been an issue with the Hymans contract, the service improvements team in house had closed off a lot of old cases.

The Committee discussed the report with comments received on but not limited to that the Hymans contract was for a fixed price of a certain number of cases, rather than working hours, how recruitment had been difficult for Pension Funds generally. Additional clarity was provided on aggregations and the benefit of such a working method.

Further clarity was provided on “phantom cases” and how they might arise as well as the impact that such cases might have on workflow. Additionally, it was noted that the KPI Audit had been accepted by SWAP and their intention was to start on the work this month having initially delayed due to resourcing and staffing issues. It was also stated that officers had been involved and consulted in relation to the Evolve Project.

The officer stated that in relation to operational resilience, it was believed that a good staffing structure was now in place with all officers now mapped to it. Furthermore, to change the amber rating to green, staff training would have to be completed and morale improved.

Assurance was provided to Members that McCloud work was on the radar of the Fund and had not been forgotten, though it was not a top priority, hence the red rating. Further clarity was sought on target dates, with it noted that many were set for the end of the scheme year and would likely carry over into the next scheme year.

Discussion took place in relation to targets and “tolerable performance” with it suggested that if a performance was set as “tolerable”, it would suggest that anything less would be unacceptable. It was suggested that it would be positive to include previous target figures with an arrow to demonstrate the direction of travel.

In relation to backlog, it was stated that 500 cases had been discovered, with clarity provided by the officer that there would still be more cases to discover, therefore meaning that this would be a moving target. It would therefore only be possible to have a definitive number of cases once all the work had been completed.

At the conclusion of debate, it was,

Resolved:

The Committee:

a) Approved the risk register recommendations made by the Board and the officer assessment of risk as presented in the April version of the risk register:

b) Noted progress in the SWAP Audit actions log, including updated target dates.

87 **Fund annual report and accounts**

Chris Moore, Investment & Accounting team lead, presented the draft Annual Report and Accounts 2022/23 and an update on external audit finding. It was noted that the team was now awaiting the external auditor's review and that this would likely be undertaken in autumn. It was noted that there had been an increase in contributions across the year due to inflation, with benefits payments looking lower year on year after revisiting pension underpayments. Furthermore, reference was made to the Statement of Going Concern, which had been included within the agenda.

The Committee discussed the report in detail, with the following comment clarified that work had been completed regarding provision for underpayments, which had been revalued this year and would cover any anticipated payments for anyone underpaid in the past. It was clarified by officers that there had not been any significant changes to accounting policies or the process in the last year.

Clarity was provided regarding Going Concern, with reference drawn to the Actuarial Statement within the report, which outlined the liabilities of the Pension Fund assessed last year, liabilities today as well as the present values of funds to be paid in the future. The report represented a reduction in liabilities and assets. It was noted that there was an error within the report, to which the officer agreed to circulate a corrected version.

A query was raised regarding assumptions, to which the officer noted that the Pension Fund relies on professional valuers to make an assessment, which is also reviewed and relied upon by auditors. Regarding the length of time for the assumptions, it was stated that these were a for a long-term forecast of 20 years.

Regarding services charges from Wiltshire Council, it was clarified that the Fund had an agreed charge rate for which they paid last year and had already agreed a charge for the year ahead.

At the conclusion of debate, it was,

Resolved:

The Committee:

a) Agreed to send a note to the Audit and Governance Committee confirming that the Wiltshire Pension Fund Committee had scrutinised the accounts, the scrutiny of which could be relied upon with no material to

bring to their attention. Furthermore, that the Committee could not conclude until after the 10 August 2023, when they would have the Local Pension Board's review.

b) Approved the appended statement of going concern.

88 **Key Financial Controls**

Chris Moore, Investment & Accounting team lead, provided a presentation on Key Financial Controls, concerning the operational accounting arrangements and the 2022-23 Budget Outturn. The presentation included that work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records had continued, with reference to an increase in variants in the two systems with an issue identified and work underway to amend the discrepancy.

Reference was also drawn to the SALAMI portfolio, which following its implementation had allowed the Fund to reduce the amount of cash held and improve the efficiency in meeting call notices.

The Committee discussed the report with a comment received in relation to the Quarterly Financial Performance Dashboard (page 73), with it questioned under employer contributions whether the green rating was questionable. The officer clarified that payments had been made and reconciliation was in place, with confidence that though there had been an issue the majority of the payments would come in.

At the conclusion of debate, it was,

Resolved:

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

89 **Investment Managers Fees & Costs paper**

Chris Moore, Investment & Accounting team lead, presented a paper on the Fund's fees and costs for the period 2022/23. Additionally, the Committee received training on Cost Transparency, which included information regarding the annual cost transparency process, an overview of the types of CTI costs, a summary of the Wiltshire Pension Fund Costs for 2022/2023, as well as reporting.

At the conclusion of the discussion, it was,

Resolved:

The Committee agreed to use the report as a basis to monitor the Fund's investment management fees and costs for the year to 31 March 2023.

90 **Employer Cessation Policy reviews**

Matt Allen, The Employer Funding and Risk Lead, presented a paper outlining changes to the Fund's Employer Cessation Policy. The presentation included an overview of the key changes which had been made to the policy, with reference made that the current version had been approved on 14 December 2022. Changes were made to but not limited to the Calculation Basis for cessation events, payment of any crystalised deficit, disputes, and the Deferred Debt Agreement (DDA).

The Committee discussed the report with it suggested that the report also be seen by the Local Pension Board.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the revised Cessation Policy and seek from Officers such clarifications or further information as they require subject to approval by the Local Pension Board.

91 **New Employer Policy Review**

Matt Allen, The Employer Funding and Risk Lead, presented a paper outlining changes to the Fund's New Employer Policy. The presentation included an overview of the key changes which had been made to the policy, with reference made that the current version had been approved on 16 July 2023. Changes were made to but not limited to an overview of approaches to funding, covenant and security arrangements and a Memorandum of understanding (MOU).

The Committee discussed the report in with clarity sought regarding how the changes in section 5.1 (Overview of approaches to funding) would impact on parish councils.

At the conclusion of the discussion, it was,

Resolved:

The Committee agreed to approve the revised New Employer Policy and seek from Officers such clarifications or further information as they require subject to approval by the Local Pension Board.

92 **Committee Forward Work Plan**

It was queried whether the Terms of Reference would be available by October, to which it was clarified by officers that that was doubtful, due to the single code of practice and good governance review having been delayed.

After which, it was,

Resolved:

To note the Forward Work Plan.

93 **Date of Next Meeting**

The dates of upcoming meetings were confirmed as 14 September 2023 and 5 October 2023.

94 **Urgent Items**

There were no urgent items.

95 **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.

96 **Minutes**

The private minutes of the meeting held on 15 June 2023 were presented for consideration, and it was,

Resolved:

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

97 **Local Pension Board minutes (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.

98 **Swindon Borough Council Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a report concerning the status of data provision, financial reconciliation, and internal controls between SBC and the WPF.

At the conclusion of the discussion, it was,

Resolved:

The Committee agreed to note the situation and discuss what actions may be required at the current time.

99 **Fraud case Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a report on a case of customer fraud which had occurred.

100 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, stated that there was nothing to update regarding the ongoing Brunel governance arrangements.

(Duration of meeting: 10.00 am - 12.20 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

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

Wiltshire Council

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 10 AUGUST 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:
Mark Spilsbury (Chairman), Paul Smith, Laura Fisher, Mike Pankiewicz and George Simmonds

Also Present:
Cllr Richard Britton and Cllr Nick Botterill

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208 **Membership**

The Board were informed of the following changes to its membership:

- Mike Pankiewicz's term of office being renewed by Unison for a further 4 years from July 2023
- The appointment of James Nicholson as the Active member of the Board.

Resolved:

1. **To note that Mike Pankiewicz had his term of office renewed by Unison for a further 4 years from July 2023.**

2. **To support the appointment of James Nicholson to be ratified by Full Council.**

209 **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, and Cllr Richard Britton attended in his capacity as Chairman of Wiltshire Pension Committee.

210 **Apologies**

Apologies were received from Marlene Corbey (Vice-Chairman).

211 **Minutes**

The Part I (public) minutes of the previous meeting held on 24 May 2023 were considered.

In addition, the Board noted that the Key Performance Indicator Improvement Plan would be delayed from November 2023 until March 2024 to allow input from James Franklin (Pensions Administrative Lead).

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.

212 **Declarations of Interest**

There were no declarations of interest.

213 **Chairman's Announcements**

There were no Chairman's announcements.

214 **Public Participation**

There were no public statements or questions submitted.

215 **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 meetings held on 15 June 2023 and 13 July 2023 were considered.

Resolved:

The Board noted the Part I (public) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.

216 **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 April 2023 to 30 June 2023.
- Audit Actions

  - SWAP audit 2022/23
  - ClearGlass audit – update
  - SWAP KPI audit
- Effectiveness review update

In response to questions, officers explained that issues raised during the recent employee engagement survey could be eased with a return to working from County Hall, which the Board fully supported, particularly as a dedicated space had been secured for the Teams use; there was an expectation that the backlog of cases will continue to reduce significantly following a reorganisation of the Team; that the KPI Change column would be reintroduced in the Administrative KPI's Internally Set Targets (Fund) table for future reports, as requested by the Board; the Team would prioritise reducing the backlog in open cases for deaths and retirement; confirmed that Table 3 detailed the backlog of open cases; confirmed that actions 1 and 10 on the SWAP audit actions log should be paused due to material changes to actions since the SWAP recommendations were made (SWAP difficulties in acquiring staff and the training of new staff in a timely manner); and a schedule of SWAP audit priorities along with resources to be employed for each audit to be considered by the Wiltshire Pension Fund Committee.

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 and in light of material changes to actions since the SWAP recommendations were made endorse the pausing of actions 1 & 10.

d) To prepare a schedule of SWAP audit priorities along with resources to be employed for each audit for consideration by a future meeting of the Wiltshire Pension Fund Committee.

217 **Equity, Diversity and Inclusion**

The Board considered the report of Jennifer Devine – Head of Wiltshire Pension Fund which highlighted the important topic of equality, diversity and inclusion (EDI).

The Head of Wiltshire Pension Fund referred to guidance on EDI published by the Pensions Regulator in March 2023 explaining why EDI is an important topic and offering practical ways that pension schemes can improve EDI on the governing body. For Wiltshire this would incorporate the Wiltshire Pension Fund Committee and the Local Pension Board. The report highlighted ways in which the topic could be taken forward by Wiltshire Pension Fund with the inclusion of additional wording in the Responsible Investment Policy, due for renewal in September 2023.

It was suggested that the first step would be for Committee and Board members to attend a joint training workshop, similar to the training being provided to staff of the Pension Fund Team.

Resolved:

1. **That Wiltshire Pension Fund Committee is recommended to include the following wording in the next revision of the Fund's Responsible Investment Policy:**

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

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

2. **That a joint training session on EDI is arranged for the Board and Committee**

3. **That the Wiltshire Pension Fund Committee be recommended that Committee members should attend training on the topic of EDI.**

218 **Training**

The Board received an update presentation from Christopher Moore – Investment and Accounting Team Lead on Accounting and Audit Standards and the role of the internal and external auditor.

The Board noted that questions relating to the sign off of the Council's accounts and impact on key financial controls due to a recent fraud case would be covered in detail later in the meeting.

Resolved:

To note the presentation update.

219 **Key Financial Controls**

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.

Officers commented on pension increase in April 2023 and the impact on current systems, and the Evolve project which will deliver a replacement to the existing SAP payroll and accounting software and the transfer of existing pensioners to the new payroll system.

In response to questions, officers confirmed the Council have provided a new fee for 2023/24 based on reasonable methodology for all key items, which have been included in the agreed budget for the year and Fund officers would continue to seek the finalisation of a formal legal document outlining the Service Level Agreement Recharge from Wiltshire Council Finance Team. In addition, officers confirmed that they were processing the impact of the Evolve project and pension increases, and would include updates in future reports.

Resolved:

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.

220 **Fund Annual Report and Accounts**

The Board considered the report of Jennifer Devine, Head of Wiltshire Pension Fund about the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2023.

Officers reported that the set of accounts have not been subject to audit review due to the auditors unable to resource a timely audit. The Board noted that if an audited set of accounts cannot be published then an unaudited set should be. This would be completed prior to the statutory deadline, with auditors expected to commence their audit in the autumn 2023.

In response to questions officers explained that the primary cause for an increase in management expenses is due to an increase in investment transaction costs mainly in the funds property portfolio, along with an increase in operational running costs as outsourced work to reduce operational backlogs of work to reconcile payroll differences commenced. A written response would be provided in relation to the reasons for a reduction in long term investments by Brunel.

Resolved:

That the Board:

a) **Note the unaudited statement of accounts for 2022/23; and**

b) **Note and endorse the appended statement of going concern.**

221 **Employer Cessation & New Employer Policies**

The Board considered the report of Matt Allen, Employer Funding and Risk Lead which presented an updated Cessation Policy and New Employer Policy for approval.

Officers reported that following the appointment of the new Employer Funding and Risk Lead in June 2023, the two policies were reviewed to ensure that they were still relevant and met current regulation requirements and best practice.

Resolved:

That the revised Cessation Policy and New Employer Policy be approved.

222 **Urgent Items**

There were no urgent items.

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

The next ordinary meeting of the Board will be held on 1 November 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.

224 **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 18-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

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

The Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023 were considered.

Resolved:

The Board noted the Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.

226 **Swindon Borough Council Update**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund, following consideration of an issue concerning the reporting arrangements of an employer to the Wiltshire Pension Fund.

Resolved:

That the update be noted.

227 **Fraud Case**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund about the case of stolen identity of a Scheme member. SWAP had investigated the case, confirmed that fraud had taken place and the member had been fully recompensated. A more detailed report would be available at the next Board meeting.

Resolved:

That the update be noted.

228 **Employer GLL Bond**

The Board considered the report of Matt Allen, Employer Funding and Risk Lead, which provided an update on the Greenwich Leisure Limited Bond renewal issues.

Resolved:
That the report update be noted.

229 **Brunel Governance Update**

There was no update for this meeting.

230 **LPB Minutes**

The Part II (private) minutes of the previous meeting held on 24 May 2023 were considered.

Resolved:
The Board approved and signed the Part II (private) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.

(Duration of meeting: 10.00 - 11.45 am)

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

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

Agenda Item 7

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
14 September 2023

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

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

Key Considerations for Committee

Progress against recent decisions and the actions in the Responsible Investment Plan 2023/24

2. The road map from the Responsible Investment Plan 2023/24 is shown on the following page. Progress against the year is as follows:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23		Complete – approved by Committee and included in the RI Policy 2023
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23		In progress
Publish the stewardship report and mini-magazine	Q2 23		Complete - Summary - Wiltshire Pension Fund
Publish the affordable housing impact report	Q2 23		Complete - Affordable Housing Impact Report 2023 - Wiltshire Pension Fund
Research and publish the cement case study	Q2 23		Complete – included in the Climate Report and online shortly
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23		Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23		Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23		Complete – elsewhere on this agenda
Publish an expanded Climate Report (including TCFD reporting)	Q3 23		Complete – elsewhere on this agenda
Conduct an engagement activity with the scheme's younger members	Q3 23		In progress
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23		Work started
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23		Not started
Progress the water engagement via Brunel	Q4 23		Not started
Report on progress and developments against the theme of biodiversity	Q1 24		First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24		Not started
Use established industry tools to investigate the theme of health in our portfolios	Q1 24		Not started

Responsible Investment Road Map

Q2 2023 -

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

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

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

Q3 2023 -

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

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

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

Q4 2023 -

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

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

Q1 2024 -

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

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

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

3. **More detail on selected actions (and other issues) is provided below**:
   - Progress has been made on a specific allocation to renewable infrastructure and climate solutions of 7%. Implementation options are currently being explored with Mercer and with a group of Brunel clients (outside the pool).
   - Mercer are also reviewing the affordable housing fund market and will be advising on the remaining £30m to allocate against the allocation of 5%, with work beginning in September 2023.
   - The Stewardship Report 2023 was submitted to the Financial Reporting Council (FRC) on 9 May 2023. This will be reviewed to secure renewed signatory status against the 2020 Code. A mini magazine highlights report has also been published, providing examples of the work we do to bring the topic to life.
   - The Affordable Housing Impact Report 2023 was published on 25 April 2023. This report, the first of its kind, is aimed at providing stakeholders with impact measures for this allocation. The metrics included in the report demonstrate that the portfolio is delivering against its social impact objectives. Financial performance is considered elsewhere.
   - Further reporting developments for 2023 include voting highlights. A summary for Q2 2023, which encompasses voting season (and was therefore a busy quarter) in attached as Appendix 1.
   - The Local Pension Board discussed the topic of Equality, Diversity and Inclusion at their August 2023 meeting, and have supported a recommendation to hold a joint training session for Board and Committee members on this topic. The LPB paper is attached as Appendix 2.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

5. There are no known implications at this time.

Proposals

6. The Committee is asked to
   - use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
   - note the progress made against the Responsible Investment Plan 2023/24 actions and discuss whether any additional actions are needed at the current time;
   - approve that a joint training session on equality, diversity and inclusion is arranged for the Local Pension Board and Committee.

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

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

Appendix 1 – Voting summary Q2 2023
Appendix 2 – LPB paper on equality, diversity and inclusion

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Q2 2023 - Voting report

Summary

The following summary includes votes cast on equity holdings in Developed (Brunel) Listed Infrastructure (Magellan) and Emerging Markets (Ninety One):

- We voted at **840** meetings on **13,176** separate resolutions.
- We only abstained on **216** resolutions (1.6%), showing that we exercised our rights to vote the vast majority of the time.
- We voted in favour of **9,827** resolutions (75%), we upheld our intention to be supportive of management to help them continue to run successful businesses, but also exert pressure on companies when it is needed.

Commentary and case studies

Most of Wiltshire's equities are held within global mandates managed by Brunel, with stewardship services provided by **Federated Hermes (EOS)**. The second quarter of the year is known as proxy season, this is when most company AGMs are held. Consequently, Board structure and Remuneration made up two thirds of resolutions where votes were cast against management.

EOS highlighted a particular example of concerns related to the approach to board diversity and excessive CEO pay at **Netflix, Inc**. Last year, some 73% of shareholders rejected the pay proposal at Netflix and we were disappointed that the company had not done more to address shareholder concerns this year. Against the backdrop of a Hollywood writers' strike, Netflix shareholders (including EOS) again withheld support for the sizable packages awarded to the content streamer's executives, voting against the resolution.

To pick up on another governance theme, we noted EOS have continued to apply pressure on North American companies with long-tenured auditors on the believe that independence, and potentially audit quality, are at risk when the same external audit provider has been maintained for too long. EOS's toughened stance this year for companies with external auditor relationships extending beyond a century led us to votes against the auditor and audit committee chair for a number of companies, including the pharmaceutical **Johnson & Johnson**, among others.

While this report is primarily focused on voting, EOS provided insight of engagement activity that can avoid the need to raise shareholder resolutions at a recent Responsible Investment Sub Group meeting (of pension fund officer clients of Brunel). For example, in 2022, EOS intensified their lobbying of **Mercedes Benz,** facilitating discussions between the company and an investor group planning to file a shareholder resolution in on setting sustainability targets in the supply chain, the company's support for the Paris Agreement and emissions reduction targets. This resulted in receiving written assurance from the company in that it would carry out a review of its associations' lobbying activities and publish this with its sustainability report annually as 'the Mercedes-Benz Group Climate Policy Report', from 2023.

Magellan manage a mandate of listed infrastructure, the number of stocks held is relatively small; this quarter there were 27 meetings and therefore this represents most voting activity for the year.

Magellan voted at the 2023 AGM for Vopak, a company which stores chemicals, oil and gas based in the Netherlands. Magellan have been engaging with the company on energy transition risks and alignment of executive pay to address these. Magellan were pleased to see the inclusion of new long-term incentive payments for executives, aligned to specific GHG emission reduction targets and capital expenditure commitments to new energies development. These proposals were supported as they address a material ESG risk for Vopak.

As a member of LAPFF, Wiltshire Pension Fund receive voting alerts, including those for climate related lobbying and carbon emission target resolutions. One of these alerts was in respect of **Enbridge**, an energy company held by Magellan, regarding their disclosure of scope 3 emissions data. We shared the resolution recommendation with Magellan to inform their voting intentions. Magellan's own analysis of the company recommended voting against the proposal which differed from the LAPFF alert to support. Magellan highlighted how Enbridge are above their peers on reporting emissions data, and that the proponent of the vote may have missed disclosures that have already been made. On this basis, Magellan voted against both shareholder resolutions.

Ninety One voted at 58 meetings. There were abstentions on 41 of 713 resolutions (6%).

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

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

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

Finally, we asked Ninety One for some background on the process and factors considered for deciding on voting action to elect a number of directors at **Grupo Aeroportuario del Sureste SA de CV.** Ninety One provided their view that they should not vote against directors of a well-run business based on tenure that renders them non-independent. Ninety One consider what the directors bring to the business. For example, Fernando Chico Pardo, a de facto company founder and a majority shareholder had been key to its success. Rasmus Christiansen was a former Copenhagen Airport executive and has been instrumental in transferring operational expertise to ASUR since its founding. Ninety One also take into account overboarding if a director holds too many other appointments.

Conclusions

This report aims to highlight the stewardship activity being undertaken on our behalf across the Fund's equities portfolios. Voting and engagement is a key way for the Fund to protect its investments and to achieve its investment aims. Through engagement with our managers on their voting records, we have some assurance of the policies and oversight in place to manage voting activity in the context of wider stewardship as responsible asset owners.

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
10 August 2023

EQUALITY, DIVERSITY AND INCLUSION

Purpose of the Report

1. The purpose of this report is to highlight to the Board the important topic of equality, diversity and inclusion (EDI).

Background

2. In March 2023, the Pension Regulatory published guidance on EDI, explaining why this is an important topic and offering practical ways that pension schemes can improve EDI on the governing body. This paper offers some thoughts on how the topic can be taken forward by WPF. The guidance is available here: https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/governing-body-detailed-guidance/equality-diversity-and-inclusion

Considerations for the Board

3. The guidance is by its nature general, and applies to all pension schemes, therefore it needs to be interpreted in terms of how it should specifically apply to the LGPS. The reference to "governing bodies" could be interpreted to mean both the Pension Fund Committee and the Local Pension Board, and for the sake of this paper that is the interpretation that has been made.

4. EDI is an important consideration in how organisations are run. There is a significant amount of research which shows that more diverse boards are better run and deliver improved financial outcomes.

5. The guidance from the Pensions Regulatory makes reference to how this can be considered in recruiting new members to the governing body. This will be an important consideration for the Local Pension Board.

6. The guidance also discusses the role of the Chair in promoting EDI, and recommends EDI training as a first step for governing bodies.

Proposed next steps

7. It is recommended that the the Board members review the Pensions Regulator's guidance, linked above, and discuss the topic at this meeting.

8. The Fund's Responsible Investment Policy is due to review in September 2023, and it is suggested that the Board recommends to the Pension Fund Committee that they approve the inclusion of the following wording in the Responsible Investment Policy relating to EDI:

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

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

9. It is recommended that a joint training workshop on EDI should be arranged for the Board and Committee. All staff within the pension fund team have already been asked to attend training on this topic.

Environmental Impact of the Proposal

10. There are no known implications at this time.

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Financial Considerations & Risk Assessment

12. Any training costs on this topic will come from the Board's training budget (shared with the overall Fund budget for a joint workshop).

Proposals

13. The Board is asked to:

   a) Approve that the Board recommends to the Committee that the wording on EDI in paragraph 8 is included in the next revision of the Fund's Responsible Investment Policy
   b) Approve that a joint training session on EDI is arranged for the Board and Committee
   c) Approve that the Board recommends to the Committee that Committee members should attend training on the topic of EDI.

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

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
14 September 2023

RESPONSIBLE INVESTMENT POLICY

Purpose of the Report

1. The purpose of this report is to present an updated Responsible Investment Policy for the Fund, for the Committee's review and approval.

Key Considerations for Committee

Background

2. A Responsible Investment Policy is not a statutory document, and historically this information has been contained within the Fund's Investment Strategy Statement (ISS). However, it is becoming increasingly standard for Funds to present the relevant information into a separate document, which is to be considered as an integral part of the ISS, in order to improve transparency. The Committee first approved a Responsible Investment Policy in September 2021. The Responsible Investment Policy states that it will be reviewed annually, and this is the second such review. An annual review is necessary as this area is continuously undergoing a lot of change and development.

Highlights of changes from the Responsible Investment Policy 2022

3. The following updates and additions have been made to the 2022 policy:
    - Page 1 – updated actions and developments.
    - Page 6 – update to the donut chart to reflect the new Strategic Asset Allocation.
    - Page 7 – minor addition to refer to the Fund's membership of Pensions for Purpose.
    - Page 11 – addition of two new climate commitments, around property and engagement.
    - Page 13 – new section containing the statement and supporting information on divestment which was agreed by the Committee in March 2023.
    - Page 14-15 – new section on biodiversity.
    - Page 16 – new section on equality, diversity and inclusion, which was reviewed by the Local Pension Board in their August 2023 meeting, and which they have recommended for inclusion.
    - Page 19 – addition of Pensions for Purpose to the list of wider initiatives.
    - Page 21 – table updated to include new publications on affordable housing and stewardship.

4. As was done in 2022, the Responsible Investment Policy will be graphically designed prior to publication. The designed version will be circulated to Committee members once available, and published via the Fund's website.

Environmental Impacts of the Proposals

5. The Responsible Investment Policy includes specific plans and targets to address climate change risk in the investment portfolios.

Safeguarding Considerations/Public Health Implications/Equalities Impact

6. There are no known implications at this time.

Proposals

7. The Committee is asked to approve the Responsible Investment Policy 2023.

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

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

Appendices:
Appendix 1 – Draft Responsible Investment Policy 2023

Introduction

Responsible investment is the strategy to incorporate ESG (environmental, social and governance) factors into investment decisions. The Wiltshire Pension Fund's position regarding ESG issues is as follows:

The Pension Fund Committee believes that in order to carry out their fiduciary duty by acting in the interest of scheme members, that effective management of Environmental, Social & Corporate Governance management (ESG) issues, including climate change, which are financially material to the Fund is essential. In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050. ESG risks should be taken into account on an ongoing basis and are an integral part of the Fund's strategy and objective of being a long-term investor.

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

Therefore, consideration of all factors (including ESG factors) which could affect the investment returns is a fundamental part of managing the investments and helping to mitigate the risk for employers that contribution rates need to be increased. Responsible investment practices can both help mitigate risks and also enhance returns.

The Fund has made significant progress in developing the approach to responsible investment, and has set a goal to be an example of best practice in this area. The Committee approves a Responsible Investment Plan each year, assessing progress made so far and setting out goals for the year ahead. There are also several actions addressing responsible investment in the Fund's Business Plan. The Fund's Responsible Investment Policy is reviewed annually, and is intended to bring all the information on the Fund's responsible investment activities into one place, to promote transparency and engagement with stakeholders. The Responsible Investment Policy also specifically addresses the high-priority risk of climate change, how this is being managed, and the targets and metrics which the Fund reports against.

Examples of actions and developments over the last year are as follows:

- Making an allocation of 7% of the Fund to renewable infrastructure and climate solutions
- Publishing our first Impact Report on our Affordable Housing portfolio
- Being awarded signatory status of the 2020 Stewardship Code
- Publishing a mini magazine for stakeholders on our responsible investment and stewardship highlights
- Being shortlisted for the LAPF Investment award 2022 for "Best Climate Change Strategy"
- And more.

Wiltshire Pension Fund as an investor

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

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

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

The vision is set to focus the team on delivering outcomes for the employers and members of the pension fund. The vision is supported by 16 outcomes-focussed strategic vision goals. The goals broadly map to outcomes for employers, members, investments, and governance, however, across the team staff are encouraged to think about how their work maps to different goals.

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

For these different groups this may mean different things:
- ***Employers*** will be best served by the delivery of long-term positive investment returns, which will help keep their contribution rates affordable (strategic goal 1, "Stable and Affordable Contributions", is targeting this outcome), and responsible investment activities can help preserve capital and enhance value.
- ***Members*** may be concerned about how the funds held to pay their pensions are invested, and goal 15, "Transparency and Information Sharing" contributes to this outcome. Responsible investment has a role to play here in the information that is shared with members – for example, the Fund publishes its engagement and voting records online, as well as sharing investment case studies. The Fund also works to make information more accessible to a wider stakeholder group, through the use of one-page factsheets, mini-magazines, and engaging news stories.

Our Culture

In order to help us achieve our strategic goals, and deliver our vision, we need to adopt certain outlooks and ways of working. This is set out in our values, which form part of our culture. The value most relevant to responsible investment and stewardship is "Long Term Thinking", which runs through everything we do. As a long-term investor, we are able to participate in stewardship activities which can add value to the Fund's investments over the long term.

The complete set of our strategic goals and values are set out on our website: https://www.wiltshirepensionfund.org.uk/Our-vision-goals-and-values

Investment beliefs

The following investment beliefs set by the Fund relate to responsible investment issues:

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

emissions across all investment portfolios by 2050	The Fund is actively working to mitigate this risk, and the Committee has reviewed scenario modelling and undertaken training, and the Fund is an early adopter of the TCFD reporting requirements, which discloses how the Fund manages climate change risk.
We seek to invest in a way that, where possible, aligns the interests of the Fund with those of the contributing employers and the Fund membership	This policy contains an employer and member engagement plan, and is actively advancing the approach in this area. Member and employer views formed part of the decision-making process when setting the net zero target. A recent survey of employers showed that in the majority of responses, employers believe that it is important that the Fund's investment strategy should, where possible, try to reflect the wider goals and philosophy of the employer organisations. A recent survey of the Fund's membership showed that from the 2,251 responses, 86% of members answered "Yes" or "Maybe" to the questions "Is it important to you that the Fund invests in low carbon and/or sustainable assets?"
Investing with a positive social and environmental impact is an increasingly important issue for investors, and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment and, where possible, makes a positive contribution	Impact investing is a rapidly growing area and the Fund has made a dedicated strategic allocation to Impact Affordable Housing. As part of the full review of the strategic asset allocation in 2022, the Fund will consider options for investing with impact in other areas of the strategy.
Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.	The Fund is a signatory of the 2020 Stewardship Code. We published a mini-magazine on our Responsible Investment and Stewardship Highlights for 2022/23, designed to make this information accessible to our stakeholders. During 2022/23, we strengthened our approach to working with other investors, by joining some new initiatives and fully engaging with them.

ESG Integration

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

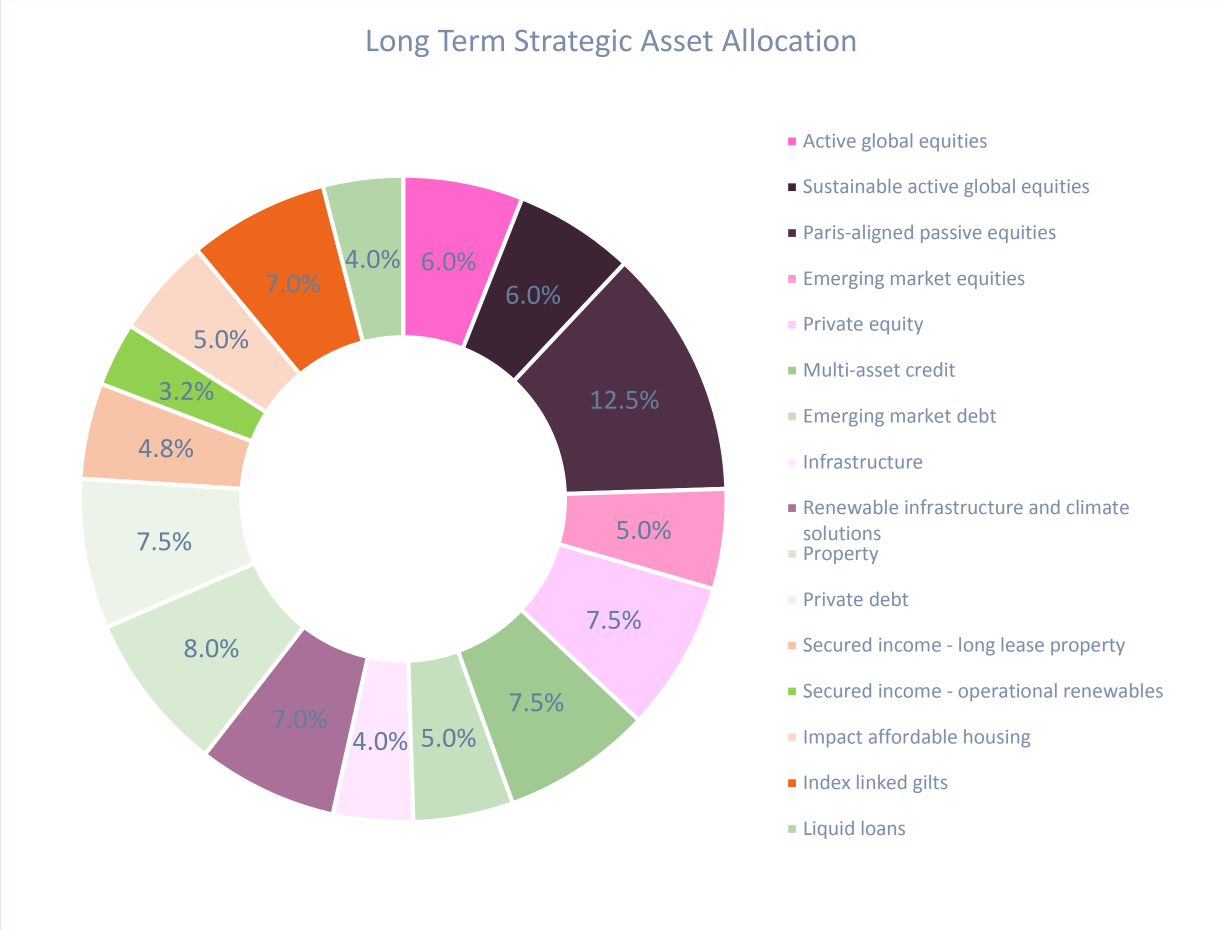
i. **Investment Strategy Statement (ISS)** – this Responsible Investment Policy is appended to the ISS and is an integral part of it.
ii. **Strategic Asset Allocation (SAA)** – the Fund will incorporate ESG issues in the design of the SAA, for example via specific allocations to Paris-aligned passive equities, sustainable active equities, renewable infrastructure, and impact affordable housing, and in the selection of investment managers.
iii. **Monitoring of managers and the pooling company** – managers will be held account for their responsible investment activities, and the Fund will work with the Brunel pool to develop the responsible investment approach.
iv. **Stewardship and engagement** – the Fund is a signatory of the 2020 Stewardship Code. This document also includes an engagement policy, which sets out the scope and nature of our work.
v. **Internal reporting and accountability** – the Committee receive quarterly reporting on responsible investment issues, and staff have performance goals set which cover responsible investment activities and developments.
vi. **Reporting externally** – the Fund's main external reporting is via the Annual Report, which includes information on major responsible investment updates, TCFD reporting (on climate), and Stewardship Reporting. The Fund also communicates responsible investment updates via the website, including publishing voting and engagement records.
vii. **Stakeholder engagement** – The Fund has a strategy for engagement with the Fund's membership and employers.

These points are all dealt with in more detail within the appropriate section of this policy.

Strategic Asset Allocation (SAA)

The SAA is reviewed in full once every three years, in line with the Fund's actuarial valuation. Sustainability is a consideration in this review. In addition, the Fund carries out climate scenario modelling work to ensure that the SAA is robust and best positioned to manage the risks associated with climate change, as well as to take advantage of the investment opportunities generated by the transition to a low carbon economy. Initial modelling was completed in 2020, and this will be re-run in 2024.

The Fund will continue to work to review all asset classes to ensure that climate risk and sustainability are being fully considered.



The total amount currently allocated to sustainable/low carbon assets over the long term is 28.7% of the Fund (sustainable active global equities (6%), Paris-aligned passive equities (12.5%), renewable infrastructure and climate solutions (7%), and secured income – operational renewables (3.2%)).

Monitoring managers

The majority of the Fund's assets are now held through the Brunel Pension Partnership ("Brunel"). Through Brunel, the Fund is able to work with the other 9 shareholder client funds to help develop responsible investment policy. Responsible investment is written into the portfolio specifications, and is a key topic of discussion at the client group. Reporting on responsible investment issues has been developed to support client requirements.

For all legacy managers (i.e. managers of investments held outside the pool), responsible investment is a standing item on the agenda for all quarterly monitoring meetings. The Fund regularly questions the managers of these investments on specific holdings or on relevant themes and topics.

The Fund has a fiduciary duty to act in the best interest of its members and therefore expects its investment managers to take account of financially material social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. The Fund believes that taking account of such considerations forms part of the investment managers' normal fiduciary duty.

As such, the Fund has a commitment to ensuring that the bodies in which it invests adopt a responsible attitude toward the environment, and adopt high ethical standards. Such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

Non-Financial ESG Considerations

The pursuit of a financial return is the predominant concern for the Fund to address the funding obligations and minimise the on-going cost of pension provision to its c.180 employer organisations. The Fund is aware it may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think stakeholders would support the decision.

The Pension Fund Committee has two employer representatives and two member observers, while the Local Pension Board has three employer body and three member representatives who both represent and can engage with beneficiaries and stakeholders to ensure the Fund is aware and can respond effectively to all stakeholders' concerns.

When formulating and developing any policy on non-financial social, environmental, and corporate governance factors, the Committee will take proper advice from either its investment consultant or other appropriate expertise in this area and ensure the Local Pension Board and other stakeholder views are considered through the use of specific Board reports and consultations.

Impact Investment

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (as defined by the Global Impact Investing Network).

The Fund is a member of Pensions for Purpose, and an adopter of the Impact Investing Principles for Pensions. There is more info on how we use this in the section on "Wider Initiatives" later in this document.

The Government considers that social investments are appropriate for LGPS funds where the social impact is simply in addition to the financial return. For example, the Fund has made a strategic allocation to Impact Affordable Housing, where the return characteristics are a match for the requirements, and in addition the anticipated positive social impact is an integral part of the investment case. The Fund will therefore receive and monitor social impact metrics as well as financial performance.

The Government also considers that investments where some part of the financial return is forgone in order to generate the social impact are also appropriate, where the administering authority has good reason to think scheme members share the concern for social impact, and there is no risk of significant financial detriment to the Fund.

The Fund is consistent in the application of risk and returns requirements when evaluating all investment opportunities, including those that address societal challenges. The Fund would invest in opportunities that address societal challenges but generate competitive financial returns. Seeking such opportunities is generally delegated to our external fund managers.

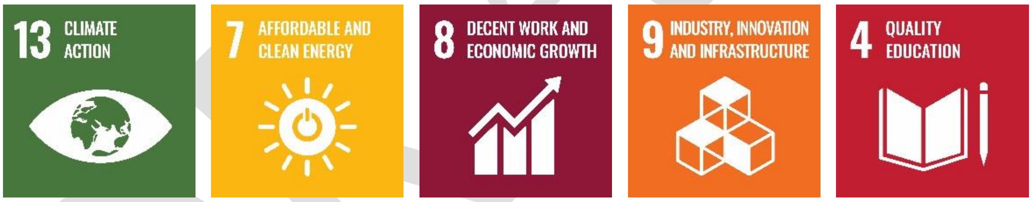
Looking at the impact of the Fund's investments can be very helpful in identifying new investment opportunities, and helps to identify ways that the Fund can reduce exposure to risks.

The following investment belief addresses the concept of impact investing:

"Investing with a positive social and environmental impact is an increasingly important issue for investors, and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment and, where possible, makes a positive contribution."

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

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



Sanctions

The Fund does not exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

Climate Change

Position and investment beliefs

Wiltshire Pension Fund acknowledges that climate change represents a major financial risk to the investments, and that as part of the Committee's fiduciary duty, action needs to be taken to properly manage this risk, in order to safeguard the investments but also to be positioned to take advantage of the investment opportunities presented by a transition to a low carbon economy.

When it comes to climate risk, the Fund's goal is as follows:

"To protect the investments from climate change risk, and safeguard the financial future of the Fund"

The following investment beliefs directly address the risk of climate change:

"Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term"

"In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050"

Climate change risk is included in the Fund's risk register as a "High" priority risk ("Medium" residual risk after the controls in place to manage the risk are considered).

Operational considerations

The Pension Fund team is part of Wiltshire Council, which has set its own target of net zero by 2030, and as such the team will also be working to achieve this target for its own operations. Wiltshire Council has a team of staff who work exclusively on carbon reduction.

Scenario modelling

In order to properly assess the potential financial implications of the risk, and to help identify ways to mitigate the risks and take advantage of opportunities, the Committee commissioned scenario modelling from both Mercer, the Fund's investment consultants, and Hymans, the Fund's actuary. The modelling results supported setting a net zero target, and also indicated that there were opportunities to provide a material financial benefit to the Fund by making dedicated allocations to sustainable equities and renewable infrastructure, both of which have now been approved. The modelling will next be repeated in 2024.

Actions taken following the modelling work done in 2020:

- Setting a target of net zero by 2050
- Establishing a dedicated strategic allocation to sustainable equities
- Establishing a dedicated strategic allocation to renewable infrastructure (which has subsequently been expanded to include climate solutions)

Setting a baseline

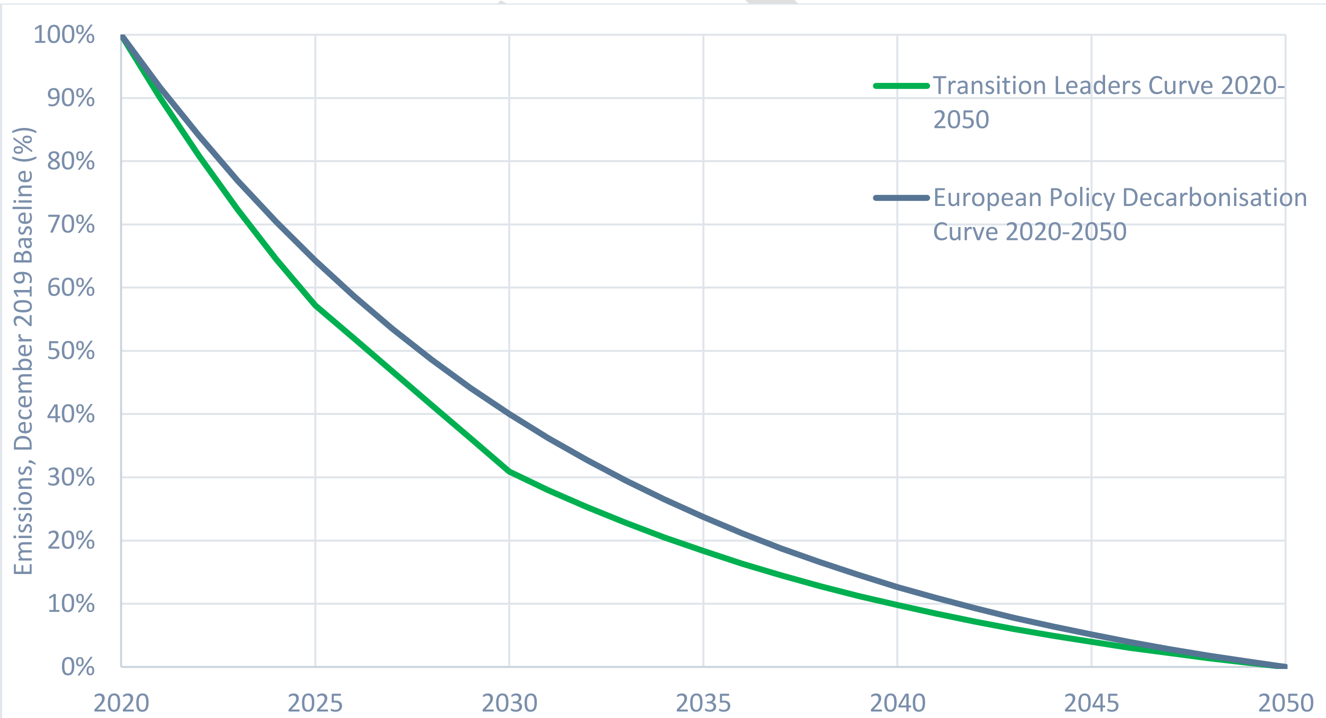
Our baseline is set as at 31 December 2019, in line with the Institutional Investors Group on Climate Change (IIGCC). Work is being done to expand metrics across other asset classes.

The Fund's baseline
Calculation date: **31 December 2019**
What has been included: **Scope 1 and 2 emissions of all equity investments**, excluding Magellan as this is an interim portfolio* (36% of the total Fund)
Weighted Average Carbon Intensity (tCO2e/$m sales – measures the carbon intensity of the companies held in the portfolio): **96.6 tCO2e/$m sales**
Carbon footprint (tCO2e/$m investment – measures the emissions impact of a portfolio per $1m invested): **39.9 tCO2e/$m investment**

*Note that emissions for Magellan are monitored, and the Fund actively engages with the manager to understand the position of the underlying companies, but the long-term nature of target setting supports the rationale for excluding this portfolio from the baseline.

<u>Implementing a transition plan</u>

The Fund has engaged Mercer to provide support in setting a pathway to net zero by 2050, using Mercer's proprietary Analytics for Climate Transition (ACT) analysis. The results of this work have led to the following specific carbon reduction targets, compared to a baseline position of 31 December 2019. The Fund has adopted targets based on a decarbonisation curve which front-ends carbon reductions, as this allows plenty of early work to be done to identify easy wins, and increases the chances of meeting a warming scenario of 2°C or lower. The decarbonisation curve is illustrated below:



As at 31 December 2022, the Fund's carbon footprint was down by 23.3% on the baseline figure.

<u>The Fund's Climate Commitments</u>

1. We commit to a whole Fund carbon reduction target of 50% by 2030.
2. We commit to a listed equities carbon reduction target of 43% by 2025 and 69% by 2030.

3. We commit to allocating 30% of the Fund to sustainable/low carbon green assets by 2025, and 35% by 2030 (as measured by the long-term strategic asset allocation).
4. We commit to all of our property investments being aligned with a net zero by 2050 target by 2030.
5. We commit to engaging with our top 10 emitters and reporting transparently on our findings.

Climate risk monitoring and reporting

The Fund uses the carbon footprint metric to measure progress against the targets. This is the preferred metric due to the link to real world absolute emissions, also providing better comparability with other investors, as this is very likely to be the standard metric set out in upcoming legislation for LGPS funds.

The Fund has adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and includes this information in a separate Climate Report. This reporting sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and carbon metrics.

Progress against the targets is reported to the Committee on an annual basis, and also included in an annual Climate Report (including TCFD reporting, but we also go beyond the basic requirements, and include information on decarbonisation progress, the status of all the Fund's portfolios with regard to climate risk, investment case studies, examples of engagement work, key facts and other information) for the wider stakeholder group. As part of the overall transition plan, the Fund has carried out significant work towards setting a more detailed, bottom-up implementation plan. This bottom-up plan includes analysis of the transition alignment of the portfolio, as well as identification of individual stocks for prioritisation of engagement activities. The Fund also performs its own analysis of holdings for engagement prioritisation, covered elsewhere in this policy.

Other Asset Classes

The Fund has made significant progress towards defining how to set specific net zero targets for other asset classes (i.e. not listed equities), and this is still an ongoing piece of work. Considerations across other asset classes are set out as follows:

Asset Class	**Considerations**
Private equity	Data coverage and reporting is limited. Brunel assess managers' ESG credentials at the time of commitment. Currently very little is available here to make setting and monitoring net zero targets a possibility. The Fund will work with Brunel to develop this area.
Infrastructure	It is hoped that over time, the Fund will be able to obtain more reporting around exposure to "green" revenues, emissions reduced and avoided, new renewables made operational etc.
Renewable infrastructure	When this portfolio is implemented, environmental impact reporting will be required in order to monitor metrics such as those defined above under infrastructure.
Multi-asset credit	Data coverage is challenging. Brunel are working with the investment managers for this portfolio to improve coverage, reporting, target setting etc.
Emerging market debt	Emerging market debt is part of the Fund's emerging market multi-asset portfolio, held with Ninety One, one of the Fund's

	legacy managers. The Fund has collaborated with Ninety One to advance the climate credentials of this portfolio, including climate targets, reporting, and investing in transition opportunities.
Property (including long lease property)	Data coverage and standardised reporting are challenges. The Fund monitors which underlying property funds have set net zero targets, and the portfolios GRESB score (Global ESG Benchmark for real assets). The Fund is investigating the possibility of using the CRREM tool (Carbon Risk Real Estate Monitor) and obtaining physical risk assessments.
Private debt	See comments under private equity.
Index linked gilts	The Fund does not currently invest in green bonds, however all gilts are UK government bonds, with the UK being a signatory of the Paris agreement. Green bonds may be considered as part of the strategic asset allocation in the future.
Secured income - operational renewables	The manager for this portfolio provides climate-related metrics to Brunel such as CO2 saved. The Fund will work with Brunel to enable more monitoring and reporting.
Impact affordable housing	The funds in this portfolio are all investigating operational carbon as well as embodied carbon (from the development process). The funds will report on various environmental metrics, including energy efficiency, water use etc. The Fund specifically monitors the EPC ratings of properties within this portfolio.

Brunel Pension Partnership

Brunel's Climate Change Policy sets out a plan to build a financial system which is fit for a low carbon future. The Policy explains how Brunel see three areas where they have a particular contribution to make. Namely: they will have significant direct influence over the investment managers they appoint; they can exert broader influence in the investment industry and with policy makers and lastly their ability to influence company practice and performance, in particular in conjunction with their Client Funds and others.

The Committee fully encourages and supports Brunel's policy objectives on climate change which are set out in their Climate Change Policy, available on their website. The Committee are currently supportive of Brunel's approach of not issuing exclusion lists as the Fund believes that simply stating exclusions or requiring divestment from specific stocks or sectors will not compel investment managers to develop their capacity on climate change or drive change in the companies in which they are invested.

The Fund will continue to monitor Brunel's progress on implementing its policy objectives and will work with them to achieve our collective climate change ambitions. If the Fund does not feel action is progressing at an appropriate pace, the Fund will seek to address this with the other partner funds and Brunel.

Divestment

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

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

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

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

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

What is a fossil fuel company?
An important factor to consider here is "what is a fossil fuel company?". The definition can range from purely extractive industries, all the way through to distribution and retail of fossil

fuels. Investing in some of these companies might not be at odds be the Fund's wider goals – for example, a utility company could work to change its supply to renewables, and future-proof its activities. Or a distribution company could adapt its business to be part of a low carbon future. It can be hard to see how extractive companies can be part of the solution – but even here, they could form part of a forward-looking portfolio, if they were being supported to wind down operations, and distribute assets to investors. In reality, each investment situation will be different and will need careful evaluation and consideration.

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

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

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

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

Biodiversity and Nature

Biodiversity is rapidly gaining attention as an area that investors should be considering. The World Economic Forum's Risk Report 2023 puts "Biodiversity loss and ecosystem collapse" as the 4th biggest economic risk facing the world over the next 10 years. The UN has published a report into this area, entitled "Stepping up on Biodiversity, what the Kunming-Montreal Global Biodiversity Framework means for responsible investors".

Position and investment beliefs

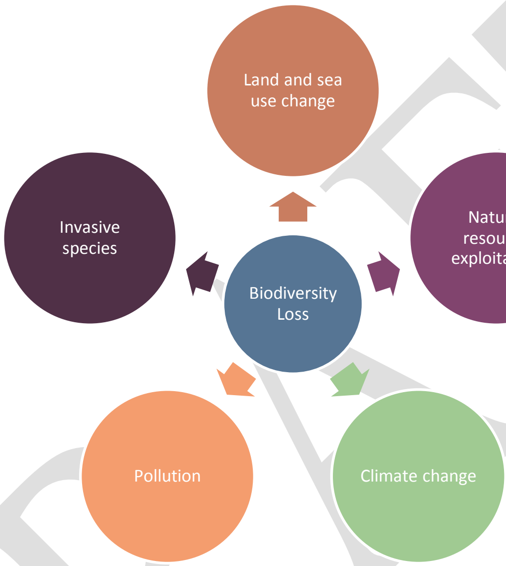
The most relevant investment belief to this subject area is as follows:

"Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term".

Biodiversity is closely linked to climate change, and scientists believe that there can be no net zero future without a reversal of biodiversity loss.

At this stage, this is an emerging area in the industry. Early initiatives are the Taskforce for Nature-related Financial Disclosures (TNFD), which will provide a framework for reporting against how organisations manage nature-related risks. Also in development is Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The Fund supports these initiatives and will use them as part of its own framework to understand and manage this risk.

In order to identify key areas to look at, the Fund focusses on investments in sectors which are particularly impacted, as well as looking at the key drivers of biodiversity loss, as defined by IPBES (the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services). These are as follows:



The Fund approaches biodiversity risk in the following ways:

Understanding our exposure to risks

- We are developing our use of frameworks such as TNFD to support us in our understanding of this area
- We are working with the Brunel pool and our legacy managers to understand where we are exposed

Investing in opportunities

- Our strategic allocation to renewable infrastructure and climate solutions has the scope to contain nature-related investments, providing the opportunity to earn competetive financial returns whilst also delivering positive impacts to nature

Stewardship and engagement

- We are focusing on the high-impact sectors of agriculture, food & drink and construction in terms of our current holdings
- Our stewardship efforts will focus on the 5 main drivers of biodiversity loss

Equality, Diversity and Inclusion (EDI)

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

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

Engagement Policy

Position and investment beliefs

The Fund sees significant value in engagement activities, as these activities can both mitigate risks and enhance the value of holdings. The Fund believes that the best approach is to focus engagement activities on priority ESG issues, since research has shown that this can generate the largest positive contribution to returns, and is also a practical approach considering resource limitations.

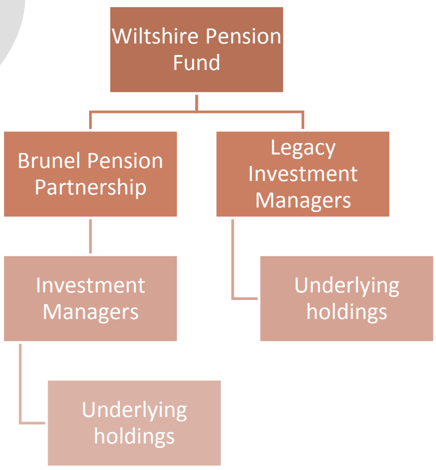
The following investment belief directly addresses engagement activities:

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

Context and scope of this policy

This engagement policy applies to all portfolios and all asset classes.

The Fund's relationships with the underlying holdings in the investment portfolios are set out as follows:



Where portfolios are held through the Brunel pool (currently >70% of the Fund), Brunel appoint investment managers to manage the portfolios. Where assets are still managed locally, the Fund has appointed its own investment managers, referred to as "legacy investment managers" in the diagram above and in this engagement policy.

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

This engagement policy covers the following activities:

- Communicating the Fund's engagement priorities to Brunel and the legacy investment managers
- Encouraging legacy investment managers to improve disclosure rates on their holdings, develop new ESG reporting, set climate-related targets etc.
- Collaborating with the Brunel pool and partner funds in the development of responsible investment policy, including engagement activities, and climate reporting and targets.
- Challenging Brunel and the legacy managers on holdings which do not appear to be aligned with the Fund's overall objectives, for example this could include challenging the investment case for holding a fossil fuel company, a company with high carbon emissions, or a company which appears to present other ESG issues, such as a fast fashion company. Please note these examples are by no means exhaustive.
- Requesting and scrutinising case studies of engagement activities, to determine their effectiveness.
- Challenging Brunel and the legacy managers on their own approach to ESG integration, including but not limited to climate risk.
- Requesting ad-hoc information, which may include things like responses to events in the press, customised reporting, voting information, detailed investment case studies, exposure to various sectors/themes etc.
- Conducting site visits to certain types of investments in order to engage operationally and obtain evidence and examples of sustainable practices, management of business risks, and other financial factors.
- Holding Brunel and the legacy investments managers to account on other topics relating to engagement activities.

The Fund's own engagements do not currently extend to direct contact with the underlying holdings.

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

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

Prioritisation of Engagement Activity

As described above under the section on Impact Investment, the Committee has used the United Nations Sustainable Development Goals (UN SDGs) as a framework to prioritise issues for engagement activity. This prioritisation was assessed through a series of workshops supported by Pensions for Purpose, and subsequent debate at a Committee meeting.

Issues for priority engagement are as follows:

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

Specific Climate-Related Prioritisation

Regarding climate, the Fund uses a variety of tools to assess which holdings to prioritise for engagement:

- Reviewing assessments by Climate Action 100+ and the Transition Pathway Initiative to identify which companies have the poorest scores across the full range of metrics – these include scores on target setting, strategy, climate policies etc as well as the company's actual transition alignment.
- Emissions data, to identify which companies are the heaviest emitters.
- Value of our holdings, to prioritise the highest value holdings and achieve the highest impact.
- Mercer's Analytics for Climate Transition (ACT) reporting, which highlights the companies which are contributing the most to our overall emissions.

From this information, the Fund asks the legacy investment managers and Brunel to provide detail on the investment case, to challenge why these companies are held in the portfolios, and what engagement work is being done to reduce emissions. The position is monitored on an ongoing basis.

Engagement Reporting

At the current time, engagement activities carried out by Hermes EOS on the Fund's behalf are reported via the Fund's website on a quarterly basis. Case studies of engagement work carried out by the Fund directly are reported in the annual Stewardship Report and via the Fund's website.

Wider Initiatives

As set out in the Fund's investment beliefs, the Fund values the benefits of working with other investors to achieve better outcomes. The following is a list of organisations and/or initiatives which the Fund supports.

i. **The Brunel pool** – the Fund is a shareholder and client of the Brunel Pension Partnership. The Fund is able to be involved in setting portfolio specifications, approving manager selection, and monitoring ongoing performance of portfolios. Responsible investment is completely embedded and considered at each of these stages of the process. The Fund also engages through the client group, the responsible investment sub-group, and ad hoc communications from Brunel on responsible engagement initiatives, for example engagement and voting matters.

ii. **LAPFF (Local Authorities Pension Fund Forum)** - The Fund is a member of the LAPFF, to enable it to act with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. Details of their activities can be found on the following link: http://www.lapfforum.org/about-us

iii. **TPI (Transition Pathway Initiative)** – The Fund publicly supports TPI, which is a is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure the level management quality and carbon performance, to aid in risk assessment. More information can be found here: https://www.transitionpathwayinitiative.org/

iv. **IIGCC (Institutional Investors Group on Climate Change)** – the Fund is a member of the IIGCC. The Fund has made a public net zero commitment through the IIGCC's Paris Aligned Investment Initiative. More information can be found here: https://www.iigcc.org/ As part of its membership the Fund benefits from educational materials, webinars, and the net zero framework, which will help the Fund achieve the target of net zero by 2050.

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

vi. **Pensions for Purpose** – The Fund is a member of Pensions for Purpose, and has adopted the Impact Investing Principles for Pensions. The principles provide a useful framework for demonstrating how we look at impact investing, from setting objectives to working with consultants and investment managers, using our voice to make change, and reviewing our impact. More information is available here: Impact Investing Principles for Pensions | Pensions For Purpose. Pensions for Purpose provides a valuable resource to learn more about certain topics in the impact investing area, and a forum to interact with other investors and managers to drive progress.

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

Resourcing

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

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

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

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

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

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

Knowledge and Training

Training is available for Committee members on responsible investment topics, including but not limited to conferences, webinars, investment manager presentations, Brunel investor days, circulation of reading materials, and internal training days. Responsible investment topics are given high priority when setting the training plan for Committee members for the coming year. Local Pension Board members are also always invited to these training sessions. Officers ensure that Committee members receive adequate training before being asked to make any strategic decisions. Training is followed up via a feedback survey, to identify if there are any follow-on training requirements.

Training needs for officers are assessed as part of the work done to set the workplan for the team, and set goals and performance targets for individual team members. Officers have access to all the training opportunities open to Committee members, and additionally can build their responsible investment knowledge through regular meetings with investment managers, discussions with the Fund's investment advisers, or through more formal training, for example the CFA ESG Certificate.

Reporting and Accountability

Reporting is important in order to measure and monitor progress against objectives, and for transparency and openness with stakeholders. The Fund's current reporting is as follows:

Internal Reporting	Frequency	Where to find it
Pension Fund Committee responsible investment progress reports	Quarterly	https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CommitteeId=142
Local Pension Board responsible investment progress reports	Bi-annual	https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&Year=0
External Reporting	**Frequency**	**Where to find it**
Annual Report, mini-magazine and one-page summary "Our Year in Review"	Annual	https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts
Climate Report (including reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD))	Annual	https://www.wiltshirepensionfund.org.uk/Climate
Affordable Housing Impact Report	Annual	https://www.wiltshirepensionfund.org.uk/Affordable-Housing-Impact-Report-2023
Voting records and Engagement reports	Quarterly	https://www.wiltshirepensionfund.org.uk/Voting-records
Strategies, Policies and Plans	**Frequency**	**Where to find it**
Investment Strategy Statement (ISS)	Reviewed at least once every 3 years, but in practice under regular review	https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies
Responsible Investment Policy	Updated annually	https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies
Responsible Investment Plan	Annual	https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies
Stewardship Report and Responsible Investment and Stewardship Highlights mini-magazine	Annual	https://www.wiltshirepensionfund.org.uk/Stewardship-Highlights-2023

Stewardship

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

The Fund is a signatory of the 2020 Stewardship Code. Full reporting in line with the Code is published annually. A mini-magazine, Responsible Investment and Stewardship Highlights, is published alongside the full report, to bring the Fund's approach to life for stakeholders, with examples and case studies to put the policy into context.

Scheme membership and employer engagement

The Fund considers that transparency on its actions, particularly with regard to responsible investment issues, is important, and engagement with the scheme employers and membership is a key part of this. The topic of investments is quite technical, and responsible investment issues can be nuanced, so it is important to educate members as well as asking for opinions.

Why might the Fund engage with employers and members?

- **Employers** – funding is achieved by a balance of employer (and employee) contributions, and investment returns. Therefore employers, as budget holders, will be interested in how the investments are managed, as this could have an impact on the contribution rates they need to pay.
- **Members** – members benefits are set in law and are not impacted by the investment returns. However, members may have personal beliefs and views on how the investments are managed. Therefore, keeping members informed and finding ways to represent their opinions is important.

There are a range of ways that members can be engaged with:

i. **Informing –** the Fund seeks to keep members and the general public informed via highlights on responsible investment and a climate risk section within the Annual Report. The Fund publishes an annual Stewardship Report, and highlights from this (focussed on outcomes and case studies) are published via a mini-magazine to make the information more accessible to stakeholders. The Fund makes use of the news section of the website to share short posts, including responsible investment content. The Fund will continue to publish press releases to communicate major strategic decisions.

ii. **Educating –** the Fund will continue to offer webinars covering responsible investment issues for both employers and members. The Fund will use its website as a way to communicate information and keep members and employers informed. The Fund will continue to develop methods of accessible communication.

iii. **Consulting –** in order to incorporate the views of the employers, the Fund will consult with employers on amendments to the ISS. There are two employer representatives on the Committee, who are actively involved in promoting employer engagement. The Fund has established an employer focus groups, to discuss relevant strategic issues, including investment policies and strategies.

iv. **Actively seeking views –** the Fund has used surveys to collect the views of employers and members, and has used the results of these surveys to develop the approach to member and employer engagement. Although the views of members and employers alone would not be used to drive the strategy, they would be considered by the Committee alongside other information as part of a full picture. The Fund's investment strategy is set in the best financial interests of the Fund, but can also, where possible, reflect the wider goals and philosophy of the employer organisations and Fund membership.

Glossary

Active	an active investment is one which aims to beat an index or deliver returns based on asset manager skill. Annual charges are higher and manager selection and monitoring more important than for passive, but potential returns may be higher.
Administering Authority	means a body required to maintain a pension fund under the LGPS Regulations, usually this is a local authority. For the Wiltshire Pension Fund, this is Wiltshire Council.
Affordable housing	in an investment context, the definition of affordable housing can vary. However, generally this would include housing that is affordable to those with a household income at or below the (local) median. In practice, investment may include residential property in supported, social, shared ownership, affordable private market rent, and mixed tenures. For the wider policy context, there is no agreed definition of affordable housing. Annex 2 to the National Planning Policy Framework (NPPF) is the most commonly referred to definition. This is used by local planning authorities when making provision within their areas to meet local demand/need for affordable housing.
Analytics for Climate Transition (ACT)	is Mercer's proprietary solution to help investors construct climate resilient portfolios. Mercer's framework and analytics draw on multiple data providers and metrics to assess portfolios across a spectrum of carbon risk, with portfolios ranked from low transition capacity (gray investments) to investments that are low carbon risk/zero carbon already, or are providing climate solutions (green investments). The majority of companies in investor portfolios fall somewhere in between the two sides.
Annual General Meeting	at an AGM, the directors of a company present an annual report to shareholders on performance and strategy. Shareholders with voting rights can vote on current issues, for example appointments to the company's board of directors, executive compensation, dividend payments, and the selection of auditors.
Baseline	this provides a starting point from which to project indicative pathways and plan to achieve net zero.
Benchmark	a benchmark is used to measure the performance of a fund, or asset manager against the investment objective. The FTSE 100 is a common benchmark for UK equities, for example.
Brunel Pension Partnership ("Brunel")	one of eight national LGPS asset pools that bring together investments of ten partner funds, including Wiltshire.
Business Plan (Fund)	sets out the aims and objectives of the Fund over the upcoming years and the outcomes to achieve for its stakeholders.
Climate change	is the long-term change in average weather patterns that have come to define Earth's local, regional and global climates. These changes have a broad range of observed effects that are synonymous with the term.
Diversified	a strategy that blends a variety of investments, asset types and investment vehicles, within a portfolio. This limits exposure to single assets and mitigates risk.
Employee	in general, an employee is also a member of the Wiltshire Pension Fund. The LGPS has a very low opt out rate, nearly all employees are members of the scheme
Employer	in general, an employer is either scheduled or admitted to the Wiltshire Pension Fund so its employees are members of the scheme.

Environmental, Social and Governance (ESG)	a broad range of factors which investors can assess to identify risks and opportunities.
Extraordinary General Meeting	an EGM refers to any shareholder meeting called by a company other than its scheduled AGM.
Fast fashion	inexpensive clothing produced rapidly by mass-market retailers in response to the latest trends.
Fiduciary duty	the Committee's responsibility to act in the best interest of the Fund's beneficiaries.
Freedom of Information (FOI)	the Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways: public authorities are obliged to publish certain information about their activities; and members of the public are entitled to request information from public authorities.
Global warming	is the long-term heating of Earth's surface observed since the pre-industrial period (between 1850 and 1900) due to human activities, primarily fossil fuel burning, which increases heat-trapping greenhouse gas levels in Earth's atmosphere. This term is not interchangeable with the term "climate change."
Greenhouse Gas (GHG)	The atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO2), methane (CH4) and nitrous oxide (N20).
Impact investing	investing to generate a positive measurable environmental or social impact in addition to earning competitive market returns.
Investment manager	for the purpose of responsible investment and stewardship reporting in the context of the LGPS, "asset manager" is interchangeable with "investment manager" as defined in the LGPS (Management and Investment of Funds) Regulations 2016 (9) https://www.legislation.gov.uk/uksi/2016/946/regulation/9/made
Investment Strategy Statement (ISS)	a key document of the Fund, which sets out the Fund's investment strategy.
Local Authority	an administrative body in local government. A local authority may act as an administering authority for its own pension fund and those of other local authorities.
Local Pension Board	is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator.
Low carbon economy	is defined as the activities which generate products or services which themselves deliver low carbon outputs.
Member	unless proceeded or followed by reference to the Committee or Local Pension Board, member refers to a member of the Wiltshire Pension Fund.
Nature	Biodiversity has become a familiar term in the responsible investment context, giving reference to living things. Nature has a wider definition to include land and water as essential components of ecosystems.
Net Zero	net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. Net zero is reached when the amount added is no more than the amount taken away.
Officers	internal Wiltshire staff that manage the investment arrangements of the Fund and support and assist the Committee with their role.

Paris Aligned Benchmark	developed with Brunel, FTSE Russell's Paris-aligned benchmark series aims to achieve a 50% reduction in carbon emissions over a 10-year period and integrate forward-looking metrics and governance protections from the transition pathway initiative (TPI).
Passive	a passive investment is one which tracks a market-weighted index. Passive management is most common in equity markets and often used by pension funds to build a diversified portfolio with a long-term investment horizon.
Pension Fund Committee (the "Committee")	the body running the Wiltshire Pension Fund with delegated authority to exercise the functions of Wiltshire Council as administering authority under the Local Government Superannuation Acts and Regulations.
Pool	an investment term which refers to the grouping together of investment holdings. This method of investing offers significant economies of scale and is well suited to investors sharing the same investment objectives.
Renewable Infrastructure	is a broad asset classification, which could include investment in energy, power, communications, water/waste/utilities, transport and social infrastructure, via either public or private vehicles.
Responsible Investment	a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership (as defined by the Principles for Responsible Investment, an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact).
Scheme Advisory Board	the function of the LGPS Advisory Board (SAB) (E&W) is to provide advice to the Secretary of State on the desirability of making changes to the Scheme and provide advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme.
Scope 1 and 2	are emissions that are owned or controlled by a company, whereas scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it.
Segregated	an investment term which refers to the segregation of investment holdings in an individual account (as opposed to pooled with a larger group). This is quite uncommon as individual requirements related to risk and investment objectives would need to be significant enough to justify additional costs.
Stewardship	the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society (as defined by the 2020 Stewardship Code).
Strategic Asset Allocation (SAA)	the mix of different types of assets held in order to generate the required investment return for an appropriate amount of risk.
Sustainability	investing in a way that incorporates ESG criteria and active ownership, to generate superior risk-adjusted returns.
Task Force on Climate-related Financial Disclosures (TCFD)	reporting on climate change risk, set out under governance, strategy, risk management and carbon metrics.
Transition (to low carbon economy)	the process of moving from using both high carbon energy and low carbon energy to just using low carbon energy.
Weighted Average Carbon Intensity (WACI)	a measure of a portfolio's carbon intensity, also referred to as the carbon footprint. The WACI generally measures scope 1 and 2 emissions.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
14 September 2023

CLIMATE UPDATE AND PROGRESS REPORT

Purpose of the Report

1. Regarding climate change, the Fund's goal is "**To protect the investments from climate change risk, and safeguard the financial future of the Fund**". As stated in the Responsible Investment Policy, "Wiltshire Pension Fund acknowledges that climate change represents a major financial risk to the investments, and that as part of the Committee's fiduciary duty, action needs to be taken to properly manage this risk, in order to safeguard the investments but also to be positioned to take advantage of the investment opportunities presented by a transition to a low carbon economy."

2. The purpose of this report is to update members on progress towards the Fund's target of net zero carbon emissions by 2050, and also includes information on several other climate-related topics.

Key Considerations for Committee

Reporting summary

3. Officer have now received the Mercer Analytics for Climate Transition (ACT) report for 2023. This was received behind schedule, which meant that it has only been possible to prepare the Fund's own Climate Report (including reporting in line with the Task Force on Climate-related Financial Disclosures) for this meeting. The draft Climate Report is appended to this paper as Appendix 1 for the Committee's review and approval prior to publication.

4. Mercer's report is attached as Appendix 2. Mercer will also attend this meeting to present their report, and answer the Committee's questions.

5. As agreed by the Committee last year, this year's Climate Report goes well beyond the basic requirements of the TCFD, and includes case studies and examples in order to bring the work done to life, as well as information on all portfolios and our decarbonisation progress to date. The report will be graphically designed before publication, and circulated to the Committee for their information.

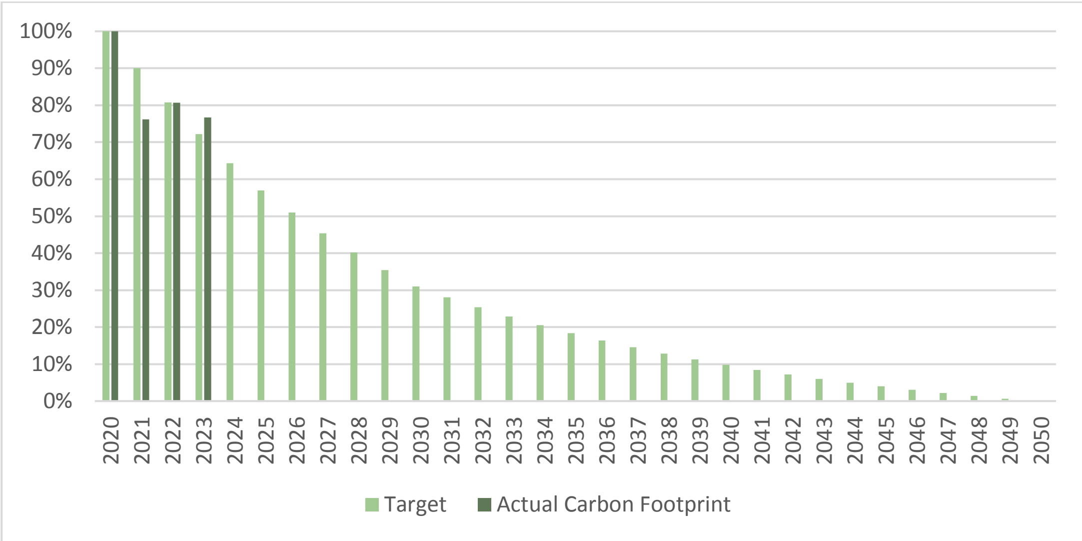
Decarbonisation Progress

6. As mentioned above, the Mercer ACT report is attached as Appendix 2. Mercer will be attending this meeting to present their report and answer the Committee's questions.

7. The report contains several metrics, namely absolute emissions, the carbon footprint (which is the emissions per $m the Fund has invested), and the WACI (weighted average carbon intensity – the emissions of each company in the Fund's portfolios per $m of revenue earned by each company).

8. As a reminder, the metric on which the Fund measures decarbonisation progress is the carbon footprint. This is because this metric has a closer link to absolute emissions (whereas WACI demonstrates the carbon efficiency of the individual companies invested in).

9. The decarbonisation progress to date is as follows (shown by the carbon footprint for the Fund's listed equity portfolios, with the exception of Magellan):



10. This shows that the Fund is overall slightly behind target. Although disappointing to see, decarbonisation progress was never going to be a smooth journey. The biggest factor affecting our carbon performance this year has been an increase in the carbon intensity of the Global High Alpha portfolio, managed by Brunel. This portfolio has a target of reducing its emissions by 50% (based on a 2019 baseline) by 2030, which is consistent with a 7% year-on-year reduction. However, this year the portfolio's carbon intensity increased by a significant amount. This is due to two main factors:
    - The war in Ukraine has led to increased energy prices, which has meant that energy companies have gone up in value. This means that they have increased in weight in our portfolios, and with their high emissions, this has had an impact on our overall footprint.
    - There is a new fossil fuel company now held in this portfolio, MEG. This high emitter has led to an increased footprint. Officers have tackled this issue with Brunel directly, and there is more information about our engagements on priority companies in the Climate Report.

<u>Other areas of work</u>

11. In the equivalent update paper last year, officers provided updates on engagement work carried out on high-emitters within the portfolio, and an assessment of progress across all areas of the portfolio. This year, this information is included as part of the Climate Report (Appendix 1).

Plans for Ongoing Work

12. Officers are developing plans for communications with the Fund's members around COP28, the UN's climate change conference, which will take place in late 2023. For the last two years officers have prepared a one-page climate factsheet for circulation to scheme members, as well as ensuring that the climate webpages are up to date. This has been well received, with a high level of engagement from members, therefore this year a similar campaign will take place.

13. In addition, officers are forming a plan to publish various climate-related case studies in the run up to COP28. This will include reporting on the cement case study (which was an action in the 23/24 Responsible Investment Plan), sharing plans for the Fund's approach to biodiversity, engagement with the Brunel pool over the climate policy, and other topics.

Environmental Impacts of the Proposals

14. This report includes information on actions and policies which directly deal with addressing climate change risk in the investment portfolios.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no known implications at this time.

Proposals

16. The Committee is asked to
    - use this report as a basis for monitoring the progress that is being made towards the Fund's target of net zero emissions across all portfolios by 2050.
    - approve the Climate Report for publication.

Report Author: Jennifer Devine, Head of Wiltshire Pension Fund

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

Appendices:
Appendix 1 – WPF Climate Report 2023
Appendix 2 – Mercer's ACT Report

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Wiltshire
Pension Fund

Contents

Introduction

One of the most important ESG factors to consider is climate risk. When it comes to climate risk, the Fund's goal is as follows:

"To protect the investments from climate change risk, and safeguard the financial future of the Fund"

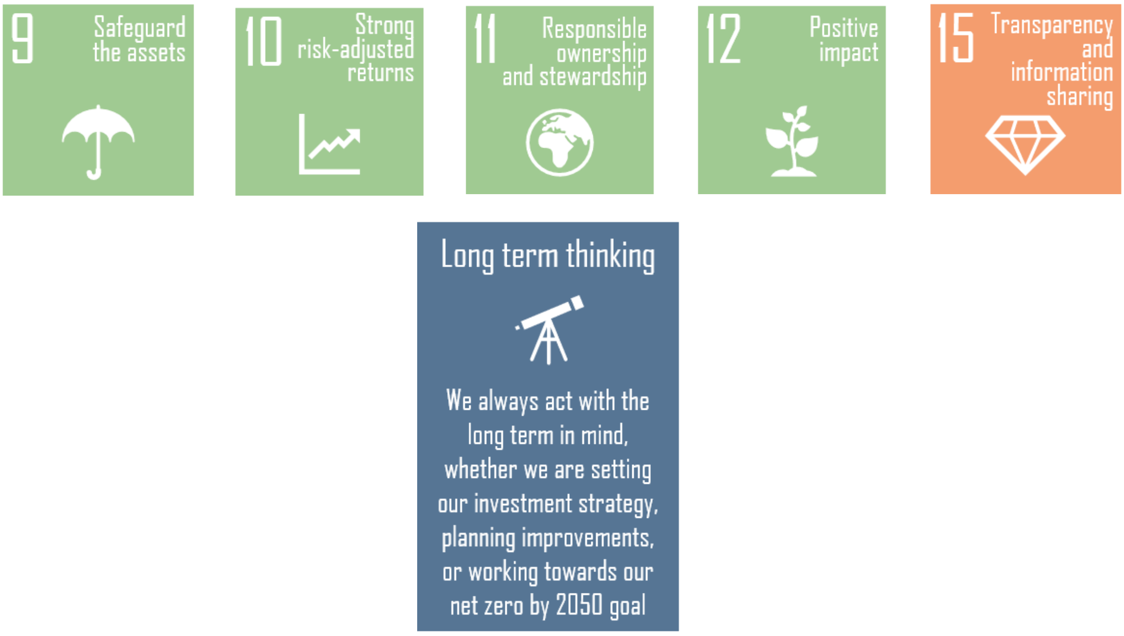
One of the Fund's investment beliefs is as follows:

"In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050"

In March 2021, in the Fund's best financial interests, we made a decision to set a net zero by 2050 goal for the investment portfolios. All of our climate risk work is based on scenario modelling, which enables us to put numbers around the risk, and make decisions based on what is the best financial outcome for the Fund. We measure our decarbonisation progress against a baseline of our carbon footprint as at 31 December 2019.

"If the Fund is invested in companies which aren't prepared to adapt to the challenging landscape of the future, these companies will likely fail and the Fund will lose money"

Chris Moore, Investment and Accounting Team Lead at WPF, speaking in the Fund's film about purposeful pensions

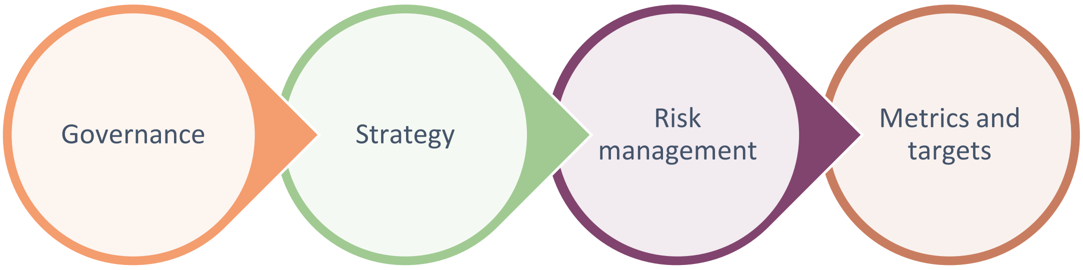


What is TCFD reporting?

TCFD = Taskforce for Climate-related Financial Disclosures

To measure progress against net zero goals, we need systems in place and for there to be consistent methodologies and standards across industries, which is where TCFD comes in.

TCFD reporting sets out requirements for organisations to report on how they consider and manage climate risk, against the following 4 areas:



It is expected that TCFD reporting will become mandatory for LGPS funds soon. We've been reporting as early adopters since 2021, in order to be prepared for this requirement. This report meets the requirements of TCFD reporting, and includes additional information and case studies, to bring the work we do to life.

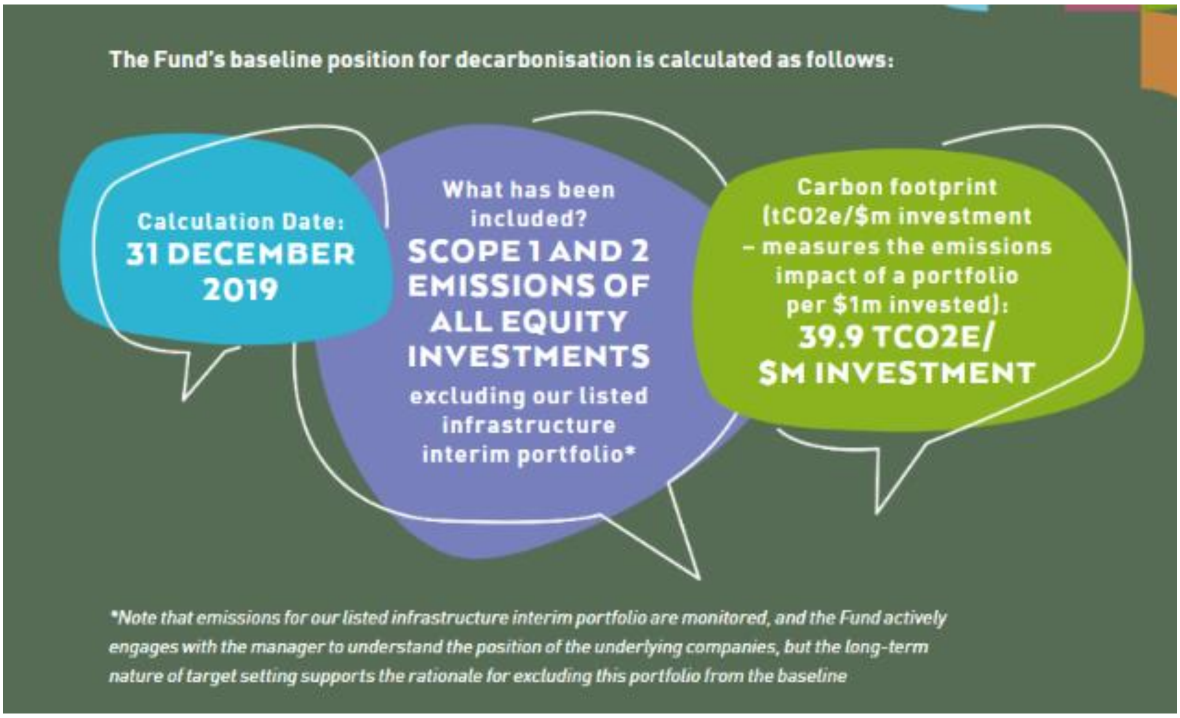
Our Journey to Net Zero

In order to properly assess the potential financial implications of the risk, and to help identify ways to mitigate the risks and take advantage of opportunities, we commissioned scenario modelling from both Mercer, the Fund's investment consultants, and Hymans, the Fund's actuary. The modelling results supported setting a net zero target, in the Fund's best financial interests, and also indicated that there were opportunities to provide a material financial benefit to the Fund by making dedicated allocations to sustainable equities and renewable infrastructure, both of which have now been approved. The modelling will next be repeated in 2024.

Actions taken following the modelling work done in 2020:

- Setting a target of net zero by 2050
- Establishing a dedicated strategic allocation to sustainable equities
- Establishing a dedicated strategic allocation to climate solutions & renewable infrastructure

Our baseline for carbon reduction



Implementing a transition plan

We have adopted targets based on a decarbonisation curve which front-ends carbon reductions, as this allows plenty of early work to be done to identify easy wins and increases the chances of meeting a warming scenario of 2°C or lower. You can see this target decarbonisation curve (and our progress to date against it) in the section below, on "How are we doing?".

What do we measure?

The Fund uses the **carbon footprint** metric to measure progress against the targets. This is the preferred metric due to the link to real world absolute emissions, also providing better comparability with other investors, as this is very likely to be the standard metric set out in upcoming legislation for LGPS funds.

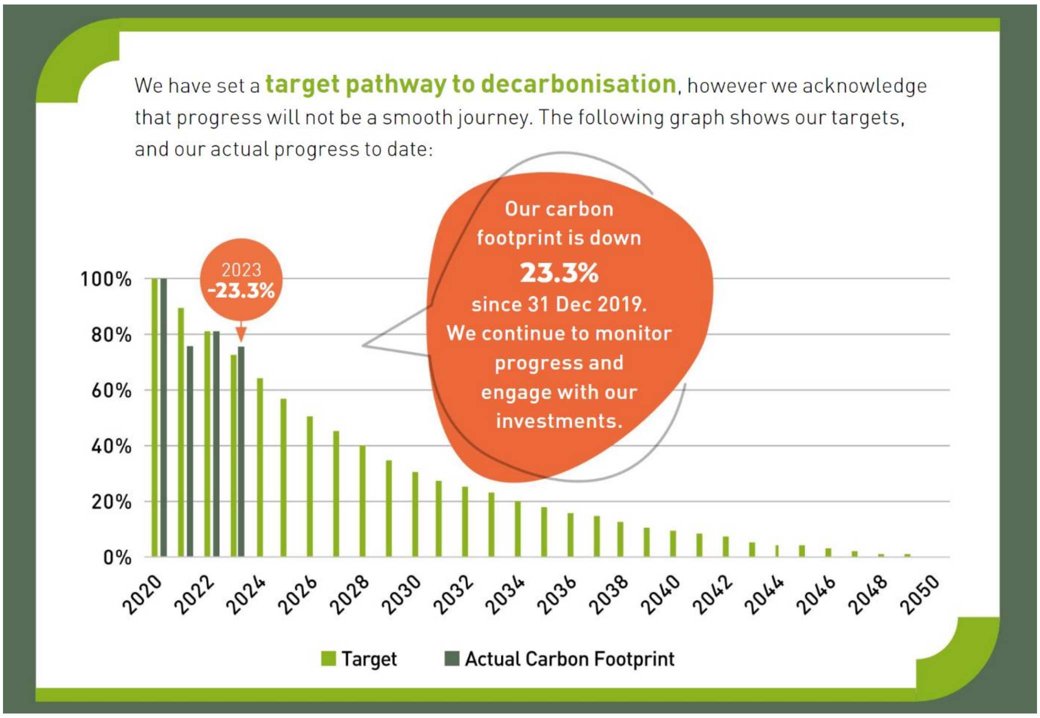
How are we doing?

Our climate commitments

In order to get to net zero by 2050, we have made the following commitments:

1. We commit to a whole Fund carbon reduction target of 50% by 2030.
2. We commit to a listed equities carbon reduction target of 43% by 2025 and 69% by 2030.
3. We commit to allocating 30% of the Fund to sustainable/low carbon green assets by 2025, and 35% by 2030 (as measured by the long-term strategic asset allocation).
4. We commit to all of our property investments being aligned with a net zero by 2050 target by 2030.
5. We commit to engaging with our top 10 emitters and reporting transparently on our findings.

Our decarbonisation journey so far



We are currently slightly behind target, but as mentioned above we expect that our decarbonisation journey will not be completely smooth. In order to maintain momentum with our progress, we look at **individual holdings** which have a high carbon footprint to understand their position in our portfolio, and to be assured that they can be a valid part of our journey to net zero. This is covered in more detail later in this report.

We also look at things from a **top-down perspective** – we look at portfolios as a whole, and ensure that the managers for those portfolios are doing enough to challenge the companies they hold and to meet the decarbonisation targets which they have set.

The biggest factor affecting our carbon performance this year has been an **increase in the carbon intensity of the Global High Alpha portfolio**, managed by Brunel. This portfolio has a target of reducing its emissions by 50% (based on a 2019 baseline) by 2030, which is consistent with a 7% year-on-year reduction. However, this year the portfolio's carbon intensity increased by a significant amount. This is due to two main factors:

1. The war in Ukraine has led to **increased energy prices**, which has meant that energy companies have gone up in value. This means that they have increased in weight in our portfolios, and with their high emissions, this has had an impact on our overall footprint.
2. There is a new fossil fuel company now held in this portfolio, MEG. This high emitter has led to an **increased footprint**. We have tackled this issue with Brunel directly, and you can read more about our engagements on priority companies in this report.

28.7% of our long-term strategic allocation is to "green" assets – on track to meet our target of 30% by 2025.

86% of our property fund investments have set a target of Net Zero by 2050 or earlier.

Engagement

Specific Climate-Related Prioritisation

Last year we reported our path to net-zero and the engagement we are doing to understand the mitigation efforts from the highest emitters in our portfolios.

We use a variety of tools to assess which holdings to prioritise for engagement:

- Reviewing assessments by Climate Action 100+ and the Transition Pathway Initiative to identify which companies have the poorest scores across the full range of metrics – these include scores on target setting, strategy, climate policies etc as well as the company's actual transition alignment.
- Emissions data, to identify which companies are the heaviest emitters.
- Value of our holdings, to prioritise the highest value holdings and achieve the highest impact.
- Mercer's ACT reporting, which highlights the companies which are contributing the most to our overall emissions.

These tools provide the foundations to our engagement, we analyse and challenge the data to build a well-rounded understanding of the highest emitters, to understand how future-proofed these holdings are. We may be happy to invest in a highly emitting company if our investment can help finance its transition to a low carbon economy. We may be less satisfied with the inclusion of a company which is unable or unwilling to transition, as this presents a financial risk to the Fund. Any concerns or discrepancies with the overall approach will be raised with the investment manager that manages the appropriate mandate. Through our engagement, we can understand what work is being achieved to reduce emissions. The position will be monitored on an ongoing basis.

By using these tools, we have outlined the Fund’s top 10 companies for engagement.

The top 10 listed below accounts for around 40% of the Fund’s entire listed equity emissions.

	Company/Holding	Industry sector	Have we engaged?	Are we satisfied with the investment rationale?	% of active equity carbon footprint*	Comment
1.	OCI	Materials	Yes	Yes	7.4%	OCI's forward-looking corporate strategy is squarely focused on providing solutions to the energy transition. The majority of OCI's future capital expenditure will be invested in various lower carbon plants and facilities
2.	HOLCIM	Materials	Yes	Yes	5.9%	Focus on innovation as part of its low carbon approach. 20% of capital expenditure in 2022 were dedicated to carbon reduction projects in Europe. See case study on cement elsewhere in this report.
3.	ANGLO AMERICAN	Materials	Yes	Yes, but will continue to monitor progress	2.0%	The company has a carbon transition plan, but this lacks detail. The company has set targets to increase their own renewable energy generation. Transition is a challenge for the whole sector and the investment manager plans to follow up on their engagement later this year (2023).
4.	SDI Steel Dynamics®	Materials	Yes	Yes	4.2%	Steel Dynamics produce some of the world's lowest carbon intensity steel. Between now and 2025 Steel Dynamics are going to spend an estimated $2.5bn to build a state-of-the-art low-carbon aluminium mill & two slab centres.
5.	Reliance Industries Limited	Energy	Yes	Yes, but will continue to monitor progress on governance	4.0%	Reliance aims to be net-zero by 2035. However, no targets have been set and scope 3 emissions are not being measured. There are concerns of poor governance, the company has commenced efforts to achieve the ambitious net zero goal.
6.	SUNCOR ENERGY	Energy	Yes	No	3.8%	Wiltshire Pension Fund has explicitly asked Brunel to reconsider their investment rationale. See case study below for more details.
7.	Shell	Energy	Yes	Yes	3.8%	Shell is investing to improve the energy efficiency of operations, shifting their energy portfolio towards natural gas and low carbon projects, using renewable electricity to power operations, and investing in the

						development of carbon capture and storage solutions
8.	LG	Industrials	Yes	Yes	3.7%	A key part of LG’s corporate strategy is to focus on monetising the energy transition. LG’s affiliate LG Energy Solutions is the number two manufacturer of EV batteries globally.
9.	MEG ENERG	Energy	Yes	No	2.6%	MEG faces significant transition risks similar to Suncor, however the investment manager considers this stock having a strong investment case over next 5 to 10 years. As an oil sands producer, it is fundamentally mis-aligned with a net zero future.
10.	GLENCORE	Energy	Yes	Yes	0.6%	Glencore has reasonable targets to reduce emissions by 2026, 2030 and 2050. Due to coal mines still being highly cash generative, they will remain open – this will assist with funding their transition towards materials. Glencore’s capital expenditure in materials is increasing, moving away from funding new energy projects.
*Active equity carbon footprint based on the Fund’s long-term strategic asset allocation						

LG Corp

LG Corporation, a Korean holding company, operates in various industries, including chemicals, electronics, and household products – Wiltshire Pension Fund hold a market value of £1.3m in LG Corporation as at 31st March 2023, which is in our Emerging Market portfolio with Ninety One. LG's corporate strategy focuses on capitalising on the energy transition. The Fund is also invested in LG Energy Solutions (£1.8m as at the end of March 2023), an affiliate of LG, which is the world's second-largest manufacturer of EV batteries, generating nearly US$20 billion in sales in 2022 and investing around US$8 billion in new capacity in 2021/22. This makes LG one of the largest corporate investors in facilitating the global energy transition. Other LG affiliates, such as LG Chem and LG Electronics, are also investing significantly in EV battery components, materials, and component solutions. LG is making substantial improvements in its overall ESG practices, with plans to publish an Integrated ESG Report in Q3 2023 and formal net-zero targets in financial year 2024.

LG Corporation does not raise any immediate risks or concerns; thus, Wiltshire Pension Fund are pleased to see how investments can be made to form part of the climate solution, whilst securing strong returns.

Suncor

As at March 2023, Wiltshire Pension Fund held £1.5m in Suncor Energy. Suncor self-describe their operations as "oil sands development, production and upgrading; offshore oil and gas; petroleum refining". It is a holding where Wiltshire Pension Fund have questioned its appropriateness in Brunel's portfolio for some time; we first engaged with Brunel on Suncor's activities in August 2021. Most recently, Suncor have bought an oil sands operation for $4bn. These operations clearly do not align with the Fund's net-zero ambitions, and we are unable to understand the legitimacy of the company's decarbonisation commitments (which are only operationally focussed) whilst actively expanding extractive operations.

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

The goals set by Suncor only apply to the act of taking the oil out of the ground, not how it is then used. Suncor's renewable energy production has consistently remained minimal, in addition to little decline in revenues from oil since 2018, it is apparent that their approach to renewables may be a symbolic gesture.

It is Wiltshire Pension Fund's belief that this is simply not good enough, and that as an extractive oil company with no transition potential, Suncor is fundamentally mis-aligned with a net zero future, and presents an unjustifiable risk to the Fund.

Wiltshire Pension Fund endeavours to invest to be part of the climate solution, and where our engagement highlights no improvement to reaching our net-zero targets, we will hold our managers accountable for the investment rationales and take proactive measures to ensure the highest standards of social and environmental impact can be achieved. Our final stage of escalation, where we feel we have exhausted all avenues, will be to request that the company is divested from our portfolio.

What about other asset classes?

The decarbonisation path shown above is for equities only. We want to expand target setting across other asset classes, but for now **data availability is a big challenge**. We engage across all asset classes, and make an assessment of how each of our portfolios is doing.

High level assessment

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

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

Fully delivering against the Fund's climate objectives	Very good progress made towards target setting/reporting and metrics/high level of coverage	Strong foundations, working towards formal targets/metrics in development/coverage improving	Significant progress needed by way of target setting, metrics and/or coverage, but no causes for concern	Actively causing problems for the Fund's climate objectives	Not available

Case Studies

Examples of the way we assess climate risk across other asset classes are demonstrated in the case studies below:

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

We began our collaboration work to set net zero targets with **Ninety One**, who manage our EMMA portfolio, in February 2022. We then held further strategy evolution workshops in July and October 2022.

These workshops involved looking at investment processes, scorecards, target setting and reporting. The **EMMA strategy** includes equities and debt, in a roughly 50:50 split, as well as additional “tilts” to the portfolio, which are smaller exposures to certain themes. The outcome of this project was to agree the targets below.

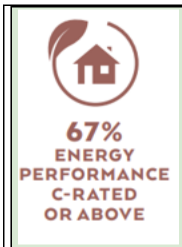
We were delighted to collaborate with Ninety One on this review of the portfolio’s objectives, and found that the strong challenge provided by ourselves, combined with Ninety One’s deep knowledge of emerging markets has led us to a **pragmatic but suitably ambitious outcome**.

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

Case Study – Affordable housing – a win/win for positive impact and financial returns

We made a strategic allocation to affordable housing with social impact being an integral part of the business case for investment. The investment case for affordable housing is clear, with demand far outstripping supply in the UK. There are also measurable benefits from a climate point of view. Examples of these are solar panels, heat pumps, electric vehicle (EV) charging points, access to green space and the overall ecological impact on the area. **These features make properties more attractive to potential tenants**, and can result in faster lets/sales.

One metric that demonstrates high energy efficiency standards of individual properties are Energy Performance Certificates (EPCs). High **EPC** scores not only mean properties are more sustainable, future-proof, and attractive to residents, with **energy bill savings and lower running costs**.



Two thirds of homes in our portfolio are C rated, or above.
Energy Performance Certificates tell you how energy efficient a building is and give it a rating from A (very efficient) to G (inefficient). They provide an indication of how much it is likely to cost to heat and light, and what its carbon dioxide emissions are likely to be.

Climate Case Studies

Cast Study – focus on high-emitting sectors - Cement

Why do we care about cement? The cement part of concrete accounts for approximately 70% of its carbon emissions. Concrete production accounted for more than 8% of all global greenhouse gases in 2021.

Clearly, this high-emitting area is important to investigate, as it has the potential to make a large contribution to our overall carbon footprint. We are happy to invest in high-emitting companies when we can finance them to make improvements and transition to a low carbon economy. We need to understand the investment case as **we need to mitigate the risks of being invested in companies which aren't prepared to adapt to the challenging landscape of the future, as these companies will likely fail and the Fund will lose money**.

Mercer's 2023 Climate Analysis Report highlights the highest emitting companies in our portfolios, so that we can target our engagement work. This list included two cement companies, Holcim and CRH (both held in Brunel equity portfolios).

We questioned Brunel on the investment case for holding these companies, asking whether they are forward-thinking companies who can form part of the solution, in spite of being high emitters right now. Since we want to generate real World change, **we are keen to support companies who are on a decarbonisation journey**.

Holcim accounts for 6% of our entire active equity carbon footprint, in spite of only being a small value holding at <£0.5m (0.09% of the total value of the active equity portfolios)!

HOLCIM **Holcim** is held in the Global High Alpha portfolio (an active developed equities fund). The view from the manager was that "Holcim are a leading player in a hard-to-decarbonise sector, piloting the technologies needed for future low-carbon building materials."

We were keen to understand more about what the company is doing specifically, as well as how it compares to its peers. The manager felt that Holcim stands out from its peers due to the **commitment to innovation** as part of its low carbon approach. During 2022, 20% of the Holcim group's capital expenditure was on carbon reduction projects.

Capital expenditure is something we look for, as it is important evidence to demonstrate that a company has a genuine commitment to decarbonisation (compared to just making statements but not taking action).

An example project is the development of carbon capture and storage for a Polish plant, with a goal to make the plant net zero by 2027. This will be the first net-zero cement plant in the world. You can read more about this project here.

Holcim is also developing various **products which have lower lifecycle carbon emissions**. These include ranges of concrete and cement with 30% lower carbon emissions compared to standard products.

Construction and demolition waste can be used to create new low-carbon building materials – particularly for aggregates, a key ingredient of concrete. However, this recycled rubble is sometimes more porous. To overcome this limitation, Holcim is adding CO2 from its own industrial processes to the reused concrete. This effectively seals the aggregate, reducing the porosity and required cement while increasing versatility. It also permanently sequesters CO2.

We use various initiatives to assess company performance regarding climate. The Transition Pathway Initiative has given Holcim the top score of 4 for its management of climate risks (this looks at things like the company's strategy and risk management), and assesses the company as being aligned with a 1.5 degree temperature rise. Climate Action 100+ is also engaging with Holcim, so we can take some comfort that investors are actively working with Holcim towards a low carbon future.

CRH was held passively in the Paris Aligned Benchmark (PAB) Fund in December 2022, but was no longer held in March 2023. Brunel were able to provide useful insight into the factors contributing to a company's weight in the PAB index.

The PAB index is created by weighting companies according to how well they perform on a climate basis – this is done by using several different metrics which look at both how a company is doing now (current emissions) and also looking forward by assessing a company's ability and willingness to decarbonise. Companies who are better placed to transition to a low carbon economy will have higher weights in the index, and vice versa.

In essence, CRH scored poorly relative to other companies for its emissions, and this has a large bearing on its weighting in the portfolio. When the portfolio was rebalanced in February 2023, the weighting was reduced to 0%.

This is a good example where by investing in the PAB, the Fund is tilting investment away the most carbon intensive companies as they are screened out based on emissions by the index methodology.

What next?

Having investigated our holdings, we can see that our direct exposure to the high-emitting cement sector is contained to one holding at the current time, and this company is making efforts to decarbonise. We will monitor this holding to ensure it continues along its path.

However, cement is part of the economy in far broader ways than just direct manufacturing of the cement itself. We have an allocation of 5% of the Fund to impact affordable housing, which is in part targeting the outcome of increasing the housing stock in the UK. This portfolio is an obvious candidate for further investigation. Our next case study takes a look at new ways of house building, and how this can be modernised and made more sustainable.

Case Study – investing in innovative, zero-waste construction

Introduction:
We recently had the exciting opportunity to visit a modular construction factory. One of our affordable housing managers, Man Group, are delivering 226 affordable modular homes at a site in East Sussex, all of which will be operationally net zero (WPF share approx. £7m). The purpose of our visit to the modular building factory, was to **explore and understand how sustainable practices can be embedded into the construction of affordable homes**.

What is modular housing?
Modular housing, or factory-built housing, is a construction method that involves building sections or modules of a home in a factory setting and then transporting and assembling them on-site. Unlike traditional construction, where homes are built entirely on-site, **modular housing offers a more efficient and streamlined process**. Essentially, 'flat-pack' housing that comes together like Lego!
During our factory tour, we went on a journey from the raw materials, to seeing the walls, rooms, and modules coming together to form the finished product. **Each step of the process gave us the opportunity to enquire about methods and materials, and understand the environmental implications.**

Examples of sustainable practices and efficiency

- Timber is sustainably sourced, and like-for-like trees are planted in the same location where trees were harvested, maintaining the ecological balance.
- Machines measure the timber and calculate the most efficient cuts, printing each piece with where it fits into the assembly, like a massive 3D jigsaw puzzle!
- 100% of the electricity used in the factory comes from renewable sources. **The factory is zero waste.**
- Due to the weight load of the modules being significantly lower than traditional homes, less concrete is required for foundations compared to traditional construction.

Conclusion:
Our visit to the factory provided valuable insights into the innovative approaches being taken in the affordable housing sector, and **we are proud that through our affordable housing portfolio, we are supporting this innovation**. By embracing modern methods of construction and prioritising sustainability, inclusivity, and efficiency, modular housing is playing a crucial role in addressing the pressing challenges faced by the housing industry, contributing to **better outcomes for both people and the planet**.

Case Study – Investing in the Future of Farming

We have invested in a wide range of renewable assets, and have a target to increase this exposure. One such asset, which we hold in our secured income allocation (through a £100m portfolio of operational renewable assets, managed by Schroders Greencoat via the Brunel pool), is a collection of **carbon neutral greenhouses, located in the South East of the UK**.

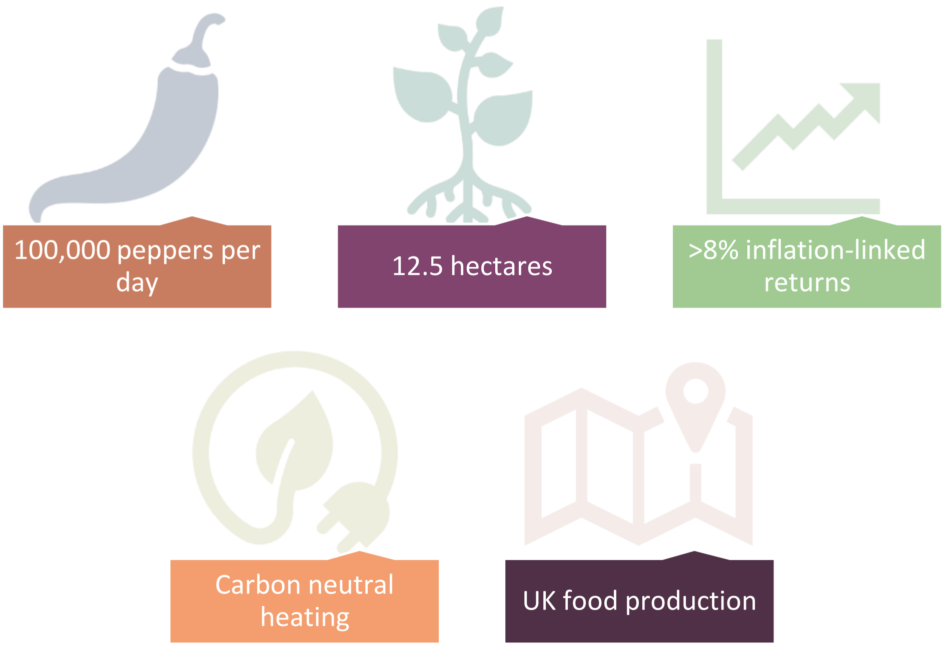
Our exposure to carbon neutral greenhouses is £7m. These assets are **targeting a return of >8%**, which comes from Renewable Heat Incentive payments (a scheme which is now closed for new investments, but is secured for existing projects), and inflation-linked rental payments from the growers, who have signed 20-year leases. This leads to **secure, long-term, sterling, inflation-linked returns** for the Pension Fund.

As soon as we entered the greenhouse we were overwhelmed by the scale. The greenhouse we visited is the largest of its kind in the UK, at a staggering **12.5 hectares**. Inside the greenhouse, **334,000 pepper plants** grow up strings from tiny compost squares, where a calibrated amount of water, nutrients and CO2 is delivered by a system of pipes. Larger pipes encircle the rows of plants, providing heat to the greenhouse. A busy fleet of self-driving carts head up and down the rows, entering the greenhouse empty and leaving full with a freshly picked harvest of peppers.

Rainwater is collected from the roof and last year this provided all the water needed for the plants. There are hives on site which provide the bees to pollinate the plants. And the **CO2 for the plants is also produced on site**…

Inside the on-site energy centre, we learnt how the renewable heat is generated. At a nearby water treatment plant, once the water has been processed, clean water is released which is 6 degrees above ambient temperature. The energy centre uses heat pumps to boost this to 50 degrees C, and this water is then used to heat the greenhouse. The cooled water which is then released is better for local ecosystems. The **heat pumps are powered by electricity generated by combined heat and power**. The CO_2 produced in this process is stored in a giant cylinder and used to feed the plants.

Our visit to the greenhouse was an ideal way to discover more about our investment, hearing direct from the growers. This investment is an **ingenious marriage of established technologies**, enabling us to earn returns in a sustainable way, whilst promoting **better outcomes for the environment and the British food economy**.



Divestment

What is divestment?

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

Our statement on divestment is as follows:

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

The background

The Fund's position with regard to divesting from fossil fuels has historically been that we do not require our investment managers to exclude any specific holdings from our investment portfolios, instead favouring engagement. We accept that this can be a divisive and complicated area, and that **arguments have been made on both sides**. Some argue that it is better for investors such as WPF to remain invested as that is how we can drive change, and that if we are not invested then someone else will be, who may have worse intentions as an investor. Others argue that this is a fallacy, and that the strongest way to deliver change is to not be invested at all, and that if companies want our capital, they will make the required changes in order to become investable.

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

What is a fossil fuel company?

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

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

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

The Fund uses these exclusion criteria from the Paris-aligned benchmark as its definition of "fossil fuel companies", and monitors holdings on this basis.

<u>What about investment pooling?</u>

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

<u>So, what fossil fuel companies do we hold?</u>

The value of our holding in shares of companies which meet any one of the above criteria amounted to **just under 1%** of the total Fund value.

Many of these companies are covered in our "Top 10" analysis earlier in this report, and we are actively engaging with and challenging our investment managers on these holdings. During the next year we plan to publish a full list on our website, along with an analysis of whether our investment in these companies is helping to drive real World change, in line with our divestment statement.

What's next?

Biodiversity

Biodiversity is rapidly gaining attention as an area that investors should be considering. The World Economic Forum's Risk Report 2023 puts "Biodiversity loss and ecosystem collapse" as the **4th biggest economic risk facing the world over the next 10 years**. Our net zero by 2050 target and wider investment beliefs mean that this is an area where we will need to take action.

At this stage, this is an emerging area, and we are still **gathering facts and information**. Our Responsible Investment Policy 2023 will contain more information on how we will approach this topic.

What about our own emissions?

The Pension Fund team is part of Wiltshire Council, which has set its own target of net zero by 2030 and its own Climate strategy. It reports on the Carbon Emissions Baseline and Reduction Pathways of Council as an entity; Anthesis Report Wiltshire Council.

	Our administration software provider, Heywood, has recently become carbon neutral, and uptake of the member portal, My Wiltshire Pension over the last couple of years has reduced the member communications carbon footprint significantly.

Member and employer engagement

Climate risk is an **important issue** for both our employers and our members.

A recent survey of employers showed that in the majority of responses, employers believe that it is important that the Fund's investment strategy should, where possible, try to reflect the wider goals and philosophy of the employer organisations.

A recent survey of the Fund's membership showed that from the 2,251 responses, 86% of members answered "Yes" or "Maybe" to the questions "Is it important to you that the Fund invests in low carbon and/or sustainable assets?"

Climate awareness case study

In the run-up to COP27, the 2022 UN Climate Change Conference, we launched a campaign to engage with the scheme membership. This involved the following:

- Producing a one-page factsheet with key facts and figures (similar to 2021) on how the Fund is responding to climate change risk.
- Using this factsheet as part of an email campaign to alert the scheme members to what action is being taken.

The factsheet and climate webpage can be found on the website. This was a successful campaign, with an open rate of 48% shown on Mailchimp, with more members reached through the comms sent out by employers and growing numbers using the Member Self Service portal (My Wiltshire Pension). Overall, **at least 9,400 members read the factsheet**.

Wiltshire Pension Fund on camera

In late 2022, we were invited to participate in the PMI (Pensions Management Institute) project – Purposeful Pensions, made in partnership with Zinc Media.

"The new multi-part documentary series investigates how investing your money with purpose can help businesses grow, support the world in becoming more sustainable, and help to deliver a more comfortable and meaningful income in retirement." – purposeful pensions website.

We were proud to explain our approach to responsible investment, and the film showcases two investments in our portfolio, a solar farm and an affordable housing development, both of which you can read about in our Responsible Investment and Stewardship Highlights 22/23 report. We hope that the film is informative for others in the pensions industry, and will help inspire people to want to work for Wiltshire Pension Fund in the future.

Watch the full film and others from the project here

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

To meet the full requirements of TCFD reporting, this section includes some further details on how Wiltshire Pension Fund carries out the identification, analysis and management of climate related risks. It is reported under the four themes of: governance, strategy, risk management, metrics and targets, highlighting items not covered earlier in the report.

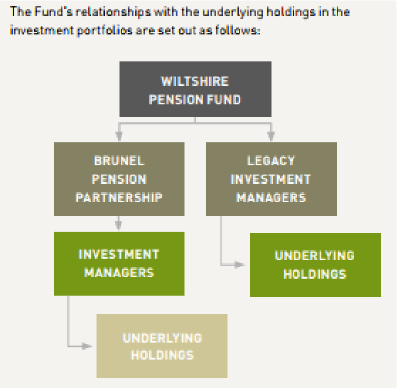
Governance

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

Responsibility for the Fund's investment and responsible investment strategies sit with the Wiltshire Pension Fund Committee. The work of the Committee is support by the Local Pension Board who are responsible for securing compliance with the Regulations, and review the work of the committee with this purpose. The investment strategy and responsible investment strategy are the two key documents which set out how the fund responds to the risks of climate change and use the opportunities to seek new investment opportunities.

The Committee receive suitable training on climate related risks and scenario modelling to inform the approval of the strategies. They are supported by an independent investment advisor and a retained investment advisor. The committee receives quarterly updates against responsible investment targets and investment performance, which includes information on voting and engagements. The impact of climate change is identified as a specific risk on the funds risk register and is reviewed monthly. Fund officers are delegated responsibility to progress activity against the objectives of the strategies and report back to the committee and board on these matters.

Over 70% of the Fund's investments are administered by Brunel Pension Partnership (BPP), the LGPS pool for Wiltshire Pension Fund. Wiltshire is a shareholder and client of the pool. Assets held within an LGPS pool company have an additional layer of governance between Wiltshire Pension Fund. Officers actively participate in working groups to shape and direct the activities of the pool, to meet the investment strategy of the fund.



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

Day-to-day responsibility for management and implementation of the Fund's strategies in relation to climate risk is delegated to Officers of the Fund. Officers draw upon expertise of advisors, frameworks and collaboration initiatives. These include the Fund's Investment Consultant (Mercer) and Actuary (Hymans), Brunel Pension Partnership and collaboration with other LGPS funds, and the Institutional Investors Group on Climate Change (IIGCC).

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

Strategy

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

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

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

Opportunities include investment in sustainable equities which has been implemented through a 12.5% allocation to Paris-aligned passive equities and a 6% allocation to active sustainable equities. A new 7% allocation to climate solutions and renewable infrastructure is in the process of being implemented following the triennial investment strategy review, this portfolio looks to benefit from the investment opportunities arising from the transition to net zero across listed and unlisted asset classes.

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

The Pensions Committee has completed several training sessions on responsible investment, including climate change related topics such as impact investing and the UN Sustainable Development Goals (SDGs). Following discussion of the goals in the context of the Fund, the Committee agreed on three SDG areas for prioritisation on discussing engagement activity, investment opportunities and risk mitigation with asset managers:

1. Climate [SDGs 13 Climate Action & 7 Affordable and Clean Energy] 2. Economic growth [SDGs 8 Decent Work and Economic Growth & 9 Industry Innovation and Infrastructure] 3. Education [SDG 4 Quality Education]	

The organisation's strategy and financial planning have been impacted directly by climate related risks and resulted in the following:

- climate change scenario modelling (Mercer, Investment consultant) (2020) on both the existing strategic asset allocation, and one with a more sustainable tilt.
- investment in sustainable equities (2021) was identified as an opportunity as a result of the modelling.
- investment in a climate aligned benchmark, FTSE PAB (November 2021).

- funding modelling to look at different levels of policy response to climate risk (Hymans, Fund actuary), used by the Committee to help understand the financial implication of climate change risk and to develop the investment strategy.

The Fund became a signatory to the updated FRC Stewardship Code 2020 (in 2021) and reports against the principles.

Communication with Fund membership and employer engagement have continued during the year with development of the investment pages of the Fund website, climate factsheets, and employer strategic focus groups.

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

The current strategic asset allocation, with a more sustainable tilt, was adopted for its better outcomes under a range of warming scenarios of 2, 3 and 4ºC. Under each scenario the new allocation the fund has adopted investment returns were improved compared to the previous allocation. It also showed better investment returns under a warming scenario of 2 ºC or under. These findings led to the Committee agreeing the investment belief and net zero target.

Mercer's ACT tool has been used to set interim targets for 2025 and 2030 and monitoring progress along the net zero pathway. Highlighted companies for climate engagement, which has begun, will help to test the strategy's resilience through time.

Risk Management

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

Wiltshire Pension Fund considers climate related risks at both macro and micro levels. Governance processes and policies are used to manage risk at a whole fund level, this is enacted through making strategic allocations to a sustainable mix of well diversified assets which will provide the appropriate level of return to meet the pension liabilities.

It is then appointing investment managers who effectively incorporate climate risk assessments into their investment process. These external investment managers take responsibility for identifying and assessing climate-related risks at the stock selection level.

The fund makes use of Mercers ACT tool alongside other data sources such as TPI and Climate Action 100, to identify high risk holdings and question managers on their selection.

Brunel views engagement with companies, asset managers and policy makers as a key part of the approach to managing climate change risks. Engagement implementation is undertaken by asset managers, Brunel's dedicated engagement provider Federated Hermes EOS, and by Wiltshire Pension Fund via collaborative forums such as the LAPFF, with its legacy managers.

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

In 2022, the Fund's risk register was reconfigured and embedded into the operational framework. In addition to its operational focus, the risk register also retained a strategic focus to better manage the nature of each risk from its identification through to its mitigation. Risks are monitored by officers and represented to the Committee for oversight; Climate related risk is addressed through stewardship activity and reported at investment focussed meetings as part of the responsible investment standing agenda item.

Brunel use a number of ESG and carbon datasets in portfolio management. The largest fund holding for Wiltshire is the Paris Aligned Benchmark equity fund. This uses an exclusions screen based on activity, climate factors and fossil fuel revenues to select, weigh and rebalance companies in its developed markets universe.

For active equity portfolios, Brunel has a robust approach to incorporating climate change factors in its voting decisions, including on specific climate-related shareholder resolutions. In 2023, Wiltshire Pension Fund began reviewing legacy manager voting. Officers are active members of the Brunel Responsible Investment Sub-Group and engage with Brunel in developing RI policy and reporting.

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

Wiltshire Pension Fund uses a risk register to record and monitor its risk as described above. Climate risk is identified on the risk register as a high priority but reduced to a medium residual risk after mitigating controls are considered. The failure to manage climate risk effectively via the investment strategy could result in lower investment returns over the long term. Measuring the pathway to net zero, developing Responsible Investment Policy, and progressing towards set targets will reduce the residual assessment over time.

Metrics and Targets

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

In previous years, equities were the only asset class with readily available carbon metrics. Equity holdings represent approximately 42% of the total assets under management.

Metrics and coverage for other asset classes are being developed and Wiltshire Pension Fund have engaged with managers across all asset classes and strategies to assess how climate factors are incorporated into investment philosophy and portfolio strategy, and whether net zero target have been set.

The Fund has made a strategic allocation to affordable housing, and EPC scores are collated in our impact report on the portfolio.

For property, all current underlying managers and funds participate in the Global ESG Benchmark for Real Assets (GRESB), have made TCFD commitments, and nearly all underlying funds have made net zero commitments.

For private markets, Green Revenues is not a fully developed concept, but Brunel have completed 'Sustainable Investment Exposure' classifying committed capital against the FTSE Russell Green Revenues Methodology. Use of the same sector and subsector classification ensures some consistency between the public and private markets. For Renewable Infrastructure, 'Green Revenues' are 98%, and for General Infrastructure, this is 73%. Further analysis of the remaining 2% and 27% shows diversified utilities, mass transit, and other sub sector classification.

The Climate solutions and renewable infrastructure portfolio to be implemented later in 2023 will use metrics to assess and manage the portfolios as positive impacts are integral to the investment case.

Mercer Analytics for Carbon Transition (ACT)

Output from Mercer's ACT report includes carbon footprint and transition alignment metrics. The methodology used is backward looking (Carbon footprint and carbon intensity) as well as forward looking (transition strategy and value at risk) and individual stocks are measured which are aggregated to portfolio level. This can then be used to assess risk and focus engagement where it would be most effective.

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

Mercer established a baseline as at 2020 (31 December 2019) for all listed equities portfolios. The table below on the progress towards targets shows mandate-level TCFD metrics as at 2023 (31 December 2022).

Progress towards targets

Progress towards targets 2023

Inicator of improved emissions performance vs last year

Inicator of woresened emissions performance vs last year

2022 figures shown in brackets

Asset Type	Portfolio	SAA Weight % (versus last year)	Carbon Footprint Coverage	Carbon Footprint (tCO2e/$million investment) Scope 1 + 2	Implied Temperature Rise (°C)	SBTI Alignment
Global Equity	Brunel - Global High Alpha	6.0 (8.0)	96.9%	32.5 (19.6)	2.5	36.8% (27.1%)
	Brunel - Global Sustainable	6.0 (8.0)	95.7%	26.2 (29.5)	2.3	37.1% (28.4%)
	Brunel - Developed Paris Aligned	12.5 (15.0)	97.8%	20.2 (19.1)	2.0	48.0% (41.6%)
Emerging Market Equity	Ninety One - Emerging Market Multi Asset	4.7 (5.0)	96.5%	61.3 (96.1)	3.2	6.4% (3.1%)
Listed Infrastructure	Magellan	4.1 (4.8)	96.1%	143.2 (141.6)	3.0	48.1% (34.8%)
Total		33.3	97.0%	44.5 (45.1)	2.5	38.2% (31.0%)
Comparator - MSCI ACWI		-	99.7%	59.0 (50.0)	2.8	36.1% (31.2%)

Data provided by Mercer

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

The Fund has plotted a pathway to net zero by 2050 and has adopted targets based on a decarbonisation curve which frontends carbon reductions (Transition Leaders curve), as this allows plenty of early work to be done to identify easy wins and increases the chances of meeting a sub-2°C warming scenario. Progress against this can be see in the How are we doing? Section earlier in the report.

Mercer

welcome to brighter

Analytics for Climate Transition (ACT)

Committee Summary

The report is not for publication as it contains exempt information relating to the financial or business affairs of a particular person as defined in and paragraph 3 of Schedule 12A of the Local Government Act 1972 and publication is not in the public interest.

Private & Confidential

Wiltshire Pension Fund
11 September 2023

A business of Marsh McLennan

Analytics for Climate Transition

The How and What?

Mercer's Analytics for Climate Transition (ACT) follows a step by step approach to align to a net zero* outcome by 2050 or earlier.

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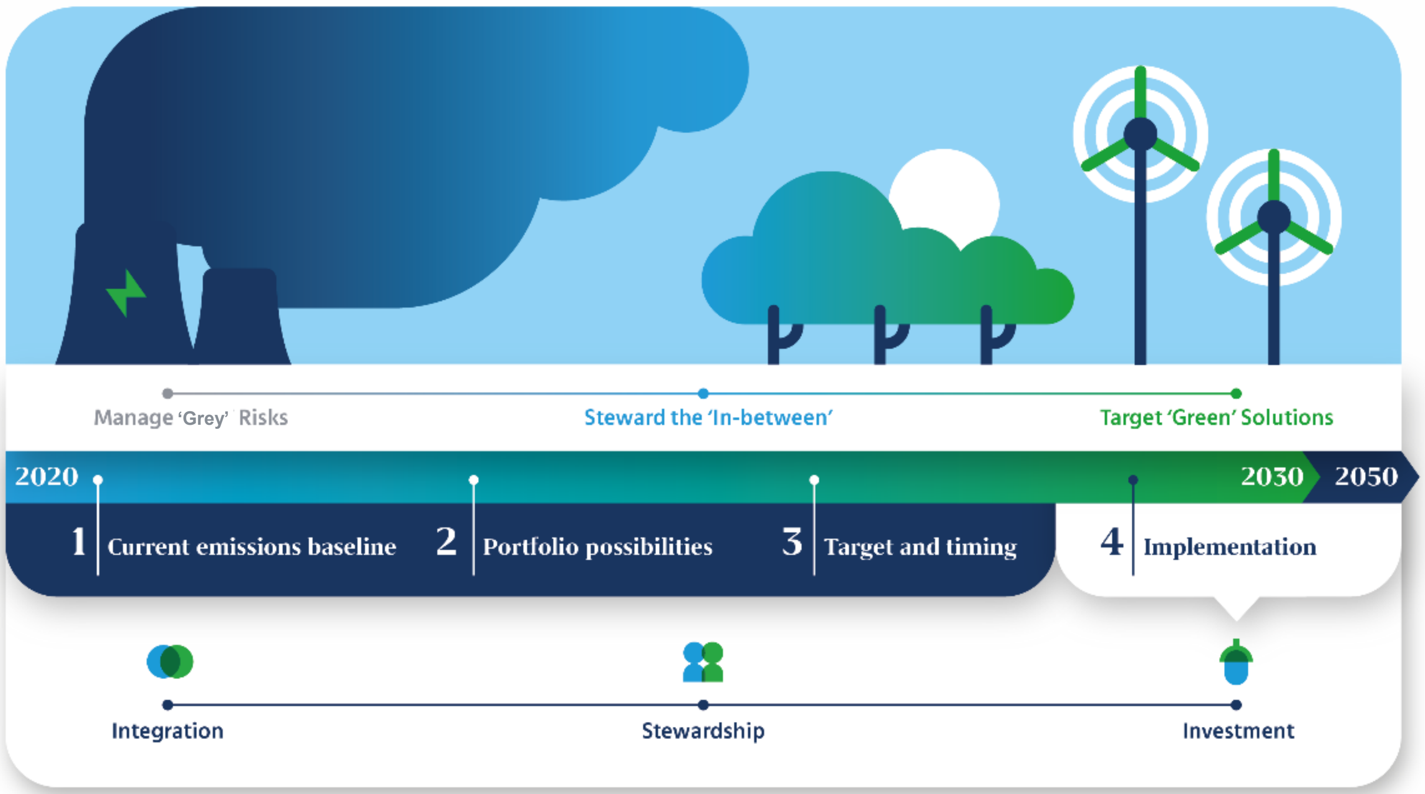


The recommendations are in the form of a climate transition plan, including targets, and have confidence in answering the key question:

Can we reduce emissions and set aligned targets while:

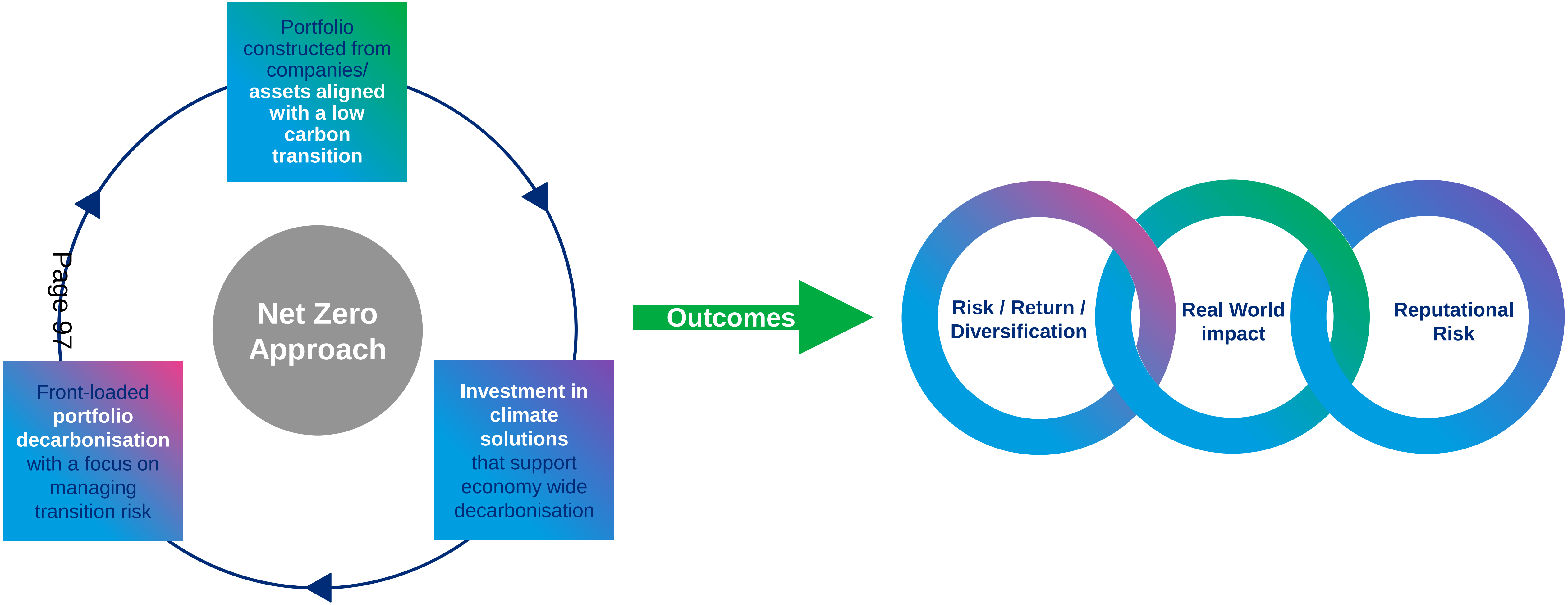
- meeting investment objectives? &
- not just divesting today's high carbon companies (which has limited impact on real world decarbonisation)? And can this be practically implemented and monitored?

The Fund has set a 2050 Net Zero target and interim decarbonisation targets

*'Net zero' means emissions are reduced as far as possible, where there are options to do so, with any remaining emissions offset by absorbing an equivalent amount from the atmosphere e.g. in nature (trees and soils) or via carbon capture and storage or other technologies

Net Zero Approach

To date, targets have been set around decarbonisation & solutions

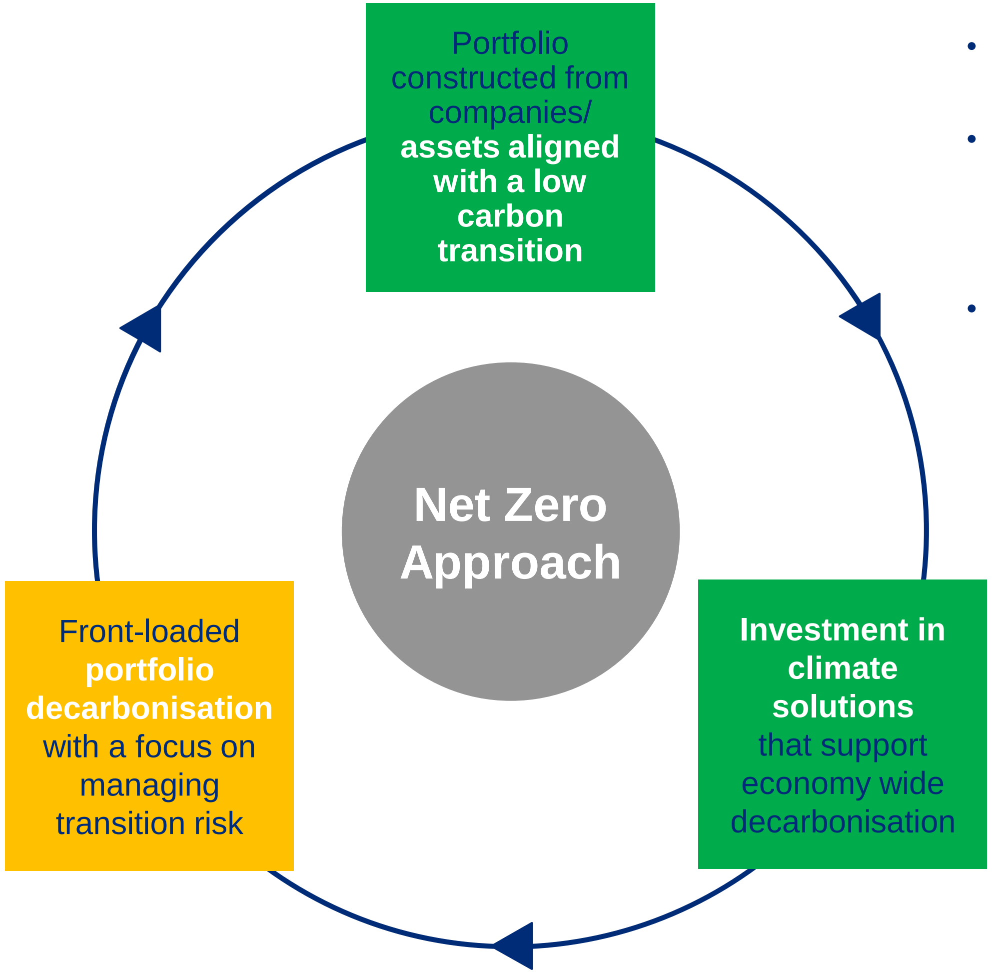


Too much emphasis being placed on one area of net zero approach can lead to sub-optimal outcomes

Net Zero Approach

Summary of progress

On Track   Progress Required



- **Low allocations to Grey assets**, concentrated primarily in the Brunel MAC and Magellan mandates
- **Proposed alignment and stewardship targets** for material (high impact) sectors. Definitions, implementation and monitoring of targets need to be further explored
- See slides 10-13

- Carbon footprint has fallen 23% over 2020-2023. **Progress made but behind target** decarbonisation pathway
- These targets are ambitious and should be kept under review, in light of the wider set of targets proposed this year and the need to take a holistic approach to a whole economy transition
- See slide 9

- The Fund has made allocations to the **Brunel Sustainable Equity and Paris Aligned Funds**. The fund has also increased commitments to **renewable infrastructure**, and is targeting a 7% aggregate allocation to Climate Solutions

*increasing to 90% by June 2027

Progress to Date

How ACT Analysis has been used to date

2021

Set targets:

- Total Fund 2050 Net Zero Target
- Total Fund decarbonisation target of 50% reduction by 2030, versus 2020 baseline position
- Adopted listed equity portfolio carbon reduction targets of 43% by 2025 and 69% by 2030, versus 2020 baseline position
- Committed to increasing the total Fund's sustainable/low carbon allocation target to 30% by 2025 and 35% by 2030.

2022

Monitor Progress

- Monitor progress vs. 2025 and 2030 decarbonisation targets: **On track**

Investment Manager decisions

- Helped inform decision to introduce Brunel Paris Aligned and Sustainable Equity Portfolios

Stewardship & Engagement

- Identified most strategically important companies to engage with from a climate perspective

2023

Monitor Progress

- Monitor progress vs. 2025 and 2030 decarbonisation targets: **Slightly behind target**

Strengthening Targets

- Target 70% of financed emissions in material (high impact) sectors either aligned or under engagement in listed equity.*
- Target 100% of assets in material sectors in developed listed equity net zero/aligned/aligning by 2030.**

Enhanced fossil fuel monitoring

- Enhanced insight into fossil fuels

Next 12-18 Months

Enhance Net Zero Plan

- Revisit suitability of listed equity decarbonisation target
- Set and refine granular plans/targets across:
  - Transition alignment
  - Stewardship
  - Sustainable / climate solutions
- Expand net zero approach beyond listed equity portfolio to property, infrastructure, MAC*** and EMD****.
- Potential connections to biodiversity / natural capital

Support the Responsible Investment strategy and policy approach / Provide insight into transition capacity and monitor progress / Understand consistency with Brunel climate policy

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*increasing to 90% by no later than 2030 **extending to developed and emerging markets by 2040 *** Multi Asset Credit **** Emerging Market Debt

Proportion of Holdings Analysed
31 December 2022

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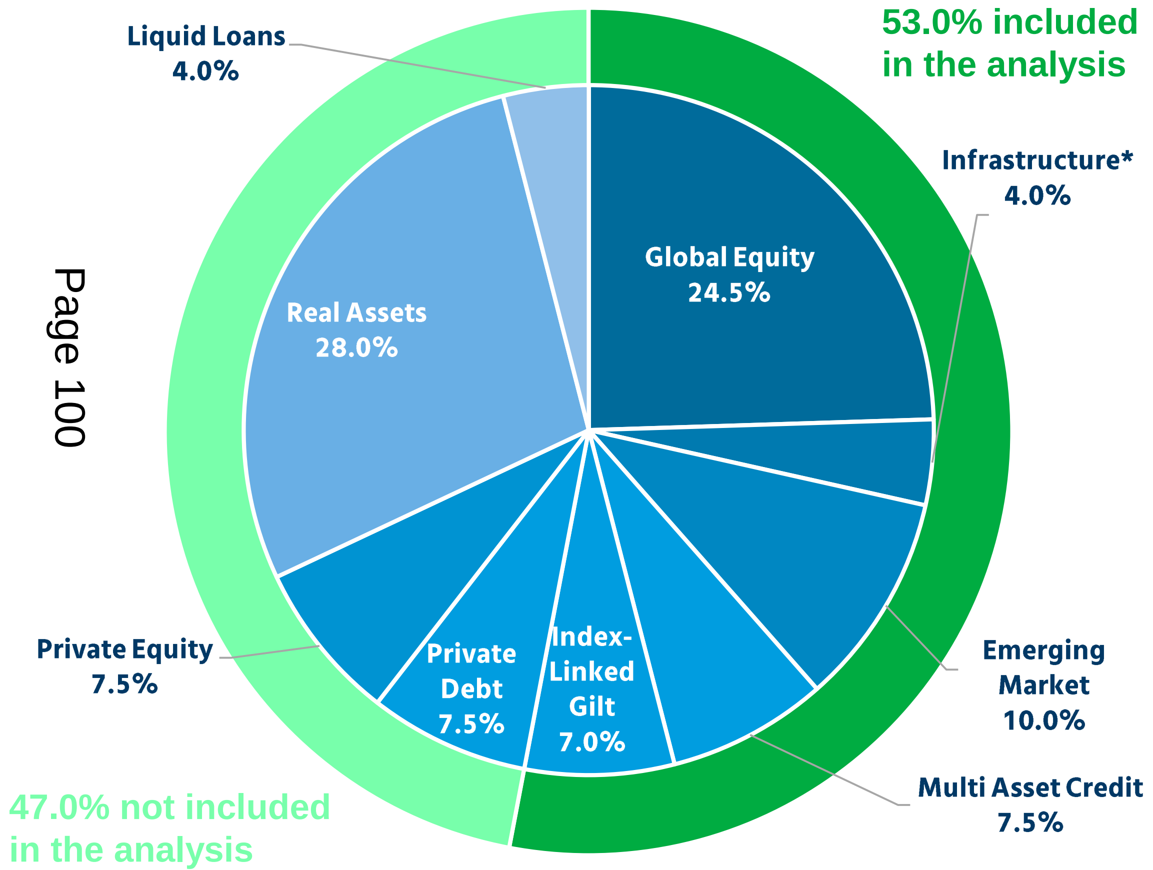
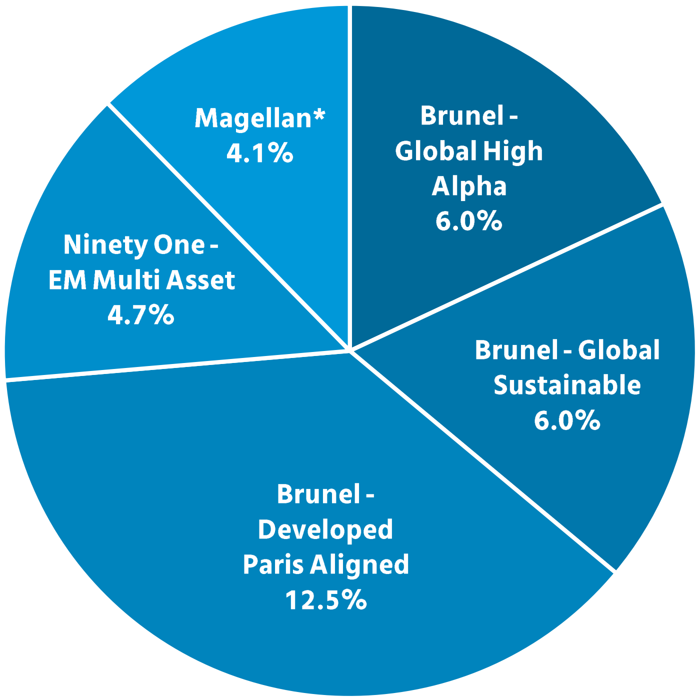
Fund strategic asset allocation as at 2023



Equity Allocation by manager as at 2023



*Magellan Absolute Emissions calculation based on actual allocation (4.1%) as at 2023. Magellan sits within the Infrastructure allocation on the left hand side pie chart.
Notes: The data analysed excludes certain assets e.g. cash and derivative allocations within the funds analysed. Where there is partial coverage of a portfolio we scale up climate metrics to estimate coverage for 100% of the mandate.

Current Fund Commitments in Place

On Track

Progress Required

Scope	Current Target	Progress	Progress to date
Total Fund	• Total Fund carbon reduction target of 50% by 2030 and net zero by 2050.	• Listed equities are the initial area of focus with further asset classes being incorporated over time.	
Total Fund	• Allocating 30% of the Fund to sustainable / low carbon green assets by 2025, and 35% by 2030 as measured by the long term strategic asset allocation.	• The Fund has made allocations to sustainable and Paris Aligned equity mandates. • The Fund has expanded the scope and magnitude of the initial 5% allocation to renewable infrastructure to a 7% allocation to climate solutions.	
Total Fund	• Expand specific net zero target setting and monitoring of metrics for other asset classes over 2022*, starting with property and infrastructure. • Scope 3 emissions to be included when data quality and consistency of measurement are sufficient.	• The feasibility of reporting on the Fund's real estate, infrastructure and loan mandates was explored with managers but this is currently not possible due to data constraints. Mercer recommends continuing to engage with managers, on this point, including Brunel who now manage the real estate portfolio. • Brunel MAC, index linked gilts and the Fund's emerging market debt allocations (via the Ninety One EMMA portfolio) have been included in the analysis for the first time.	
Listed Equities	• A listed equities decarbonisation target of net zero by 2050, a 43% reduction by 2025 and a 69% reduction by 2030 versus the 2020 baseline.	• Good progress but slightly behind target decarbonisation pathway (see slide 9). Carbon footprint (ex Magellan) has fallen 23% over 2020-2023. • Magellan decarbonisation has been slower compared to rest of listed equity portfolio.	

*Recommend this target is amended to reference 2023/24 and include MAC and EMD

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Two areas to strengthen targets

Stewardship / Engagement

- Ensure 70% of financed emissions in material sectors are either aligned or subject to direct or collective engagement and stewardship actions for all listed equity by [date TBC], increasing to 90% by [date TBC but no later than 2030].

Alignment

- 100% assets under management (AUM) in material (high impact) sectors in developed listed equities that are i) achieving Net Zero or ii) meeting a criterion considered to be aligned or iii) aligning by 2030, extending to developed and emerging markets by 2040.*

Targets are consistent with IIGCC Net Zero Investment Framework
Definition, implementation and monitoring of targets need to be explored further

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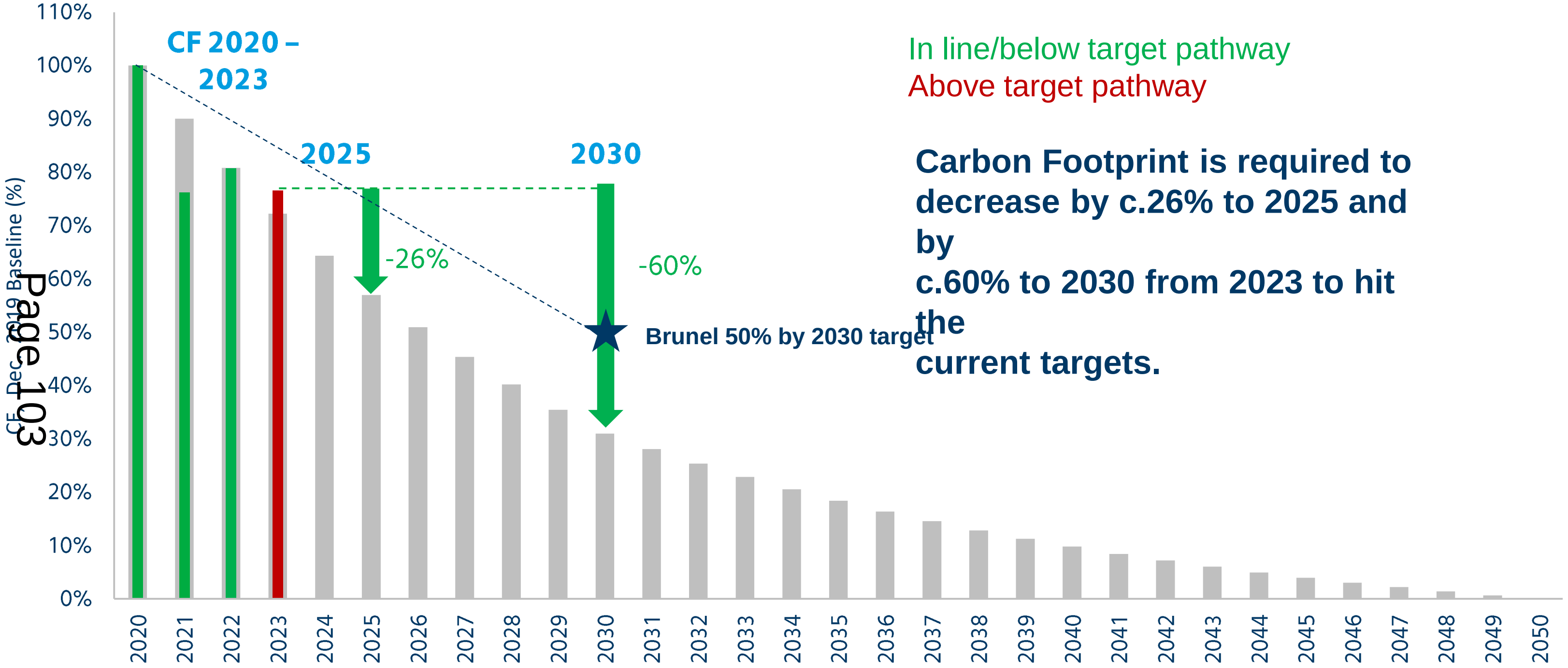
*Brunel’s ambition is that by 2040 all listed assets are i) achieving Net Zero or ii) meeting a criterion considered to be aligned or iii) aligning.

Decarbonisation Path – 2020 Baseline (Scope 1 & 2)

Transition Leader Curve – Listed Equities (Ex. Magellan) – Carbon Footprint



Carbon Footprint is required to decrease by c.26% to 2025 and by c.60% to 2030 from 2023 to hit the current targets.

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Key takeaways:

- Listed equity portfolio (ex. Magellan) **more carbon efficient** than wider market and has **seen significant decarbonisation** since 2020 but **slightly behind target**.
- Over the last year Carbon Footprint has decreased by c.5.1%.
- Despite this fall, decarbonisation is behind target mostly as a result of the Brunel Global High Alpha Fund's intensity increasing by 66% over the year*. This was driven by contributions from the Energy sector, largely as a result of two new holdings – Shell and MEG.

Revisit decarbonisation targets next year in light of its level of ambition and wider targets that are being proposed
Need to ensure that transition risks are managed holistically rather than on a narrow emissions-only basis

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Notes: The dates in the above chart correspond to the preceding day, e.g., 2030 equates to 31/12/2029. *This Brunel Global High Alpha Fund remains efficient on a carbon intensity basis relative to wider market.

Transition Alignment of the Portfolio

- **We present the transition alignment of the equity portfolio,** to understand exposure to assets that are well aligned ("green"), a mix of intensities and transition capacity ("in between") or not well aligned ("grey") with the low carbon transition as well as the evolution since the first analysis.

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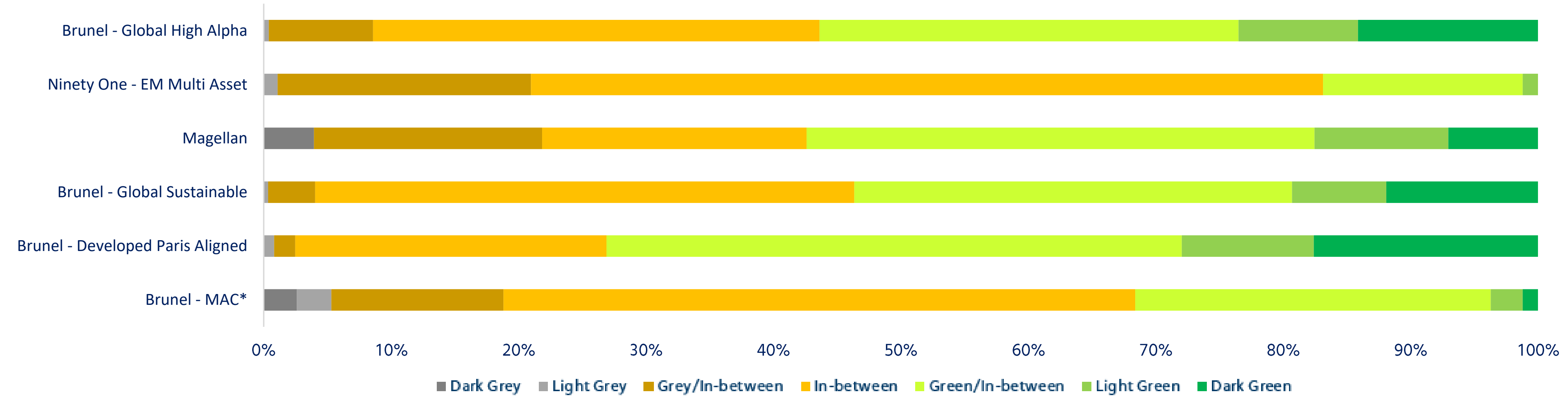

Highlights & Questions

- ✓ Higher allocations to Green across Magellan and Brunel Funds
- ✓ Retained very low allocations to Grey with exception of Magellan and MAC.
- How are Brunel engaging with the most carbon intensive and Grey companies?

*Only the Corporate Bonds portion is considered in the analysis.
Notes: Figures may not sum due to rounding. Analysis captures carbon dioxide equivalent metrics. Where there is partial coverage of a portfolio we scale up to estimate coverage for 100% of the mandate. (see Appendix on limitations).

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Engagement targets – Total Equity Portfolio (ex. Magellan)

Top 10 Contributors to Carbon Footprint

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	Company Name (redacted)	Sector	Weight	Cont. to Carbon Footprint (Scope 1.2)**	Transition category	SBTi target in place?	TPI Management Quality Score	TPI Carbon Performance***	CA+100
1	**Company 1**	Materials	0.08%	5.29%	**Light Grey**	No	-	-	No
2	**Company 2**	Materials	0.05%	4.26%	**Grey/In-between**	Yes	4	1.5 Degrees	Yes
3	**Company 3**	Materials	0.35%	3.41%	**In-between**	No	4	National Pledges	Yes
4	**Company 4**	Materials	0.27%	3.14%	**Green/In-between**	No	3	1.5 Degrees	No
5	**Company 5**	Utilities	0.22%	3.09%	**In-between**	Yes	4	Below 2 Degrees	Yes
6	**Company 6**	Energy	0.25%	2.87%	**Grey/In-between**	No	1	No/unsuitable disclosure	Yes
7	**Company 7**	Utilities	0.17%	2.83%	**Light Grey**	No	3	Below 2 Degrees	Yes
8	**Company 8**	Energy	0.19%	2.72%	**Grey/In-between**	No	4	Not Aligned	Yes
9	**Company 9**	Energy	0.21%	2.72%	**Grey/In-between**	No	4	1.5 Degrees	Yes
10	**Company 10**	Industrials	0.07%	2.61%	**In-between**	No	4	-	No
Total			**1.86%**	**32.94%**					

Implementing targets with regards to the % of emissions from high emitting sectors under engagement or aligning is a potential next step

*Excludes Magellan.
**Figures are shown as a percentage of Equity, excluding Magellan. These figures are not scaled and reflect data coverage.
***Long-term alignment in 2050, sourced from TPI https://www.transitionpathwayinitiative.org/

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Enhancements and next steps

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Item	Enhancements	Next steps
Fund's ambition & Brunel policy	Understanding of consistency with Brunel climate policy.	**Decarbonisation:** Understand Brunel's progress versus their own decarbonisation target Revisit suitability of listed equity decarbonisation target
Listed equity targets	New stewardship target and alignment target for listed equity. Understanding stewardship status / alignment of companies within material sectors.	**Listed equity targets:** Definition, implementation and monitoring of stewardship and alignment targets to be further explored. Understand Brunel's thinking in these areas. **Stewardship:** Use information on financed emissions in material sectors to inform discussions with Brunel and align approaches and meet targets. For example, understand rationale for and engagement on the **dark grey** holdings present in the listed equity portfolio and the rationale for including MEG and Shell in the Brunel Global High Alpha portfolio.
MAC and EMD	MAC and EMD ACT analysis.	**MAC:** Start the conversation with Brunel around underlying manager progress versus pledges (Oaktree), explicit targets to decarbonise 20-25% by 2025 and 60% by 2030 (CQS) and evidence of alignment with Brunel policy (Neuberger Berman). **EMD:** Continue to engage with Ninety One on net zero commitments.
Private markets	Formally explored data availability within the private markets portfolio	**Climate solution commitments:** Build out Climate Solution allocation to achieve revised 7% target. **Target setting in private markets:** Continue to push for improved disclosure and keep under review whether target setting is possible given data availability within private equity, private debt, property and infrastructure.

Appendix

Decarbonisation – Emissions Metrics

Notes on the Analysis

- The analysis focuses on showing contributions to Fund emission metrics. We assess carbon dioxide “equivalent” metrics.
- Caution should be exercised in interpreting individual data points, as in reality, emissions may differ, given the data coverage in the analysis is less than 100%. Where companies do not have data points, companies are assumed to have the same carbon metrics as the average of companies that we do have data points for, therefore we do not assume that companies have zero emissions because we do not have data for them.
- Emissions are likely underestimated as Scope 3 emissions are not included in the metrics presented within. Although we do present an overview of the attribution of Scope 3 emissions by fund and sector as part of our detailed analysis.

Decarbonisation – Emissions Metrics

Understanding the Limitations

- Many of the IPCC's scenarios are reliant on net zero (or net negative) assumptions later this century. This can include the deployment of mitigation technologies, such as carbon capture and storage, as well as ecosystem approaches, such as land and forest conservation and restoration. There has been some scepticism as to whether such technologies and approaches are viable, at the required scale. Mercer will look to integrate further assumptions around net zero emissions in due course, as science and technology evolves.

- The focus of these decarbonisation curves is currently on Scope 1 and Scope 2 emissions. Mercer will however seek to integrate Scope 3 emissions as methodologies improve.

- Given the limitations to all of the Metrics, Mercer advocates for monitoring decarbonisation progress on absolute emissions, WACI and carbon intensity basis.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
14 September 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, and the draft 2022/23 version is provided as Appendix 1.

Considerations for the Committee

3. This year's annual report largely follows the same format in terms of statutory disclosures as last year, as the CIPFA guidance has not changed. It includes new case studies and engaging content.

4. To provide more engaging and accessible information for a wider range of stakeholders and members, the annual report has been distilled into a one page summary and a highlights report. These documents focus on key headlines from the full report and will be shared with members as part of our communications strategy and published on our website.

5. This year, the annual report contains a summary TCFD (Task Force on Climate-related Financial Disclosures) report. More comprehensive Climate Disclosures are made in the separate Climate Report (a new stand-alone report for 2023).

6. It is proposed that the Committee approve publication of the unaudited annual report and accounts for 2022/23 in September 2023. As this report has not been subject to audit review it will be clearly stated on the financial statements that the figures are unaudited. It is not expected that any material misstatements will be identified and in the best interest of providing timely information to stakeholders a publication should be made. The auditors will be commencing their work later in 2023.

7. On conclusion of the Pension Fund audit, officers will ask for Committee approval of the accounts and recommend them to the audit committee.

Environmental Impact of the Proposal

8. There are no known implications at this time.

Safeguarding Considerations/Public Health Implications/Equalities Impact

9. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Proposals

11. The Committee is asked to:

    a) approve the proposed publication of the unaudited annual report and accounts 2022/2023 and summary documents, and authorise officers to make any necessary minor amendments following the conclusion of the audit.

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Author: Chris Moore, Accounting and Investment Team Lead

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

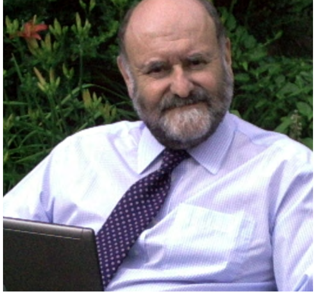
Appendices:
Appendix 1 – annual report and accounts (unaudited) 2022/23

Wiltshire Pension Fund

ANNUAL REPORT 2023

Wiltshire Pension Fund

ANNUAL REPORT 2022/23



CHAIR'S FOREWORD

Welcome to this year's Annual Report, in which I am introducing yet another eventful year!

The value of the Fund's investments at the end of the year to 31 March 2023 had fallen to just under £3.1bn, representing an investment return of -5.7% for the year, -6.3% behind our investment managers' combined benchmarks. This underperformance occurred in portfolios which have an inflation-linked benchmark which was not possible to beat in the high-inflation environment of 2022/23. In fact, the big theme of the year was rising inflation which caused gilt yields and interest rates to rise. This was particularly seen in September 2022, when the controversial mini-budget caused widespread concern in the markets about the UK's financial responsibility. We continued to see the impact of the pandemic, almost three years on, when rising cases in China caused a market dip towards the end of the calendar year. And during February 2023, we experienced the threat of another banking crisis, and although we were not entirely immune to this we were protected by positive performance in other parts of our well-diversified investment portfolios. More information on the investment performance can be found in the Investment Report, on page 58.

The underperformance of our investments this year was more than offset by the impact to our funding situation. Our future pension liabilities are discounted to their present value using a rate based on gilt yields, which rose significantly over the year, initially spiking in September 2022 after the mini-budget and then subsequently stabilising, but then rising again as inflation in the UK was maintained at a high level in spite of several interest rate rises. This has meant that the present value of our liabilities has significantly reduced, and our funding level has increased from 103% at the 31 March 2022 valuation to around 120% at the end of the year. The Committee is fully aware that these are turbulent times, and we will keep a steadying hand on the tiller.

The cost-of-living crisis being experienced across the UK is something that affects us all and the Committee is keen to assess the impact on both our membership and the Fund's valued employer organisations. An in-depth review has been undertaken, and the final conclusions were reassuring and served as a timely reminder of how interconnected everything is in the world of pensions. The full review can be found on our Fund website: **https://wiltshirepensionfund.org.uk/Cost-of-living-crisis**

During 2022, alongside the triennial actuarial valuation, the Committee conducted a thorough review into the Fund's investment strategy. We were pleased to find that our current mix of existing asset classes was fit-for-purpose, and we approved some changed weightings in order to slightly reduce risk whilst modestly increasing projected returns. One key change was to broaden our allocation to renewable infrastructure to include climate solutions, by increasing the weighting from 5% to 7% of the Fund (approx. £210m). We look forward to implementing this allocation during 2023/24.

The Committee believes that a strong approach to responsible investment is in the Fund's best long-term financial interests, and work continues to enhance and develop the Fund's strategy in this respect. We have maintained a focus on protecting the Fund's assets and taking advantage of opportunities to prioritise the delivery of sustainable risk-adjusted investment returns. We were proud to be awarded signatory status of the challenging 2020 Stewardship Code during the year.

Our work with the Brunel Pension Partnership pool continues. During the year we were very active in our engagement with our pool, at officer, member and shareholder level. The Committee has a standing quarterly agenda item to monitor the pool's governance arrangements. We actively participated in several governance workstreams at the pool, including a governance review, climate stocktake and strategy workshops, and regularly share our views with the pool as a "critical friend". Ensuring effectiveness of the pool is part of our Business Plan. You can read more about this area in the Pooling Report on page 76.

There are now 179 employers within the Wiltshire Pension Fund with approximately 85,458 members (21,240 pensioners, 23,549 current employees and 40,669 deferred members). The average pension paid in 2022/23 was £4,671.

The Committee is also responsible for the administrative performance of the Fund which is administered by key officers, namely Andy Brown (Treasurer to the Pension Fund) and Jennifer Devine (Head of Wiltshire Pension Fund) following the requirements set out in the Local Government Pension Scheme (LGPS) Scheme Regulations and the principles laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Committee continues to drive progress in order to achieve our vision for the Fund: "Our vision is to deliver an outstanding service to our scheme employers and members". During the year we have closely monitored the performance of our administration function, and provided challenge on areas for development. Our Business Plan for 2023/24 focusses on setting strong foundations, so that we can deliver the administration improvements which are needed.

Many thanks for taking the time to read this report. Please contact me if you have any questions, and I look forward to updating you on where we are in a year's time.

Richard Britton, Chair

On behalf of the Wiltshire Pension Fund Committee
14 September 2023

OFFICERS' FOREWORD

The year to 31 March 2023 has been yet another eventful year for the Fund, from investments to admin. The cost-of-living crisis and high inflation provided a backdrop to the Fund's activities, affecting everything from investment performance and the triennial actuarial valuation through to the largest pensions increase any of us can remember, and the associated impact on our cashflow forecasts. One exciting initiative during the year has been the launch of our SALAMI portfolio (strategic allocation to liquid asset-matching investments), an innovative portfolio which seeks to match our overall asset allocation whilst providing daily liquidity. This will help us to manage our cashflow requirements without compromising on returns.

We continue to show leadership in the area of responsible investment, and during the year we were awarded signatory status of the 2020 Stewardship Code. Work to make our net zero by 2050 target a reality continues, and preparatory work has begun for a climate opportunities portfolio, which we hope to implement in 2023/24. We also published our first impact report into our affordable housing portfolio. This report (which you can read here **https://www.wiltshirepensionfund.org.uk/Affordable-Housing-Impact-Report-2023**) demonstrates the clear social benefits that are being generated alongside a financial return. We were excited to be approached by the Pensions Management Institute in late 2022, and were invited to participate in their multi-part documentary series "Purposeful Pensions". The resulting film clearly explains our approach, by showcasing visits to two of our amazing investments, a solar farm and an affordable housing development. We hope that as well as inspiring others, this project will demonstrate that Wiltshire Pension Fund is an exciting place to work. You can watch the film here:
https://www.wiltshirepensionfund.org.uk/article/7148/Purposeful-Pensions-its-landed

Our work with the Brunel pool has continued, as we endeavour to make pooling a success for the Wiltshire Pension Fund. We were actively engaged in several workshops to set the strategic direction of the pool going forward, and were pleased to find strong alignment with our fellow shareholders. We participated in the climate stocktake, and worked with the Wiltshire Pension Fund Committee to submit a statement of our views in this area. Our officers have been active in the various sub-groups of which they are members, and we feel that we can demonstrate full engagement at all levels. In our 2023/24 Business Plan, we prioritise working with the pool over its new phase of consolidation, and ensuring that we are receiving value for money.

2022/23 was a year of setting strong foundations, so that we have a solid base from which to deliver the planned improvements to our pension administration service. We still have a long way to go to get to where we need to be, and we need to ensure that we continue to deliver value for money whilst doing so. What this means in practice is that we are balancing improvements carried out internally with external support where we believe it will deliver the greatest impact, such as our outsourcing projects to resolve the legacy issues with the pensioner payroll, and completion of some of the backlog cases. These projects are going well, and are on track to complete towards the end of 2023. Internally, we have created a new mini team, headed up by a Service Improvement Lead Analyst, who will focus on delivering high-impact improvements with a goal of making our service delivery more effective.

During 2022/23, we carried out a large-scale restructure of the team, to put in place more resource in order to drive through improvements as well as boosting the resource available to manage employer risk and relationships. We also introduced career-graded roles for processing staff, to provide career opportunities and promote training and development. We have developed and rolled out a comprehensive set of management information reports, covering our performance against our admin KPIs and team productivity, and we are using this data to inform our priorities, and engage the team in understanding where we need to focus our efforts.

Looking ahead, we have focussed our Business Plan for 2023/24 on three top priority areas, in order to set the ground for future improvement work. These are resourcing, controls, and backlogs. Resourcing has gained attention as an area for concern in the LGPS, as we struggle to recruit and retain the highly skilled staff we need. Our attention is on filling all posts, and ensuring that our team are motivated by tailored training plans and the opportunity to grow their skills. We are building on work done over the last year to improve our control framework, and hope to generate efficiencies through ongoing reviews in this area. And finally, we will continue to work with a third-party provider to complete our backlogs of work, alongside internal projects to get on top of business-as-usual, and build resilience into our operating model.

We look forward to reporting back in a year's time on our progress.

Andy Brown, Treasurer to the Fund
14 September 2023

Jennifer Devine, Head of Wiltshire Pension Fund
14 September 2023

INTRODUCTION
WHO WE ARE AND WHAT WE DO

ABOUT US

Wiltshire Pension Fund is one of the UK Local Government Pension Schemes (LGPS).

Under the LGPS Regulations Wiltshire Council is the Administering Authority for the Wiltshire Pension Fund.

Members of the Fund include people who work for Wiltshire Council, and a whole range other organisations such as local Colleges or Town and Parish Councils. Around **180 employers** allow their employees to join the Fund. We currently have over **85,000 members**.

The LGPS is a Statutory Scheme. This means that it is very secure because the amount members are paid in retirement is defined and set out in law.

Members' pensions are funded in part by contributions paid into the scheme by the employers and the members, and in part by the returns earned on the Fund's investments, which are held in investment portfolios valued at **>£3.1bn**.

Teachers and operational staff in the Police and Fire and Rescue Service have their own Pension Schemes and are not part of Wiltshire Pension Fund.

WHO'S WHO

Wiltshire Council members
Councillor Richard Britton (Chair)
Councillor Gordon King
Councillor George Jeans (replacing Councillor Threlfall)
Councillor Christopher Newbury
Councillor Pauline Church (replacing Councillor Seed)

Swindon Borough Council members
Councillor Steve Heyes
Councillor Kevin Small (Vice Chair) (replacing Councillor Manro)
Councillor Vijay Manro (replacing Councillor Heyes)

Employer representatives
Tracy Adams
Claire Anthony

Employee observers
Mike Pankiewicz (observer) – Wiltshire Council
Stuart Dark (observer) – Swindon Unison Branch

Officers, advisors and managers at 31 March 2023

Wiltshire Council officers
Andy Brown – Treasurer to the Fund
Jennifer Devine – Head of Wiltshire Pension Fund

Investment managers in place at 31 March 2023
Blackrock
Brunel Pension Partnership
CBRE
Gresham House
Magellan Group
Man Group
Ninety One
Partners Group
Pinebridge

AVC providers
Prudential
Clerical Medical Funds
Phoenix Group (formerly NPI Funds)
Utmost Life and Pensions (formerly Equitable Life Assurance Society)

Investment consultant: Mercer
Actuary: Hymans Robertson
Independent adviser: Anthony Fletcher, MJ Hudson
Auditor: Deloitte LLP
Custodian: State Street
Bankers of the Fund: HSBC

OUR VISION, GOALS AND VALUES

Wiltshire Pension Fund administers the pensions for the >85,000 members of our scheme, for our 179 employers. It is our responsibility to ensure that the members' records are kept accurate and up to date, and that the correct benefits are paid on time. We need to responsibly manage the Fund's investments in order to ensure that we generate sufficient investment returns to help maintain the employers' contributions rates at stable and affordable levels. For our members, their pension represents a significant asset, which will help secure their financial future into retirement.

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

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

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

STRATEGIC VISION GOALS

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

1 Stable and affordable contributions

2 Straight-forward administration

3 Clear service measures and responsibilities

4 Employers are advocates for the scheme

5 Correct pension, paid timely

6 Accurate, up-to-date records

7 Service administered effectively and cost-efficiently

8 Members understand their benefits

9 Safeguard the assets

10 Strong, risk-adjusted returns

11 Responsible ownership and stewardship

12 Positive impact

13 Robust processes, controls and risk management

14 Widely adopted self-service solutions

15 Transparency and information sharing

16 Compliance and best practice

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OUR CULTURE

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

WORKING TOGETHER AS ONE FUND

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

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

DATA DRIVEN DECISIONS

We use data to inform and evidence our decision making, and to measure our progress and successes

EFFICIENCY THROUGH TECHNOLOGY

We collaborate, and challenge our systems and processes, to create innovative solutions and drive continuous improvement

LONG TERM THINKING

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

CLEAR COMMUNICATIONS

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

SMARTER WORKING

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

WILTSHIRE PENSION FUND BUSINESS PLAN 2023/24

The Fund has undertaken many improvements over the last year, in particular designing and rolling out management information to help us better assess where we are. We have restructured the team to set ourselves up for success. We are also partway through significant projects to outsource some of our operational backlogs of work, and resolve historical issues with our pensioner payroll system. We have also redesigned our risk management framework and worked to embed this operationally.

We are still working to uncover issues, and due to the complex and interconnected nature of some of these issues, we decided that for 2023/24 we will focus on three key areas in order to build a strong foundation for service improvement. These are "Resourcing", "iConnect and Controls", and "Aggregation Backlog", described in more detail below. It is hoped that throughout the year as these key areas progress, we will be in a position to return to a three-year business planning cycle for 2024/25 onwards.

As part of designing the Business Plan for 2023/24 we have set out "what good looks like" for service delivery, i.e. timely receipt of contributions and data, and processing of related processes, which leads to accurate and up-to-date records from which benefits can be paid in a timely and accurate manner. We need to ensure that we are on top of business as usual, and have sufficient operational resilience such that we can maintain this.

- **Resourcing;** this will include filling roles since the restructure and training and development in line with new career gradings, as well as making efficiencies to maximise productivity.
- **iConnect and related controls;** we will be implementing improved checks and a monthly cycle of work, working to engage with employers to better define roles and responsibilities, as well as wider work on the benefits control framework.
- **Aggregation backlog;** a dedicated team will be set up to focus on aggregations, as well as other issues which can deliver high-impact improvements on service delivery.
- Other areas of the pension service, Investment, Governance and Communications also have planned improvements for 2023/2024, more detail can be read in the full Business Plan 2023-24.

CUSTOMER MISSION

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

HOW WE RUN THE FUND

The decision-making body responsible for running the Fund is the Wiltshire Pension Fund Committee. You can read more about the scope and membership of the Committee below. The Local Pension Board oversees the management of the Fund, to ensure that the Fund is operating in line with all strategies, policies, and legislative requirements.

Further to the above, we also run an Employer Strategic Focus Group which is an informal way for the employers to engage with the Fund (via the officers and the employer representatives on the Pension Fund Committee) on strategic issues. The group has been established to facilitate a 2-way dialogue, and to enable the employer representatives to feedback employers' views to the Committee.

Day-to-day, the Fund is run by the Pensions Team. You can read more about the senior members of the team and their roles below.

MANAGEMENT OF THE SCHEME

The members who served on the Wiltshire Pension Fund Committee during the year are shown in the Who's who on page 5. Changes to the Committee's membership during the year arose in relation to representatives from Swindon Borough Council with the appointment of Cllr Kevin Small and the reappointment of Cllr Manro after temporarily leaving his role in May 2022, to replace Cllr Heyes. Cllr Small acceding to the role of Vice Chair following the departure of Cllr Heyes. Further Wiltshire appointments included Cllr George Jeans and Cllr Pauline Church, who replaced Cllr Threlfall and Cllr Seed respectively.

WILTSHIRE PENSION FUND COMMITTEE

The Wiltshire Pension Fund Committee has nine voting members. This consists of five Wiltshire Council members, including the Chair, two members from Swindon Borough Council as the second largest employer and two employer representatives.

The two Unison representatives observe on behalf of the employees, deferred, and pensioner members within the scheme to ensure their interests are considered at the Committee.

The Committee typically meets eight times a year for regular business. All decisions are taken by a simple majority with the Chairman having the casting vote.

The Wiltshire Pension Committee meets at regular intervals throughout the year to review the affairs of the Fund. Full Committee meetings alternate in agenda focus, typically in an investment and non-investment format. All members are encouraged to attend all meetings. The role of the Local Pension Board is to ensure that the management of fund administration and investments complies with the relevant regulations and legislation and that the Fund is managed in the best interests of its stakeholders.

Details of the meetings and minutes can be found at the following link:

https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=142&Year=0

LOCAL PENSION BOARD (LPB)

The Wiltshire Local Pension Board supports the Pension Fund Committee, and is responsible for:

- securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- ensuring the effective and efficient governance and administration of the Scheme.

The LPB consists of an independent chair, 3 employer representatives, and 3 scheme member representatives and meets four times per year. The LPB has an oversight function to ensure the Fund is compliant with the Pensions Regulator.

Details of the meetings and minutes can be found at the following link:

https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&Year=0

The Annual Report from the Local Pension Board summarises its role, activities, costs, and future work plans. This can be found on the following link:

https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts

Governance arrangements concerning Wiltshire's involvement in the Brunel Pension Partnership are covered in detail in the Pooling Report on page 76.

WILTSHIRE PENSION FUND – LOCAL PENSION BOARD ANNUAL REPORT 2022/23

The full Annual Report of the Local Pension Board (LPB) of Wiltshire Pension Fund (WPF) can be accessed on the Local Pension Board page of the Fund website:

https://www.wiltshirepensionfund.org.uk/media/11596/LPB-Annual-Report-2023/pdf/LPB_Annual_Report_2023.pdf?m=638265888407330000

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

I am pleased to say that, with the support of the officers of Wiltshire Pension Fund, the Board continued to make good progress in fulfilling its terms of reference during the 2022/23 financial year, and the LPB is again able to provide assurance that the WPF is complying with its statutory duties.

During 2022/23 the LPB undertook a wide range of work, as set out in the "Outcomes and LPB recommendations made to the Administering Authority (Pension Committee (PC))" section of the full LPB Annual Report, which provides details of the work undertaken and the recommendations made to the PC, all of which were accepted. In summary, some of the key issues included:

- Governance and administration. The Board highlighted administration performance issues and backlogs which, unless effectively addressed, would have a significant negative impact on the quality of the services provided to the members of the WPF. Following recommendations to the PC additional staffing resources have now been provided, and actions are now being taken, as set out in the 2023/24 Business Plan of the WPF, to rectify the problems identified. The LPB and PC will continue to closely monitor these areas.
- Data Security, Cyber resilience and Business Continuity Planning. Following an external review requested by the Board, IT specialists concluded that all of the Pension Regulator requirements in this high risk area were being met by the WPF.
- Central Recharges. The Board highlighted concerns regarding a lack of clarity on service standards and the transparency of cost calculations in relation to the provision of support services to the WPF by Wiltshire Council. These issues have now been rectified.

During 2022/23 the LPB has also regularly examined the risk register and the outcomes from audit reports. An internal audit of key financial controls was undertaken which provided a "limited assurance" rating, albeit that the report highlighted that there had been key areas of improvement implemented during 2022/23. The report highlighted a number of key recommendations for further improvements, and actions to address many of these issues have already commenced, and will be monitored by the LPB during 2023/24.

I would like to thank my fellow LPB members for their support and commitment to their roles on the LPB during the last financial year.

Mark Spilsbury
Independent Chair of the Wiltshire Local Pension Board.

PENSIONS TEAM OVERVIEW

The Pensions team comprises the following teams and roles:

The Head of Wiltshire Pension Fund has overall responsibility for the whole Fund, covering investments, administration, accounting and governance.

The Pensions Administration Lead has responsibility for the administration function, including employer changes and actuarial valuations.

The Investment and Accounting Team Lead is responsible for all matters associated with the Fund's investments and also for accounting for all aspects of the Fund's activities. This includes development of the Fund's strategic asset allocation, selection and monitoring of the Fund's investment managers, responsible investment and stewardship matters, working with the Brunel Pension Partnership pool in setting up portfolios, transitioning assets and representing the Fund's interests and holding Brunel to account. Accounting responsibilities include the setting and monitoring of 3-year budget plans, production of the year end accounts and Annual Report, and day-to-day accounting responsibilities. The team comprises five members of staff.

The Member Services Team acts as the main point of contact for all membership enquiries. This team is responsible for setting up new members, monitoring and maintenance of pension member records, payment of benefits, transfer payments and AVCs. This team comprises approximately twelve members of staff.

The Employer Support Team is responsible for ensuring all the systems being used by the team are up to date, working correctly, and developed to ensure the most efficient and effective use of technology in delivering the administration services. This team is also responsible for monitoring and cleansing members' data to ensure it is fit for purpose and meets the requirements imposed on the Fund by the regulators. This team comprises approximately twelve members of staff.

Fund Communications are handled by the Communications & Customer Service Engagement Manager who deals with all aspects of scheme members' communications and is responsible for the development and implementation of the Fund's Communications Strategy. This includes areas such as scheme members newsletters, issuing of Annual Benefit Statements, delivery of presentations, the Fund's website and the marketing of the Fund.

Operations Manager is responsible for ensuring our pension administration systems are working effectively as well as identifying, analysing and supporting the improvement of processes so that the administration function can deliver an efficient service. This role also has responsibility of project managing all larger projects from the planning, design, execution, monitoring and control of the project. The implementation and ongoing management of our new integrated payroll system also fall under the responsibility of the Operations Manager, ensuring our pensioners are paid correctly and on time.

The Employer Funding and Risk Lead is responsible for proactively managing risks associated with the Fund's employers, where changing circumstances indicate a change in the risk profile for a particular employer or for the Fund overall. The role also promotes and facilitates effective relationships and working arrangement between the Fund and its employers, managing the process of major employer changes such as new admissions, reorganisation and cessations.

The Fund Governance Manager is responsible for supporting the Wiltshire Pension Fund Committee and Local Pension Board, including with overseeing governance training and supporting governance recruitment.

ADMINISTRATION REPORT

PROCESSING CONTRIBUTION RATES AVCS STAFFING BENEFITS LEGAL FRAMEWORK RETIREMENTS SCHEME MEMBERSHIP EMPLOYERS

LEGAL FRAMEWORK

The Local Government Pension Scheme (LGPS) is governed by the Superannuation Act 1972. The current scheme rules are contained within the LGPS Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and the LGPS (Amendment) Regulations 2015. The Regulations are fixed on a national basis; however, the Scheme is administered by close to 90 designated Administering Authorities throughout England and Wales.

Wiltshire Council is responsible for administering Wiltshire Pension Fund for the benefits of employees of Wiltshire Council and the employees of scheme employers and admissions bodies. A list of participating scheme employers is shown on page 122.

The LGPS is granted "exempt approval" status by HM Revenue and Customs (HMRC) for the purposes of Income and Corporation Taxes Act 1988. The LGPS is also classified as a Registered Pension Scheme under Part 4 of Chapter 2 of the Finance Act 2004.

The Regulations specify the type and amounts of pension and other benefits payable in respect of Scheme members, and specifies the member contribution rates payable. Members have the freedom to opt out of the Scheme and make alternative arrangements. Scheme members currently pay a contribution rate of 5.5% to 12.5%, based on their actual pensionable pay. The bands are revised annually to allow for inflationary increases. Scheme members are given the opportunity to half their contributions by joining the 50-50 section.

Employer contribution rates are set by the Fund's Actuary every 3 years following a valuation of the Fund, this ensures the solvency of the Fund. The most recent triennial valuation took place in 2022 with new employer contribution rates applying from 1 April 2023.

SCHEME BENEFITS

The Local Government Pension Scheme (LGPS) provides the following benefits for its members:

- An inflation protected pension with the option to convert part of the pension to a lump sum payment (subject to HMRC limits). Since April 2014 benefits are accrued on a Career Average Revalued Earnings basis;
- Early payment of pension benefits due to ill-health;
- Early payment of pension if aged 55 or over if:
  - Made redundant;
  - Retired through business efficiency;
  - Taken flexible retirement;
  - Taken early retirement.
- A lump sum death grant payable to the nominated beneficiary or the most appropriate recipient deemed by Wiltshire Pension Fund, plus an inflation protected dependant's pension if death occurs before retirement;
- An inflation protected dependant's pension for death after retirement and a guaranteed lump sum death grant if death occurs within 10 years of retirement (depending on eligibility).

For leavers not entitled to the immediate payment of benefits.

- An inflation protected deferred pension to be paid at normal retirement age or at any time before age 75; or
- An opportunity to transfer to another pension scheme provider; or
- A refund (depending on eligibility criteria but generally if scheme membership is less than 2 years).

The ability to increase personal benefits is available as follows:

- Purchase of extra pension by means of Additional Voluntary Contributions (AVCs) through the Fund's approved AVC provider;
- Purchase of additional pension through Additional Pension Contributions (APCs) arrangements.

HOW THE SERVICE IS DELIVERED

The Fund undertakes nearly all pension administration services in-house as part of the Wiltshire Pension Fund team. Pensioners and dependents are paid by Wiltshire Council's payroll based on instructions from Wiltshire Pension Fund. The Fund use a number of external providers to support its administration services such as actuaries, legal advisers, technical advisors, tracing agents and AVC providers. However, with the exception of some AVC providers, nearly all members only need to directly contact either Wiltshire Pension Fund or Wiltshire Council payroll as per the contact details on the website.

CASE STUDY

Wiltshire Pension Fund use the Wiltshire Council payroll team to pay our pensioner and dependant pensions. This involves two separate systems, i.e. the Council payroll system and our own benefits system (Altair). This has led to historical differences between the two systems and an inefficient way of working, which introduces the risk of further discrepancies occurring. We have identified that this situation could be remedied by the implementation of a single integrated system, which would be run by Wiltshire Pension Fund staff. Altair Payroll links to our Altair administration system and has an automated process to pass payment details with the relevant controls and authorisation steps integrated into the process. The Fund will begin moving to Altair Payroll during 2023/24. Initially we will set up the payroll for all new pensioners (approx. 100 retirements per month), and then at a future date will migrate the existing payroll over as well. We have flexibility over timings on this migration, and are working to ensure that all controls and processes are in place before this happens.

Straight-forward administration

Correct pension, paid timely

Robust processes, controls and risk management

Accuracy and Confidentiality

All pension administration staff receive a high level of training before they begin to work independently, either internally or externally as appropriate for their role and needs. All work is logged on the pension administration software using a workflow management system and creates cases which confirm the case type, process to be followed and a checklist which ensures correct process has been followed. Work which results in a payment out of the Fund is peer reviewed and then approved by another member of team before payment is made unless the values and risks associated with the task are deemed small then such cases are only approved (no peer review is needed). Internal and external audits also take place each year to test controls. To help ensure confidentiality is maintained, staff are trained in data protection legislations and all procedures are compliant with the Fund's data protection policy.

Key staffing indicators for the year to 31 March 2023

Staff to fund-member ratios:
Average case per member of staff

Ratio to Fund	All Staff (FTE: 41)	Processing related staff* (FTE: 22)
Active	1:574	1:1,070
Pensioner (& Dependant)	1:516	1:962
Deferred	1:992	1:1,850
Total	**1:2,083**	**1:3,883**

*All benefits, data and systems related staff but excludes roles in management, communication, governance, finance and investments.

Average cases per member of staff

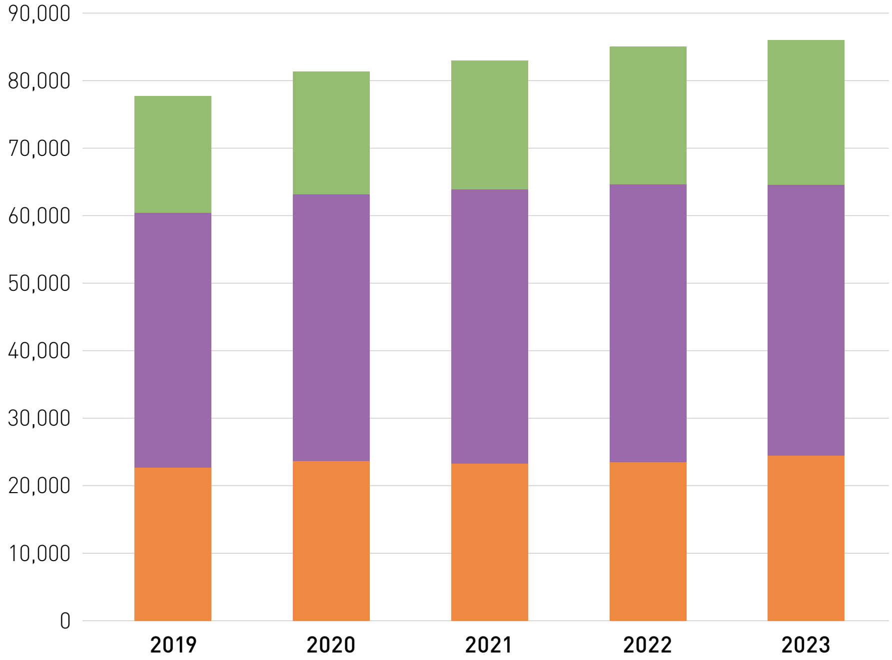
Average (completed) cases per member of staff	All Staff (FTE: 41)	Processing related staff* (FTE: 22)
Total cases completed	23,507	23,507
Average per member of staff	**573**	**1,069**

*All benefits, data and systems related staff but excludes roles in management, communication, governance, finance and investments.

SCHEME MEMBERSHIP

The membership of the scheme at the end of the year is set out below:

5-year analysis of fund membership



	2019	2020	2021	2022	2023
Active members	22,541	23,487	23,131	23,324	23,549
Deferred members	37,417	39,187	40,287	40,826	40,669
Pensions in payment	17,222	18,150	19,036	20,288	21,240
Total membership	**77,180**	**80,824**	**82,454**	**84,438**	**85,458**

New retirements during the year are broken down as follows:

New Pensioners by retirement type (from active and deferred status)

	No. of cases
Ill Health Retirements	49
Early Retirements (Under 65)	732
Normal Retirements and others	281
Total	**1,062**

EMPLOYER ACTIVITY

Our Employer numbers have remained steady, cease participation this year and there have been eight school mergers. However, the amount of Local Authority Schools moving to Academy is increasing with most aiming to move at the end of 2023 and the beginning of 2024, there is a lot of activity to come. Our Admitted Body numbers are remaining steady with eight leaving and nine joining.

	Active 2022	New	Merged	Ceased	Total 2023
Scheduled Body – Includes Academies, Town and Parish Councils and Wiltshire, Swindon and Salisbury Council	109	4	8	1	104
Admitted Body	74	9	0	8	75
Total	**183**	**13**	**8**	**9**	**179**

MEMBER SCHEME CONTRIBUTIONS

The following pay bands and contribution rates will apply in the main and 50/50 sections of the LGPS from 1 April 2023 to 31 March 2024 (inclusive)

Band	Salary range	Main section Contribution %	50/50 section Contribution %
1	£0 to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Further information on the LGPS 2014 scheme can be found at

Your contributions :: LGPS (lgpsmember.org)

AVC PROVIDER

Prudential is the Fund's current AVC provider. This facility allows members, if they wish, to top up their current LGPS pension provision by paying additional contributions into one of the many different funds offered by the Prudential which best fits their risk profile. Members still making contributions to the closed schemes run by Clerical Medical, Utmost Life & Pensions (formerly Equitable Life) and NPI can continue paying into these funds or can decide to transfer their accumulated benefits into one of the new Prudential funds.

PENSION INCREASE

Public Service Pensions which have been in payment for at least one year will have received a 10.1% increase effective from 10 April 2023. This is based on the Consumer Price Index (CPI) as at September of the previous year. Pensions which have been in payment for less than one year will receive a proportionate increase based on the amount of time they have been in payment.

DISCRETIONS POLICIES

Under the LGPS Regulations, the Fund has a certain number of discretions as the Administering Authority in the administration of benefits. Its current policy was reviewed and approved by the Committee in March 2021, and can be viewed at the following link:

https://www.wiltshirepensionfund.org.uk/media/6143/Administering-authority-discretions-policy/pdf/Administering_Authority_Discretions_Policy_-_Mar_2021.pdf?m=638252839063570000

Each employer in the Fund must have completed their own discretions policy which guides the Fund as to how to process their employee benefits. Copies of these policies should be submitted to the Fund on approval along with any changes within one month of them becoming active. The Fund maintains a log of the policies, and has plans to develop a means of reporting to employers such that we can highlight when a policy may be out of date.

CASE STUDY

As part of our Business Plan for 2023/24, we will be introducing a Service Improvement Team, led by a Service Improvement Lead Analyst. This team will focus on three priority areas:

- Ensuring that records are up-to-date for upcoming retirements, so that they can be processed on time;
- Dealing with legacy issues and old case work; and
- Identifying and implementing high-impact improvements.

The team will be staffed by existing members of the wider team who will move in and out of the team depending on what work is required at the time, and what fits with the skill set and development aspirations of the individuals. We look forward to reporting on the team's progress in next year's annual report!

Correct pension, paid timely

Accurate, up-to-date records

Service administered effectively and cost-efficiently

Positive impact

HOW ARE WE DOING?

EXTERNAL AUDIT

EMPLOYER PERFORMANCE

CUSTOMER SERVICE MEASURES

BREACHES

INTERNAL AUDIT

KEY PERFORMANCE INDICATORS (KPIs)

SPECIALIST REVIEWS

COMPLAINTS

BENCHMARKING

INTRODUCTION

In order to assess how well we are performing as a Fund, officers and the Local Pension Board and Pension Fund Committee members monitor performance against a wide variety of measures and metrics. These include:

- External audit
- Internal audit
- Specialist reviews
- Investment performance (covered in the Investment Performance Report)
- Administration Key Performance Indicators (KPIs)
- Customer service measures
- The volume and nature of complaints
- Breaches
- Statistics related to employer performance
- Benchmarking our performance compared to other Funds

EXTERNAL AUDIT

Deloitte is the Fund's external auditor and provides the audit of the Fund's accounts as part of its main audit of the Wiltshire Council accounts. The outcome of this audit is reported to Wiltshire Council's audit committee and to the Wiltshire Pension Fund committee. Any recommended actions are periodically reviewed by the pension committee.

INTERNAL AUDIT AND IMPROVEMENT PLAN

The Fund is subject to an annual internal audit review which is undertaken by South West Audit Partnership (SWAP). An annual audit plan is agreed with the Wiltshire Pension Fund looking to provide assurances over key controls and the systems being used. The outcomes of these audits are reported to the Pension Fund Committee, as well as progress against action plans resulting from these audits. As part of SWAP's most recent audit into the Fund's key controls, SWAP raised its assurance level from "no assurance" to "limited assurance". Progress has been made, but there are undoubtedly still unknown issues to uncover. We continue to prioritise resolution of all issues, as set out in our Business Plan 2023/24.

HISTORICAL ADMINISTRATION ISSUES

The Fund still has significant historical administration issues to resolve, specifically around backlogs of work and the differences between systems for the pensioner payroll. The Committee has approved one-off spend to outsource the work to complete the payroll rectification and clear the historic backlogs, and this work is currently ongoing, and will be due to complete during 2023/24. The aim of this work is to ensure there are zero differences between the administration system and pensioner payroll and this may result in changes to some members' benefits.

CASE STUDY

Discrepancies between the pension administration system records and those on the pensioner payroll system were identified in 2020/21. These related to Guaranteed Minimum Pension (GMP) and others related to other historical administrative issues. The historical differences include both under and over payments of pensions. The work to resolve these discrepancies has been split into two sections for us to complete the work in as timely a manner as possible. All discrepancies under £5 a month are being rectified internally while the 2022/23 Business Plan approved the outsource of the over £5 a month discrepancies to an external provider. Aon were appointed to do this work and are looking to complete this by September 2023.

Correct pension, paid timely

Accurate, up-to-date records

KEY PERFORMANCE INDICATORS (KPIs)

The Fund monitors performance against internally set KPIs as well as the legal requirements. The Fund also monitors cases outstanding at the beginning and end of the period, as shown in the following two tables. Table 1 illustrates the case volume movement throughout the year. It is of note that most case types have a completion rate of <100%. This shows that there is still work to do to get on top of incoming work. Table 2 shows the success rates of completing work in line with internally set targets as well as legal requirements. This shows areas of particular concern for transfers, deferments, and some retirement processes. We take this seriously and will target our improvements towards these areas.

Improving service standards is a key focus for the Fund. As mentioned above, the Fund's Business Plan and Budget for 2022/23 contained specific actions and one-off spend to work towards the goal of zero backlogs, and achieving as close as possible to 100% on all KPIs.

CASE STUDY: MANAGEMENT INFORMATION

One of our key activities during 2022/23 has been the development of comprehensive management information, designed to help us identify issues earlier and respond accordingly, and identify areas where high-impact improvements can be delivered. This has been through the form of weekly KPIs, which the team analyse each week to identify problem areas and propose solutions. In addition, we have developed forward-looking reporting, which highlights which cases are due in the coming days, allowing for targeted work allocation. We have also developed productivity reporting for the teams, which shows how individuals and the team as a whole are performing on a weekly basis. This data is valuable for identifying any problematic cases or training needs. We will continue to develop our management information, as well as looking for new ways to use and embed it.

Transparency and information sharing

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

DATA DRIVEN DECISIONS

We use data to inform and evidence our decision making, and to measure our progress and successes

Table 1 – analysis of case movements throughout the year

Process		No. cases outstanding at start of period	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year end	% completed in year	Notes
Deaths – initial letter acknowledging death of active/deferred/pensioner member		13	487	496	4	99.2%	See note 1a
Deaths – letter notifying amount of dependant's pension		49	373	374	48	88.6%	See note 1a
Retirements - letter notifying estimate of retirement benefits (including all retirement types: normal, ill health, early, later etc)		59	1257	1230	86	93.5%	See notes 1a & 3
Retirements – letter notifying actual retirement benefits (including all retirement types: normal, ill health, early, later etc)	**Active**	242	695	710	227	75.8%	See notes 1a, 2 & 3
	Deferred	26	411	415	22	95.0%	
	Total	268	1106	1125	249	81.9%	See note 1a
Retirements – process and pay benefits on time	**Active**	242	695	710	227	75.8%	See notes 1a, 2 & 3
	Deferred	26	411	415	22	95.0%	
	Total	268	1106	1125	249	81.9%	

Table 1 – analysis of case movements throughout the year (continued)

Process	No. cases outstanding at start of period	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year end	% completed in year	Notes
Deferment – calculate and notify deferred benefits	3,019	4,652	4,537	3,134	59.1%	See notes 1b, 4 & 6.
Transfers in – letter detailing transfer in quote	5	65	63	7	90.0%	See note 1a
Transfers in – letter detailing transfer in	0	41	41	0	100.0%	See note 1a
Transfers out – letter detailing transfer out quote	115	515	504	126	80.0%	See note 1a
Transfers out – letter detailing transfer out	0	491	491	0		See note 1a
Refund – process and pay a refund	1	697	674	24	96.6%	See notes 1b & 4
Divorce quote – letter detailing cash equivalent value and other benefits	17	219	211	25	89.4%	See note 1a
Divorce settlements – letter detailing implementation of pension sharing order	7	4	8	3	72.7%	See note 1a
Member estimates/ projections	13	512	511	14	97.3%	See note 1a
Joiners – Send notification of joining the LGPS to scheme member	0	4,759	4,720	146	99.2%	See note 5

Notes and Assumptions

1) The Fund has used two different approaches to producing the table above, as detailed in a) and b), to attempt to match its processes against the requirements of the table.

This creates some apparent, relatively minor inconsistencies such as 'Deaths - letter notifying amount of dependants pension' is greater than 'Deaths - initial letter acknowledging death' which are in fact due to the timing of different tasks.

a) Items relate to specific task within an overall case.

b) Items relate to actual cases rather than individual tasks.

2) Retirements – 'letter notifying actual retirements' and 'process and pay benefits on time' are one in the same process for the Fund and hence the figures disclosed are identical.

3) Ill Health estimates and retirements are all included within active status due to limitations in reporting capability.

4) Deferments created and outstanding includes cases still to be decided if deferred or refund, this means that there is some movement between opening and closing figures across deferments and refunds.

5) 'Joiners – notification of date of enrolment' is estimated as the statutory notifications are batched as part of a separate process and hence this information is not currently available.

Table 2 – analysis of performance against internal targets and legal requirements

Process		KPI (WPF) (Working days)	% met target	No. cases completed within KPI	Legal Requirement (Calendar days)	% met target	No. cases within Legal Requirements
Deaths – initial letter acknowledging death of active/ deferred/pensioner member		5 days	76.60%	380	2 months	99.00%	492
Deaths – letter notifying amount of dependant's pension		10 days	22.70%	85	2 months	93.00%	348
Retirements – letter notifying estimate of retirement benefits (including all retirement types: normal, ill health, early, late etc)		10 days	60.80%	748	2 months	99.20%	1221
Retirements – letter notifying actual retirement benefits (including all retirement types: normal, ill health, early, late etc)/process and pay benefits on time	**Active**	10 days	21.00%	150	2 months	59.30%	422
	Deferred	10 days	87.50%	364		97.10%	403
	Total		45.69%	514		73.33%	825
Deferment – calculate and notify deferred benefits		20 days	79.70%	3616	2 months	84.70%	3843
Transfers in – letter detailing transfer in quote		15 days	44.40%	28	2 months	98.40%	62
Transfers out – letter detailing transfer out quote		15 days	19.80%	100	2 months	83.30%	420
Refund – process and pay a refund		10 days	97.80%	660	2 months	99.70%	672
Divorce quote – letter detailing cash equivalent value and other benefits		46 days	94.80%	201	3 months	99.50%	210
Divorce settlements – letter detailing implementation of cash equivalent value and application of pension sharing order		46 days	12.50%	1	3 months	37.50%	3
Joiners – Send notification of joining the LGPS to scheme member		46 days	98.60%	4654	2 months	98.60%	4654

Notes and Assumptions

1) This table just covers completed cases in the year.
2) The Fund uses working days for its KPIs and has assumed 23 working days per calendar month.
3) Retirements – 'letter notifying actual retirements' and 'process and pay benefits on time' are treated as one and the same for this purpose.
4) Joiners – Due to the current way starters are loaded onto the administration system it is not possible to report on the date of creation and this issue of notifications at this time.
5) Refunds excludes those where no response was received from the member.

CUSTOMER SERVICE MEASURES

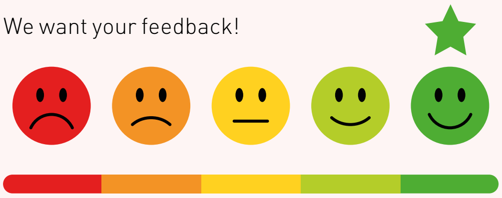
The review of our Customer Services Policy last year emphasised the importance of identifying and monitoring how we are doing in providing an effective service to our members. This year, we have focused on obtaining more customer service data enabling us to make data driven decisions through analysis of our customer service performance.

Part of this was the introduction of the **Member Feedback Surveys** included in Member Services Team's email footers, ensuring maximum exposure, actively encouraging our members to provide us with their feedback.

> "Our mission is to deliver an effective service, providing our members with the tools they need to plan for their financial future"

HELP US IMPROVE!

We want your feedback!



Please click here to take our short survey

As of March 2023 we achieved 4.4*/5* from our members in rating their experience with us.

DATA DRIVEN DECISIONS

We use data to inform and evidence our decision making, and to measure our progress and successes

Members understand their benefits

These surveys included questions about the quality of service received and the timeliness in which we dealt with their query.

"Always found the team to be really helpful and prompt with my enquiries"

"Very helpful, polite and understanding"

"Very prompt uncomplicated response, thank you"

Another new data stream introduction was for phone data on the main incoming line. This data stream allows for analysis of call volumes, length, and wait times, helping to identify any patterns, which may be as a result of a mass communication to members, such as the circulation of Annual Benefit Statements.

As of March 2023 our average monthly abandoned call percentage had dropped from 47.5% to a staggering

12.8%!

As of Feb 2023 the monthly average wait time for a call reduced from 6.8 minutes to

1.4 MINUTES

Our members get in touch with us via phone and email therefore work is underway in collaboration with our IT partners, Wiltshire Council to establish what/if any data can be gathered from our main email inbox. This insight will help provide a better overall view as to the level of service we are providing to our members.

As a Fund we are committed to continuous improvement and development and as such over the coming year will be instructing a formal assessment of the service we provide to our members, via a Customer Service Excellence Assessment.

> **"It is a nationally recognised standard designed to drive customer-focused change, aimed at all organisations, providing them with the tools to drive truly customer-focused services.**
>
> **Top organisations in the UK embrace customer service excellence, are nationally recognised for benchmarking, improved staff satisfaction, reduced number of complaints"**
>
> **Source: assessmentservices.com**

ASSESSMENT SERVICES

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

LONG TERM THINKING

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

SMARTER WORKING

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

ENGAGEMENT HIGHLIGHTS

- Engagement **increased to an average of 37%** in 2022/23 up from 32% the previous year, with c166 employers engaging with their quarterly digital newsletter.
- As a Fund, we regularly consult with our employers through various mediums such as our Employers Strategic focus group and via email, such as the Investment Strategy Statement of which received a **43% engagement rate**.
- We have identified the need for a more **focused, streamlined approach to how we engage with our employers** as a Fund, **leading to** the creation of a new role; **Employer Engagement and Training Manager**.
- Just over **44% of our active and deferred members are signed up to My Wiltshire Pension** up from 35% the previous year.
- Nearly **60,000 members engaged with PAW 2022** vs c17,000 the previous year.
- Member **email engagement increased to an average of c56%** up from 52% in 2021/22 with a huge 61% opening last year's Annual Report, that's nearly 14,500 members!

COMPLAINTS

The Wiltshire Pension Fund operates a two stage Internal Dispute Resolution Procedures (IDRP) if a scheme member or prospective member remains dissatisfied with a decision made.

An application made under Stage 1 of the process will be considered carefully by a person nominated by the Wiltshire Pension Fund. This person is known as the 'Adjudicator'. The adjudicator will conduct a formal review of the initial decision or act or omission and is an opportunity for the matter to be reconsidered. For the purpose of the IDRP process, the Stage 1 adjudicator appointed by Wiltshire Pension Fund is Muse Advisory.

If the scheme member, dependent or prospective member remains dissatisfied with the adjudicator's decision, (or their failure to make a decision) they can make an application under Stage 2 of the process to Wiltshire Council. The Corporate Director for Resources and s151 officer at Wiltshire Council will reconsider the determination made by the Stage 1 adjudicator.

A member also has the right to refer their complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

During the 2022/23 Scheme Year, the Fund received one application under the Stage 1 IDRP process and three under the Stage 2 IDRP process. One of these applications was not upheld following adjudication, three are still awaiting determination. There were fewer IDRP cases in 2022/2023 compared with the previous year when there were nine.

BREACHES

The Fund maintains a log of any data breaches for the Information Commissioner's Office (ICO) and regulatory breaches for the Pensions Regulator (TPR). Materially significant breaches are reported to the Local Pension Board and Pension Fund Committee. During the 2022/23 Scheme Year, the Fund had no material breaches that required reporting to the TPR or ICO.

EMPLOYER PERFORMANCE MEASURES

Timely and accurate payment of pension contributions by employers is a key performance measure for the fund. Payments should be made by the 19th of each month or the last working day prior to this date if it falls on a weekend. The following table summarises the timeliness of employer contribution payments for 22/23.

Quarter	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 %		On time	Late	Late %
Q1	54.050	48,166	5,878	10.87%	21.2	491	49	9.1%
Q2	22,891	21,780	334	1.46%	10.0	505	30	5.6%
Q3	26,834	25,992	842	3.14%	6.4	516	23	4.3%
Q4	25,954	24,480	1,474	5.68%	6.3	511	29	5.4%
Total	**129,729**	**120,418**	**8,528**	**6.57%**	**11.0**	**2,023**	**131**	**6.1%**

The majority of payments are received in a timely manner, with late payments often being received within a few days of the deadline.

STAFF ENGAGEMENT

STAFF SURVEY 2022/23

In 2022/23 as a Fund we went through significant transformation with the introduction of a new staff structure. This restructuring not only led to new ways of working but also the creation of opportunities for staff to progress within teams into these newly created roles. In addition, this also led to the implementation of career-graded roles to better align with the funds culture of high performing teams.

This year's survey received a **94% response rate** compared to 88% the previous year. Questions about teams were the highest scoring, with a 20% increase seen in staff feeling part of a team.

There was also an encouraging increase seen in the commitment from staff to produce quality work, along with agreement that changes to the leadership structure of the Fund will help drive improvements.

Overall, there was a drop in how staff feel about working for WPF, however these questions still scored in the top percentages with **79% of staff proud to work for the Fund** and **76% saying they would recommend it as a good place to work**.

An increase to 71% was seen from staff in feeling leaders kept them informed and communicated a vision that motivated them, up by nearly 10%. This correlates to the developments made this year to improve internal communications and information sharing through the introduction of the Fund Focus, the Funds monthly digital newsletter.

A key theme which emerged from the survey was that although 79% of staff felt they have the knowledge to be successful in their roles, there was a lack of learning and development at the Fund and a perceived lack of recognition in celebrating good work. Addressing this has been made a priority in the coming year with recognitions made by management in team meetings, appraisals, 1-1's and inclusions in the Fund Focus. In addition to this was the creation of a new role within the restructure, **Employer Engagement and Training manager**, responsible for the monitoring, co-ordination and planning of internal training for staff.

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

EMPLOYEE ENGAGEMENT SURVEY 2022

79%
ARE PROUD TO WORK FOR WPF

> "Teams work towards the same goals, constantly looking at evolving processes and developments to improve efficiency, accuracy and clarity. There is a strong collaborative approach to working, training and supporting each other and being informed of change. Having the customer at the front of the Fund's vision and striving for outstanding customer service."

80%
SAY TEAMS COLLABORATE WELL TOGETHER

> "Forward thinking regarding ways of working and continuous improvements."

94%
FEEL PART OF A TEAM

"I believe my colleagues work really well together and I feel well supported. I also feel that colleagues are committed to delivering a good service to members."

8/10
HAVE THE KNOWLEDGE TO BE SUCCESSFUL IN THEIR ROLE

"I think we are very good at supporting each other and sharing our knowledge with our colleagues. We all have members' interest at the heart of everything we do."

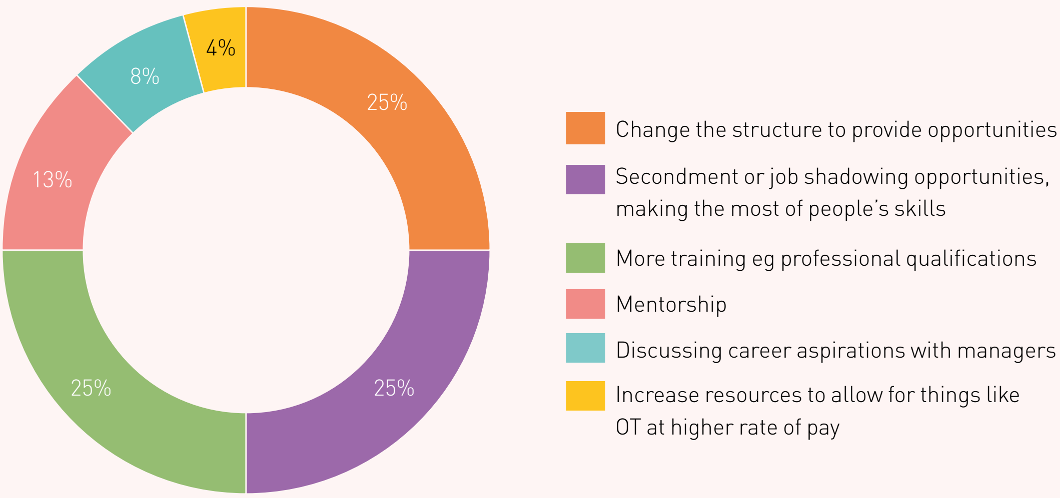
77%
WOULD RECOMMEND IT AS A GOOD PLACE TO WORK

"Clear goals and direction. Good atmosphere and work balance. Motivated staff."

CASE STUDY: TAKING ACTION ON PRIORITY AREAS

In the 2022 Staff Engagement Survey, the worst scoring question was "I believe there are good career opportunities for me at WPF", with only 35% of staff agreeing with this statement. We were keen to understand what we could do better in this area, and asked staff to take part in a group activity to discuss what improvements they would like to see. Responses were analysed into themes as follows:

Ideas for career progression



Actions have now been taken against these areas as follows:

- A new team structure has been introduced with career-graded roles, to provide a clear career path and development opportunities for staff.
- These career grades will provide opportunities to achieve professional qualifications, which will be supported by the Fund.
- Opportunities for secondment exist already, and staff have been encouraged to speak with their manager to express an interest.
- The Council runs a fantastic mentor program. Staff have been reminded of this opportunity, and encouraged to apply if they think they would benefit from it.
- Career aspirations should be discussed with managers as part of annual appraisals, and the team have been encouraged to raise this anytime as part of regular 1:1s.
- Unfortunately, we are not able to influence wider Council policy on things like overtime rates, and this has been explained to the team.

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

CLEAR COMMUNICATIONS

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

BENCHMARKING

VALUE FOR MONEY

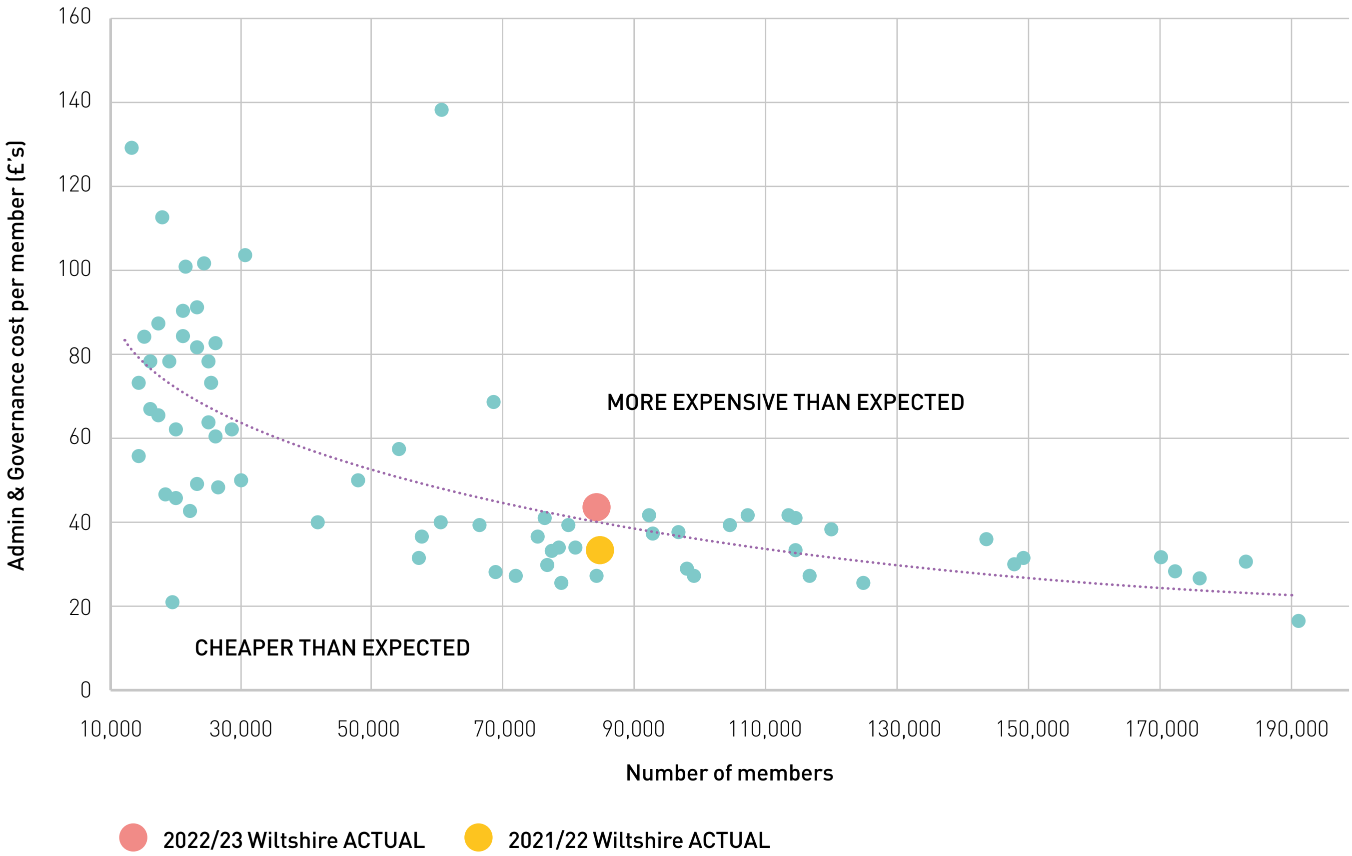
The Fund is committed to providing an outstanding service to our scheme employers and members, which will include providing value for money. The Fund's Business Plan for 2023/24 sets out how we intend to achieve this goal. Actions related to the Business Plan are updated annually and subject to approval by the Wiltshire Pension Fund Committee alongside approval of the Fund's budget. The Fund is overseen by both a Local Pension Board and the Wiltshire Pension Fund Committee and is subject to internal and external audit reviews which assess its efficiency and effectiveness amongst other matters. Benchmarking can be challenging due to the lack of availability of consistent data between LGPS funds. However, it is possible to use various data sources to enable a comparison of economies of scale, the costs of delivering the service, measures of funding, and responsible investment progress.

COST BENCHMARKING

The Fund makes use of the Local Government Pension Scheme funds account return (SF3) to benchmark operational running costs (Admin & Governance) against peers in the LGPS. The following graph shows these costs for all funds in the LGPS for financial year 21/22, the latest published dataset plotted against fund size. The actual costs for Wiltshire in 21/22 fall below the trend line and indicate a cost per member lower than expected for our fund size.

Included for reference are the actual cost per member for 22/23. This is an inconsistent comparison as this compared 22/23 data to the national 21/22 data set, we would expect the national costs to increase given inflationary impact on running costs. Aside from inflation Fund running costs have increased in 22/23 as a result of one-off costs for key projects to clear admin backlogs and to reconcile differences between the payroll and pension admin system.

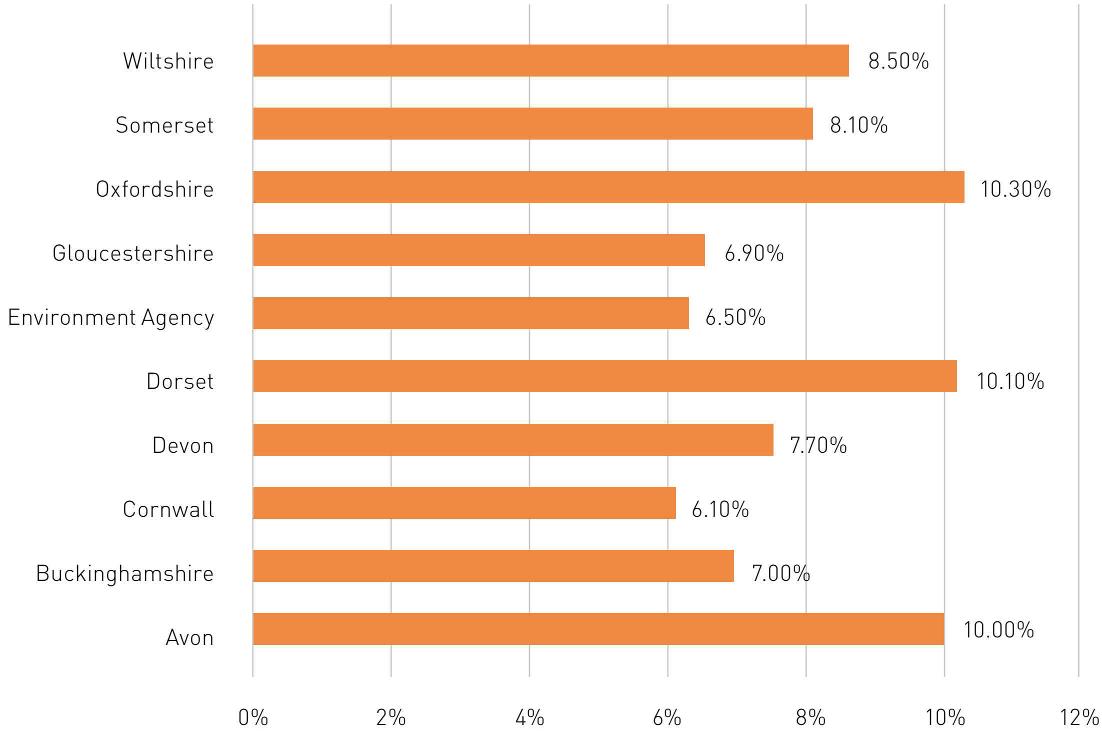
Scatter Plot of LGPS running costs (Admin & Governance) per member vs Total number of members. Based on 2021/22 SF3 national returns. With data points to highlight Actual costs for Wiltshire in comparison to peers



RETURN ON INVESTMENTS

The following table shows the one-year investment performance for the other Brunel Pool Funds for the 1-year period to 31st March 2022. It shows the funds' performance of 8.5% was marginally above the average investment return of 8.1% for this comparison group. Other than a high-level sense check it is hard to derive significant insight from this analysis as investment return is specific to the investment strategy and liabilities of each fund.

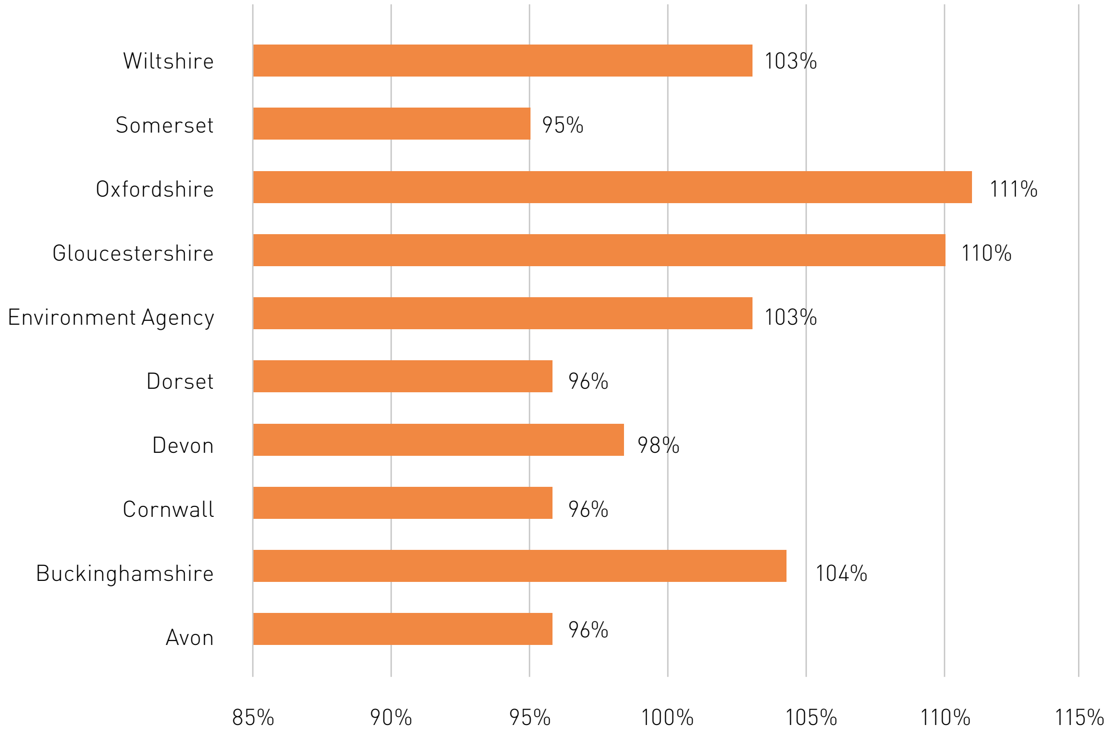
Annualised Investments Return by Fund for year ending 31 March 2022



FUNDING LEVEL

All LGPS funds undertook an actuarial valuation exercise as at the end of March 2022, the results for each fund are published on the Scheme Advisory Board website. The following tables provides a comparison of the other Brunel Pool Funds to provide context to the Wiltshire Funding level. This shows Wiltshire's funding level on an ongoing basis of 103% being slightly above the comparison group average of 101%.

Actuarial Ongoing Funding Level as at 1 March 2022 Triennial Valuation



In previous years, we have benchmarked **responsible investment** against the research produced by ShareAction, which looks at various aspects of this important area in the LGPS. This data is only produced once every 3 years, so we do not have any additional information since last year's annual report. Last year we also benchmarked our net zero target against other LGPS funds, however this year there was no updated data set so we are not able to present new information. We will review the position and provide updated benchmarking information as and when it becomes available.

IMPROVEMENTS

As set out in the Fund's value "Efficiency through technology", there is a focus on continuous improvement. The following case studies illustrate some of the improvements made by the teams throughout the year.

EFFICIENCY THROUGH TECHNOLOGY

We collaborate, and challenge our systems and processes, to create innovative solutions and drive continuous improvement

CASE STUDY: BULK PROCESSING AND AUTOMATION

The Fund is continuously working hard to ensure that improvements are a key part of the administration processes. One way is to identify areas that we can automate and/or run processes in bulk. This could be processing straight-forward changes and letters to requesting information from our employers and other LGPS Funds. All automation continues to be peer-reviewed but it removes the step of an administrator preparing the work.

When a member leaves the scheme we are now requesting details of any final pay figures required from employers in bulk and, where they have standard benefits, identified through our new reporting tool, we will run a calculation, update the record and prepare the letter automatically and in bulk for an Officer to peer-review. This has reduced the time to process this type of work significantly and we will look to roll out similar improvement projects.

Straight-forward administration

Accurate, up-to-date records

CASE STUDY: MY WILTSHIRE PENSION (PLUS)

Wiltshire Pension Fund were approached by the team that provide the software for our current My Wiltshire Pension tool to be an early adopter to a new version of My Wiltshire Pension, our pensions portal. This involved meetings to scope out the requirements of a new tool, how it needs to benefit members and can continue to be confident in making decisions online.

Despite some good improvements to the login and enrolment aspect of the new portal, we were not prepared to roll this out to our members and pulled out of the project. We intend to review again in 12 months when other Funds will have introduced it to their members and when they have had time to build the areas that we feel will work for our members. We continue to be in regular user groups providing our feedback on progression.

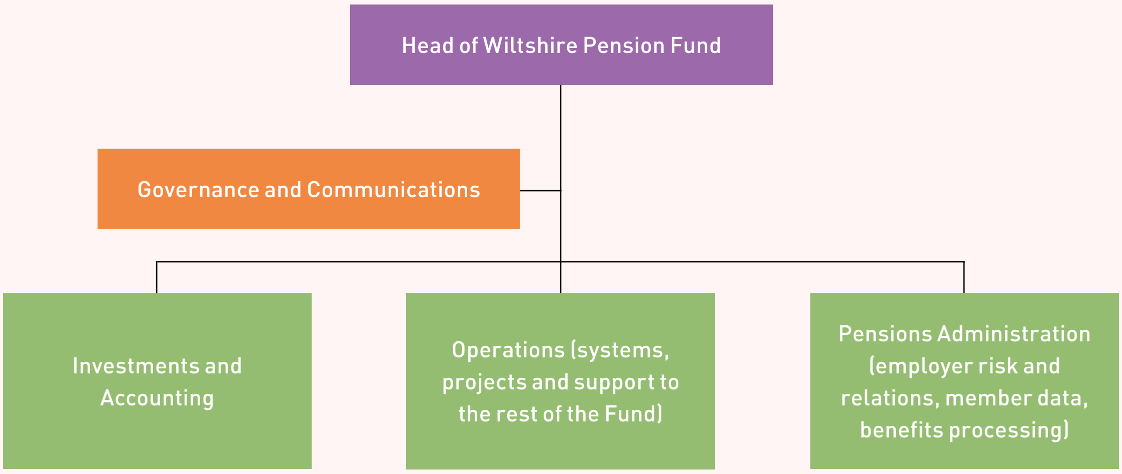
Widely adopted self-service solutions

LONG TERM THINKING

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

CASE STUDY: STRUCTURE REVIEW

During 2022/23 we undertook a large review of our team structure, in order to create the foundations needed to deliver improvements. We have added in resource to deal with the following areas: employer risk and relations, training, integrated payroll, reporting and performance, and projects. We have also added in career graded roles for all processing staff. This will provide training and development opportunities for the team, as well as improving knowledge and skills, and supporting operational resilience. A high-level structure of the team is shown below:



The structure went live in January 2023, and most posts have now been filled, from a mix of internal and external candidates. Now that the structure is in place, we will be able to make an informed assessment of the resource levels needed to ensure that we can deliver our admin service in a sustainable and reliable manner.

WORKING TOGETHER AS ONE FUND

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

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

ENGAGEMENT WITH OUR SCHEME EMPLOYERS AND MEMBERS

Our
OUR EMPLOYER STRATEGIC FOCUS GROUP
has consulted and engaged with employers on such items as the **VALUATION** and **INVESTMENT STRATEGY** to gain insight and perspective; this continues to be run a biannual basis, hosted by our employer representatives.

Our Pension Awareness Week campaign in 2023 was read by circa
60,000 MEMBERS
compared with circa 17,000 in 2022

Transparency and information sharing

45% OF OUR MEMBERS
are signed up to our online portal

Employers are advocates for the scheme

OVER 9,400 MEMBERS
read our campaign on climate risk (COP27)

Widely adopted self-service solutions

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

Members understand their benefits

INTRODUCTION

Engagement with our scheme employers and members is an important priority for the Fund, and is an area with constant improvements and developments. We regularly quantify and review the effectiveness of our communications and engagement in order to inform our activities in this area going forward. This can come from a range of metrics, including statistics such as open and click rates on email campaigns, Wiltshire Pension Fund website and My Wiltshire Pension user activity, feedback surveys , My Wiltshire Pension sign up levels.

Several of our strategic goals have a strong link to engagement activities:

Employers are advocates for the scheme

We provide our employers with the tools they need to understand the scheme, both their responsibilities in terms of data provision, payment of contributions etc, and also the implications for their employers, our members. This can include things like employer training sessions, materials on our website, our annual employer forum (which offers a range of webinars on various topics), and our employer strategic focus group, for heads of finance/heads of the organisation.

Members understand their benefits

The Pension Fund represents a major benefit for our members. Some of our work here includes our campaign in September 2022 for Pension Awareness Week. You can read more about this on our PAW 2022 pages.

Widely adopted self-service solutions

We want to make things more efficient for both our members and employers, and enable them to self-serve wherever possible, to make things quicker and easier. Examples here are MSS (the self-service portal for members), which we are expanding to create more functionality, and i-Connect, the portal via which employers can upload information, improving the quality and accuracy of data held.

Transparency and information sharing

From our membership survey, we know that members care about how the money held to pay their pension is invested. We have expanded the amount of information readily available on our website, and carried out various campaigns to inform members and employers about what we are doing. We've also worked to make information more accessible, publishing shorter versions of reports and 1-page summaries, as well as using different tools such as online flip-books and animated videos.

ENGAGEMENT IN THE BUSINESS PLAN

Our Business Plan for 2023/24 contains several actions which will promote engagement with employers and members:

- **Service levels and responsibilities for employers**
  The Fund's plan includes steps to promote employer understanding of their roles, and seeks to support employers, engaging with them in a proactive way.
- **Employer training and engagement**
  We will develop the training materials on the employer website, including videos, simple guides etc. We will expand the approach to direct interaction with employers, to proactively address issues with fulfilling requirements, welcome new contacts, and help with any i-Connect issues.
- **Membership engagement**
  Through the responsible investment plan 23/24, we plan to engage specifically with our younger membership during 2023/34.

ENGAGEMENT IN THE RESPONSIBLE INVESTMENT POLICY

A plan for engaging with employers and members is also set out in the Fund's Responsible Investment Policy:

The Fund considers that transparency on its actions, particularly with regard to responsible investment issues, is important, and engagement with the scheme employers and membership is a key part of this.

The topic of investments is quite technical, and responsible investment issues can be nuanced, so it is important to educate members as well as asking for opinions.

Why might the Fund engage with employers and members?

- **Employers** – Funding is achieved by a balance of employer (and employee) contributions, and investment returns. Therefore employers, as budget holders, will be interested in how the investments are managed, as this could have an impact on the contribution rates they need to pay.
- **Members** – Members benefits are set in law and are not impacted by the investment returns. However, members may have personal beliefs and views on how the investments are managed. Therefore, keeping members informed and finding ways to represent their opinions is important.

There are a range of ways that members can be engaged with:

i. **Informing** – The Fund seeks to keep members and the general public informed via a section of the Annual Report which reports on climate change risk and actions. From 2022 onwards, the Fund has published a Stewardship Policy and Outcomes Report, and highlights from this (focussed on outcomes and case studies) are included in the Annual Report. The Fund will continue to publish press releases to communicate major strategic decisions.

ii. **Educating** – The Fund will continue to hold regular webinars covering responsible investment issues for both employers and members. The Fund will use its website as a way to communicate information and keep members and employers informed. The Fund will continue to develop methods of accessible communication.

iii. **Consulting** – In order to incorporate the views of the employers, the Fund will consult with employers on amendments to the ISS. There are two employer representatives on the Committee, who are actively involved in promoting employer engagement. The Fund will be establishing employer focus groups.

iv. **Actively seeking views** – The Fund has used surveys to collect the views of employers and members, and has used the results of these surveys to develop the approach to member and employer engagement. Although the views of members and employers alone would not be used to drive the strategy, they would be considered by the Committee alongside other information as part of a full picture. The Fund's investment strategy is set in the best financial interests of the Fund, but can also, where possible, reflect the wider goals and philosophy of the employer organisations and Fund membership.

THE FUND'S COMMUNICATIONS STRATEGY

The Fund continuously reviews its Communications Strategy (**Policies and strategies – Wiltshire Pension Fund**) to ensure it is fit for purpose through assessing members' communication requirements. With a strong focus on delivering targeted, bespoke and engaging communications to Employers and Members, the strategy moves away from a 'one size fits all' approach. This is in line with the Fund's value of "Clear communications".

In order to achieve the objectives, set out in the strategy, the Fund detailed 7 measurements of success, with 5 of these reflecting employer and member engagement levels.

The data shown below reflects work to date the Fund has completed in a move to increase engagement, by capturing and analysing data more proactively and productively.

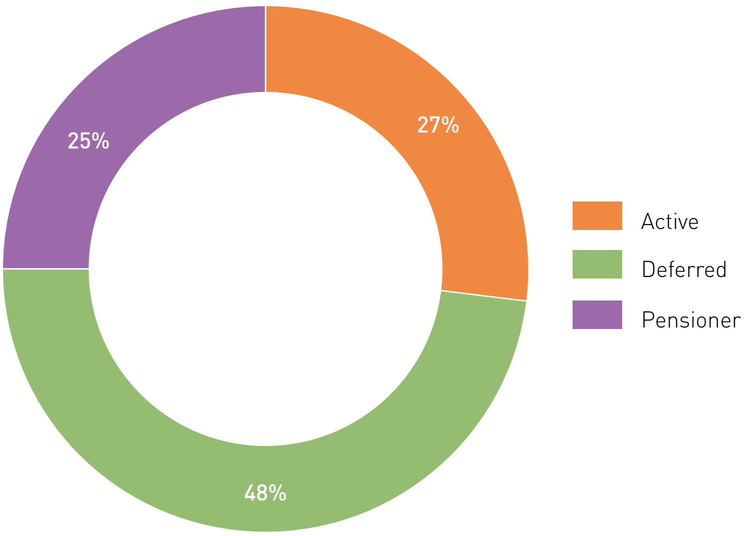
CLEAR COMMUNICATIONS

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

DEMOGRAPHICS – WHO ARE OUR MEMBERS?

As a Fund our members generally fall into one of three categories, Active, Deferred and Pensioner. Whilst there is some overlap in information and type of administration support required, much is individual to each category. As such our communications are tailored including information only relevant to that particular group.

Member Type



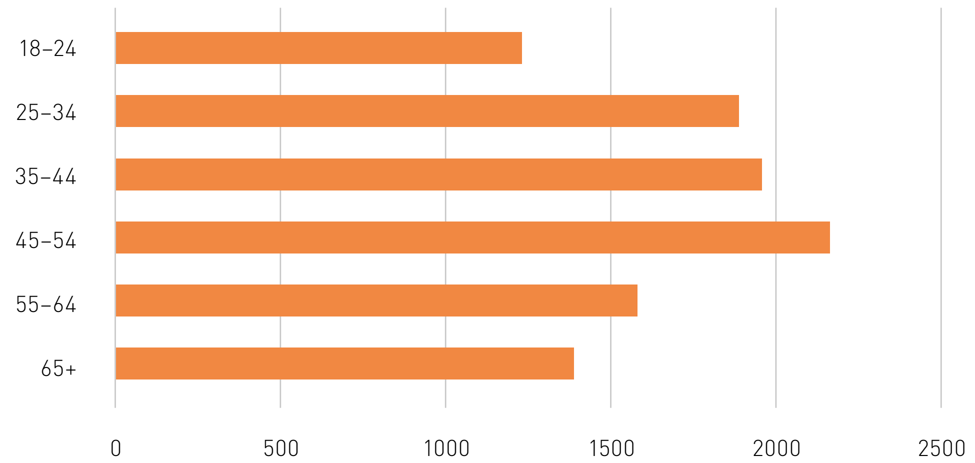
Correct as of 31/02/23

HOW ARE THEY INTERACTING WITH US?

Website Engagement

In 2022/23 The Fund's website had **c77,000 visitors**

Website Engagement by age



Data taken from Google Analytics for the period 1 April 2022 – 31 March 2023, not including c67,000 unknown ages

EMAIL ENGAGEMENT LEVELS

2022

Type	Email Open Rate
Member	▲ 27%
Pensioner	▲ 10%
Employer	▲ 13.5%

2023

Type	Email Open Rate
Member	▲ 56%
Pensioner	▲ 69%
Employer	▲ 36.6%

Levels of engagement on email campaigns increased over the year, with more email opens across all audience categories. Lower levels of visits to the website may reflect the fact that emails are content rich, with members or employers not needing further information.

Email data taken from mailchimp based on campaigns and communications during the year.

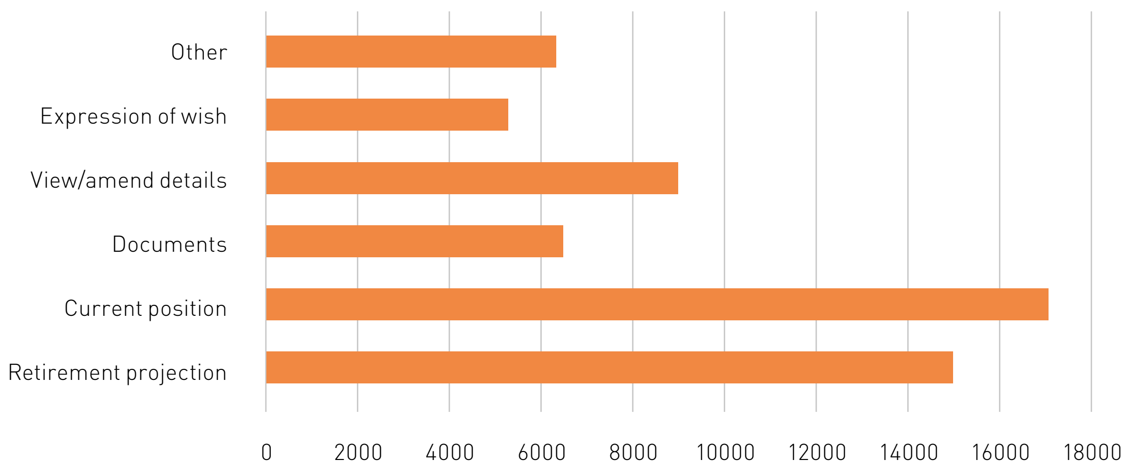
MY WILTSHIRE PENSION (MSS)

Widely adopted self-service solutions

In line with The Funds strategic goal of widely adopted self-service solutions , MSS delivers an online portal where members are able to self serve at a time when it is convenient for them. Members are able to see the pension accrued to date and forecast what pension they could receive at a future date. Development on expansion of tools available takes place on a continuous basis, such as the recently introduced retirement online tool which is soon to be launched on a larger scale to all eligible members. The Fund also provide an online ePayslip facility for circa 20,000 pensioners to access their payslips. ePayslips provide pensioner members with quicker access to their payslips while making a saving in both paper and cost to the Fund.

The Fund is committed to ensuring members are aware and have access to this valuable resource and as such has launched a campaign digitally as well as via post to increase awareness and registrations. As of March 2023 44.6% of our Active and Deferred Members were registered for MSS up from 33% the previous year.

My Wiltshire Pension user activity by category (total of c.59k logins)



Data taken from Google Analytics for the period 1 April 2022 – 31 March 2023

As a Fund we are continuously considering and trying to reduce our carbon impact not only in terms of investments but also operationally. We are committed in supporting our members in getting online. In April 2022, a digital and postal mailing exercise was conducted to raise awareness of MSS and encourage members to sign up for the mutual benefits of paperless communication and range of online functionality. The digital campaign achieved a 67% engagement rate which is well above the 55.5% members average engagement rate for 2022/23.

Members understand their benefits

Positive impact

COMMUNICATIONS HIGHLIGHTS THROUGHOUT THE YEAR

The Fund continues to keep employers and members updated with the latest changes affecting the scheme, options to increase pension entitlements through the purchase of additional pensions and notifying members of changes to legislation, particularly the tax implications from the new thresholds to Annual and Lifetime Allowances. This is communicated via email and the Fund has created mailing lists for employer contacts and members who have opted in to receive digital communications.

The Fund's standard publications to members include the online Annual Benefits Statements for active and deferred members; Annual Allowances statements to those who breach the limits, letters and presentations to high earners informing them of changes to the pension tax relief regimes, annual pensioners' newsletters, member webinars and resources, along with details of the support and training available to employers.

Over the year to 31 March 2023, work has gone into developing the website, with additional employer and member resources introduced such as videos, presentations and one page guides, and a significant upgrade to the Climate page, particularly on target setting and strategy.

CASE STUDY: PENSION AWARENESS WEEK (PAW)

The PAW campaign for 2022 was created around the aim of removing "pension jargon" which often overwhelms members and providing helpful bitesize mini factsheets they could use to understand and engage with their pension.

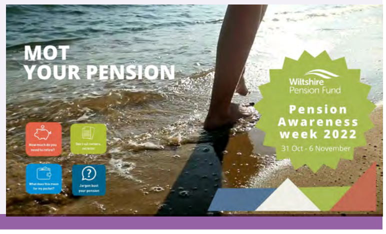
- MOT your pension
- How much do I need to retire?
- Don't cut corners, cut bills!
- What does this mean for my pocket?
- Jargon bust your pension.

The factsheets were sent out to active and deferred member along with employers requesting onward distribution to eligible staff. A dedicated Pensions Awareness Week web page was also published with links to additional guides, resources and information.

The emails were seen by c60K members (an increase of c43k on the previous year!) and the website received 3,440 views across the week (compared with 1,375 the previous week).

Members understand their benefits

Widely adopted self-service solutions



CASE STUDY: CLIMATE AWARENESS

In the run-up to COP27, the 2022 UN Climate Change Conference, we launched a campaign to engage with the scheme membership. This involved the following:

- Producing a one-page factsheet with key facts and figures (similar to 2021) on how the Fund is responding to climate change risk.
- Using this factsheet as part of an email campaign to alert the scheme members to what action is being taken.

The factsheet and climate webpage can be found here: https://www.wiltshirepensionfund.org.uk/Climate-Summary

This was a successful campaign, with an open rate of 48% shown on Mailchimp, with more members reached through the comms sent out by employers and growing numbers using the Member Self Service portal (MSS).

Positive impact

Transparency and information sharing

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CASE STUDY: PURPOSEFUL PENSIONS

Late 2022 Wiltshire Pension Fund were delighted to be approached by zinc media in partnership with the Pensions Management Institute (PMI) to be a part of a multi- part documentary- Purposeful Pensions, shining a spotlight on investments in the pensions industry.

As a Fund we recognise the huge importance of investing in socially and environmentally beneficial assets, with a goal of protecting the investments from climate change risk, and safeguarding the financial future of the Fund.

The case studies selected to feature in the film directly show how the fund invests in socially beneficial investments, as well as sustainable, low-carbon assets, which following a recent survey to our members was something they also wanted to see.

Our team were delighted to have the opportunity to not only be a part of this project, but also have the opportunity to engage with our investments, gaining a more detailed insight into these investment portfolios.

Engagement stats as of Feb 2023;

- c370 views on the dedicated webpages
- c11,500 views from the email campaigns
- Over 1,000 views on LinkedIn

**all stats are combined from PMI engagement data and WPF correct as of Feb 23*

CLICK HERE TO READ THE FULL ARTICLE AND WATCH THE FILM

Positive impact

Transparency and information sharing

Safeguard the assets

EMPLOYER ENGAGEMENT

Following a restructure in 2022, Wiltshire Pension Fund have a new role of Employer Engagement and Training Lead whose responsibilities include advocating for employers, engagement and training as well as assisting employers with any pension specific queries.

Our dedicated employers site hosts a range of resources for employers, such as guides, videos, policies and responsibilities. The website is used as a substantive source of employer information, along with the regular technical **newsletters** and Employer Strategic Focus Group meetings. The Fund works alongside Employer organisations to assist and provide training on their pension responsibilities and undertakes site visits to guide teams through the process and forms when required. This is particularly useful where changes in key staff at an employer have recently occurred.

Further information specific to employers can be found on our dedicated **Employers Site**:

The Fund's Employer Relationship Manager is Denise Robinson and her contact details are: **Denise.Robinson@Wiltshire.gov.uk** (01225 713505).

Employers are advocates for the scheme

REPORT FROM THE EMPLOYER REPRESENTATIVES ON THE WILTSHIRE PENSION FUND COMMITTEE

During 2022/23, we have been building on work completed in 2021/22 to help improve representation for employers at a strategic level. Results from last year's survey have helped the Fund focus on providing employers with information they need in a format that works for them. The Employer Newsletters sent over the last 18 months have been very well received.

Highlights from 2022/2023 include providing employer with videos to provide guidance for the different processes of administering employees' pensions on the Fund website; a Pensions Awareness Week (PAW) Campaign, designed to help members understand their pensions and retirement; and the Employer Strategic Focus Group.

Through the Employer Strategic Focus Group, we were able to engage more directly on the draft Investment Strategy Statement (ISS) and Strategic Asset Allocation review that was completed as part of the triennial valuation.

Results of the 31 March 2022 actuarial valuation were positive. The Funding position for the Fund overall (an amalgamation of all employers) was 103%, primary contribution rates were raised due to higher inflation, but these were offset by lower secondary rates as a result of good investment performance. Overall, contribution rates were held at similar levels for most employers. The Fund also has a dedicated webpage where you can learn more:

https://employer.wiltshirepensionfund.org.uk/article/3290/Triennial-valuations

Looking ahead to the coming year, items for the Employer Strategic Focus Group agenda include the ill health retirement process, the new Cessation Policy and Pension Risk, among others.

The focus group meets biannually, and we would always be keen to welcome new members – if you would like to learn more, and sign up, please visit the Fund's website:

https://employer.wiltshirepensionfund.org.uk/article/4679/Employer-Strategic-Focus-Group

At Committee, we recently reviewed a new business plan for the Fund for 2023/2024. Through the Committee, we are also overseeing ongoing progress being made to the Fund's administration function and key performance indicator statistics in monitoring reports. Further controls, that are being implemented more widely across the Fund, are reported via a revised risk register. This has been very positive, but we are keen to continue to support officers to ensure that this is maintained. We understand the important core issues for employers; straight-forward administration and accurate, up-to-date member records.

We look forward to continuing to represent the employers over the year ahead! Please contact us if you have any questions or have a matter you would like to raise.

Tracy Adams and Claire Anthony, the employer representatives on the Wiltshire Pension Fund Committee

14 September 2023

About Tracy

I work for Salisbury City Council as HR Manager. I am keen to ensure I represent employers in my role so looking forward to hearing from more of you in our Employer Focus Group (or happy to get in touch directly).

Tracy Adams, HR & Payroll Manager,
Salisbury City Council
Contact Tracy: tadams@salisburycitycouncil.gov.uk

About Claire

I am a Fellow of ICAEW, with a background in financial audit and the not-for-profit sector. My employer is a multi-academy trust and a fairly large employer in Wiltshire with over 500 staff, around half of which are active members of the Wiltshire Pension Scheme. As a member of the committee, I hope to influence the management of the fund in the best interests of our employees and wider stakeholders.

Claire Anthony, Director of Finance & Business,
Magna Learning Partnership

Contact Claire: canthony@magnalearningpartnership.org.uk

FURTHER INFORMATION AND RESOURCES

The Council produces many other publications to support its role as administering authority of the Wiltshire Pension Fund. You can request these from the Wiltshire Pension Fund at County Hall, Trowbridge, from our Website at **www.wiltshirepensionfund.org.uk** or by emailing **pensionenquiries@wiltshire.gov.uk**.

GUIDE TO THE LOCAL GOVERNMENT PENSION SCHEME

This booklet explains the benefits available to employees and their dependants of being in the Fund.

Employers website

As part of the Fund's main website there is a separate site devoted to the Fund's sponsoring employers. The latest version of the employer website was rolled out in March 2021 and seeks to provide guidance & supporting documentation specifically aimed at staff within employer bodies with responsibility for providing information to the Pensions Section, in respect of Fund administration. The site will provide Scheme Employers with all the information they need to fulfil their pension responsibilities correctly.

Information to scheme members

With the rollout of the Fund's digital strategy all the communications specified below will be mitigated to an electronic format. Where requested by scheme members they can continue to receive paper versions of the information.

Starter packs

These contain information that must be made available to new employees on their pension entitlements, together with supporting information.

Retirement packs

These contain information for every new pensioner about their pension and other supporting information.

Newsletters

Occasional newsletters are produced, both for participating Fund members and for pensioners, containing information of interest.

Annual benefit statements

Statements are automatically available for all full-time Fund members and those working regular part time hours, and for deferred pensioners. Statements are also available on request for any Fund member at any time.

Other information

Various leaflets, posters and fact sheets explaining the Fund and highlighting its benefits are produced. The Pensions Section also has booklets available produced by Prudential on Additional Voluntary Contributions.

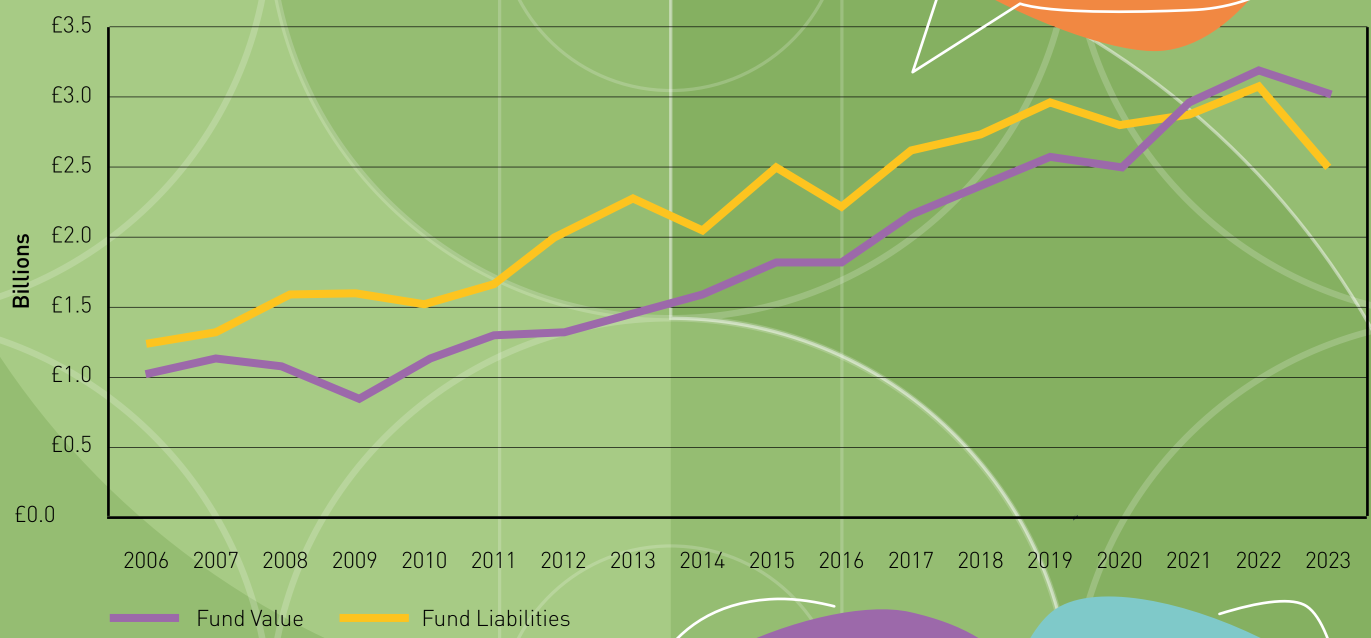
THE FINANCIAL HEALTH OF THE FUND

FUNDING LEVEL

122.9%

(based on roll-forward of 2022 valuation)

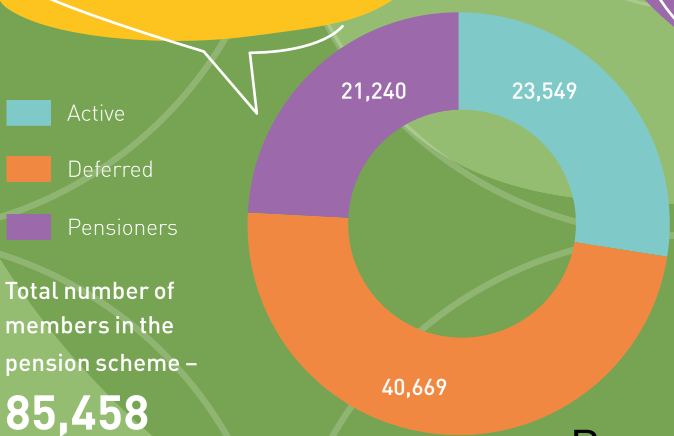
Fund Value vs Liabilities for years ending 31 March



We currently have **>85,000 MEMBERS**

We received contributions of **£133m** and paid out benefits of **£99m** during the year

IT COSTS US £3.8m to run the fund (admin, oversight and governance costs), equivalent to **£45 PER MEMBER**



Total number of members in the pension scheme – **85,458**

£3.1bn
Net asset value of the Fund as at 31 March 2023

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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 Asset 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
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**	

MOVEMENT IN ASSETS AND LIABILITIES

The funding level (i.e. the ratio of the assets to liabilities) at 31 March 2022 (last valuation) was 103% on an ongoing basis. This means that the total of the Fund's assets were sufficient to exceed the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £81m.

As at 31 March 2023 the funding level was 122.9% on an ongoing basis. There has been an exceptional increase in funding level despite the negative investment return for the year. The improvement in funding level has been caused by the significant increase in UK Government Gilt yields and UK interest rates. This increase has reduced the present value of the promised retirement benefits making them much lower than the total asset value, improving the current funding level.

FORECASTS

The following table shows the actual fund account performance for the last three years and a high level forecast for year ending March 2024 and March 2025.

Fund Account	2024/25 Forecast £000	2023/24 Forecast £000	2022/23 Actual £000	2021/22 Actual £000	2020/21 Actual £000
Contributions	141,843	141,843	141,843	132,804	118,611
Benefits	-123,621	-117,734	-106,934	-110,183	-112,267
Management expenses	-41,350	-39,381	-37,506	-33,016	-29,164
Return on Investments	273,362	251,807	-157,091	280,797	478,927
Net increase in the Fund	**250,234**	**236,535**	**-159,688**	**270,402**	**456,107**

Contributions and payments are based on current expectations incorporating allowances for inflation, the administration and investment management expenses are based on current budgets and historic levels of investment fees with an allowance for inflation. The net return on investment is based on the long-term forecast returns for each asset class as set out in the next table.

Investment Portfolio £m	Asset Valuation March 2023	Long Term Asset Class Return Assumptions	Forecast Investment Return 2023/24	Forecast Asset Valuation March 2024	Forecast Investment Return 2024/25	Forecast Asset Valuation March 2025
Brunel - Paris Aligned Hedged Passive Equities	458,893	9.00%	41,300	500,193	45,017	545,211
Brunel - Gilts	236,925	3.80%	9,003	245,928	9,345	255,273
Brunel - Global High Alpha active global equities	245,549	9.60%	23,573	269,122	25,836	294,958
Brunel - Global Sustainable Equities active global equities	253,532	9.60%	24,339	277,871	26,676	304,546
Brunel - secured income	233,738	7.60%	17,764	251,502	19,114	270,616
Brunel - Multi Asset Credit	148,443	8.50%	12,618	161,061	13,690	174,751
Brunel - private debt	97,765	8.10%	7,919	105,683	8,560	114,244
Brunel - private equity	50,433	11.00%	5,548	55,980	6,158	62,138
Brunel - generalist infrastructure	28,849	8.70%	2,510	31,358	2,728	34,087
Brunel - renewable infrastructure	19,300	8.70%	1,679	20,979	1,825	22,805
Brunel - Property	380,547	7.60%	28,922	409,468	31,120	440,588
Pinebridge - Bank Loans	297,903	8.10%	24,130	322,033	26,085	348,118
Ninety One - Emerging Markets	285,113	9.60%	27,371	312,484	29,998	342,483
Magellan Select Infrastructure Fund	123,737	8.70%	10,765	134,503	11,702	146,204
Partners Group - Infrastructure	95,624	8.70%	8,319	103,943	9,043	112,986
Cash held at custodian	9,590	3.80%	364	9,954	378	10,332
Affordable Housing Portfolio	63,873	7.60%	4,854	68,727	5,223	73,951
BlackRock - SALAMI Portfolio	20,220	4.10%	829	21,049	863	21,912
Total	**3,050,033**		**251,807**	**3,301,840**	**273,362**	**3,575,202**

The forecasts for total investment assets are based on forecast long term return assumptions for each asset class. No future changes in asset allocation have been considered as the timings of these are not known with certainty.

OPERATIONAL EXPENSES

The following table sets out the historic and forecast operational expenses of the pension fund by core reporting category. Investment management fees continue to be the largest part of the operational costs of the fund, further detail on these fees is included in the investments section of the report. Given their variable nature and link to investment performance they are reported seperatly to the operational running costs of the fund and no budget is set for these costs.

The operational running costs show an increase in 2022/23 and 2023/24, this is as a result of significant one off costs to address key fund priorities. These include outsourced work to clear operational backlogs and to reconcile payroll and pension admin system variances. The underlying running costs of the fund after these one off costs have ended is shown in the table below. As a result of these one off costs the operational running cost per member for 2022/23 was £44.88.

£000s	2021/22	2022/23	2023/24 Budget	Underlying Budget
Investment costs	230	194	263	253
Scheme administration costs	1,838	2,475	3,604	2,536
Oversight & governance costs	931	1,166	916	852
Total operational running costs	**2,998**	**3,835**	**4,783**	**3,641**
Investment Management Fees	30,018	33,671	n/a	n/a
Total Management Expenses	**33,016**	**37,506**	**n/a**	**n/a**

CASHFLOW

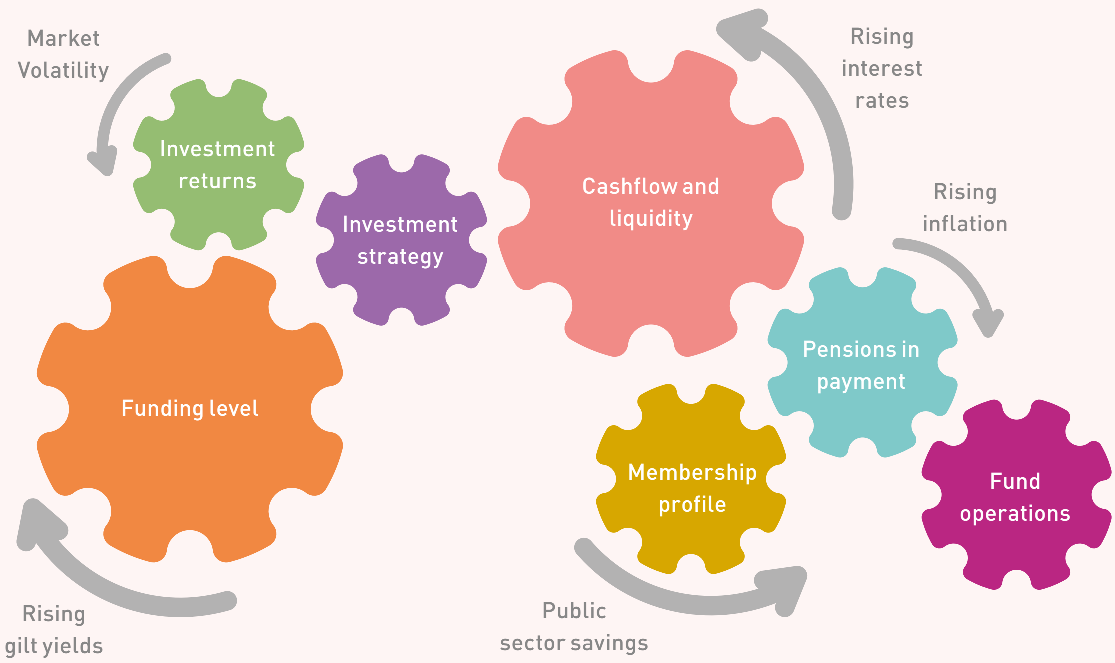
Officers continue to monitor the cashflow position of the Fund to ensure sufficient resources are available to pay benefits as they fall due and meet investment calls in a timely manner. A summary of the principal cashflow movements for 2022/23 is shown below.

£m equivalent	2021/22	2022/23
Opening Cash Balance	6.8	28.7
Income	136.5	145.5
Expenditure	(124.1)	(125.0)
Private Market – Capital Investment	(195.1)	(225.1)
Private Market – Capital Distribution	2.3	33.5
Listed Market – Capital Withdrawal	370.0	187.2
Listed Market – Capital Investment	(171.0)	(20.0)
Other	3.2	0
Closing Cash Balance	**28.7**	**24.9**

CASE STUDY: COST OF LIVING CRISIS

2022 saw some extreme market conditions, inflation has been rising which has led to rising interest rates, which has in turn led to a cost of living crisis in the UK. This has affected all areas of the fund, from investment returns, to cashflow, funding position, member benefits and how we administer the fund.

Following our goals of transparency and information sharing and ensuring members understand their benefits, in December 2022 the fund published a report on **"The cost of living crisis and the impact on Wiltshire Penson Fund"**. The report sets out the impact on the fund, what responses the fund is taking and how it may affect members. The following diagram sets out how the economic situation affects the fund and demonstrates the interdependencies across the whole fund.



A key finding from the report was that with pensions increasing in line with the September 2022 CPI figure (10.1%), and contributions increasing far less (due to sub-inflationary pay increases within the public sector bodies who are the employers in our Fund), there are pressures on our cashflow. However, we found that this issue can be managed in the short-term, and we will reassess the position again in a year's time.

Transparency and information sharing

Members understand their benefits

CASE STUDY: INVESTMENT ALLOCATION

The Fund has implemented a new investment allocation to ensure it always has sufficient liquidity to meet private market capital calls and to reduce any lost investment return from holding higher levels of cash. As the pension fund has increased allocations to private market investments it now receives more capital calls to be paid in a timely manner. To avoid holding a larger cash balance to meet these payments the fund has implemented a new investment portfolio, a strategic allocation to liquid asset matching investments (SALAMI) which launched on 31st March 2023. This portfolio, run by BlackRock, uses a mix of exchange traded funds (ETF's) which aim to mimic the overall investment performance of the Fund's strategy. This portfolio provides short notice liquidity to meet capital calls and will reduce the negative effect of cash drag, and provides a much more efficient way to plan and manage the funds cashflow requirements.

Service administered effectively and cost-efficiently

Strong, risk-adjusted returns

INVESTMENTS SECTION

INVESTMENT HIGHLIGHTS

WHOLE FUND RETURNS

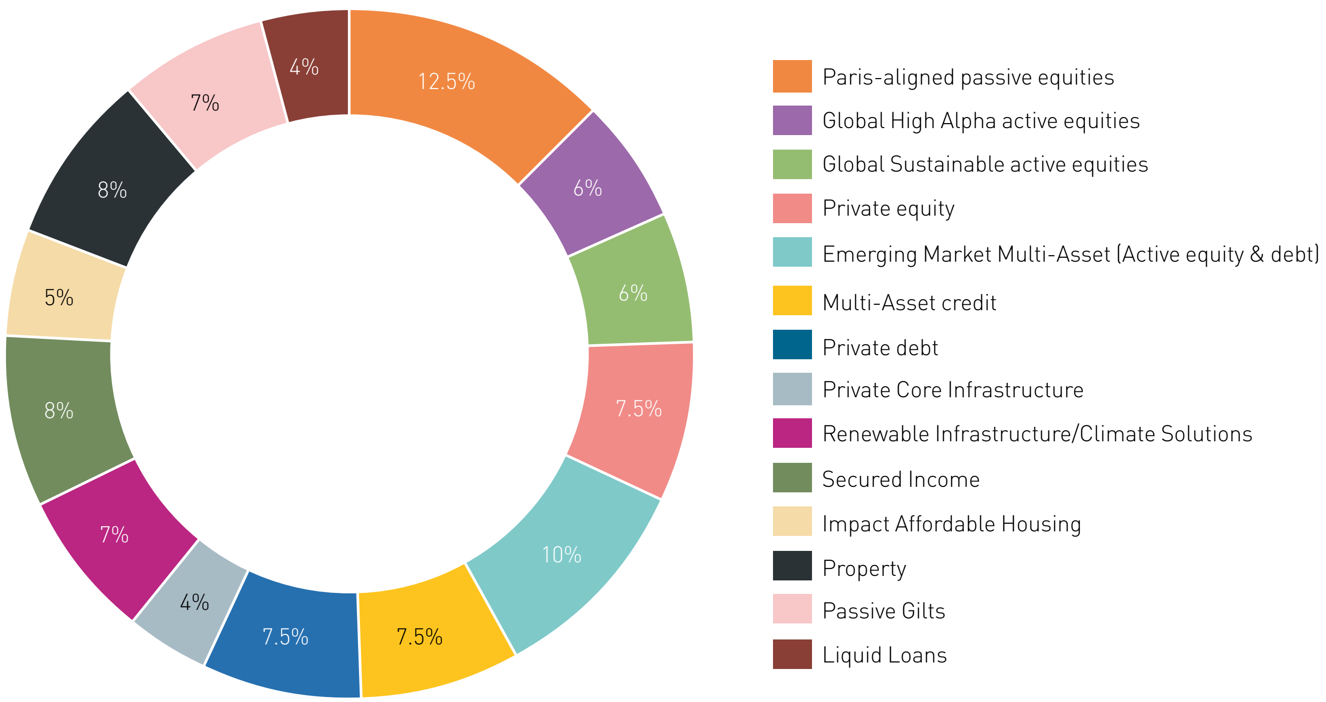
to 31 March 2023

£3.1bn (CURRENT VALUE OF OUR INVESTMENTS)

70% OF OUR ASSETS are now pooled through the Brunel Pension Partnership

During the year we reviewed our **STRATEGIC ASSET ALLOCATION** (the mix of different assets in which we invest)

LONG TERM STRATEGIC ASSET ALLOCATION



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Our private market portfolios are growing! During 2022/23, we funded

81 PRIVATE MARKET CAPITAL CALLS

at a value of

£225.1M

We have reflected on our

INVESTMENT PERFORMANCE

over the last year in the light of a

CHALLENGING MACROECONOMIC LANDSCAPE

Our SALAMI (Strategic Allocation to Liquid Asset-Matching Investments) portfolio has now been set up, meaning we can reduce our cash holdings and

REMAIN CLOSER TO OUR OVERALL STRATEGY,

whilst also delivering

OPERATIONAL EFFICIENCIES

On 1 April 2022, our

PROPERTY PORTFOLIO

transitioned into the Brunel pool!

2023 was a

CHALLENGING YEAR!

Investment performance was below benchmark. Over the longer term (4 years to 31 March 2023) we have

MET OUR EXPECTED INVESTMENT RETURN

Next steps: implement our new strategic asset allocation, which will involve

REDUCING OUR EXPOSURE TO PROPERTY,

and

BUILDING UP OUR EXPOSURE TO RENEWABLE INFRASTRUCTURE AND CLIMATE SOLUTIONS

INVESTMENT GOVERNANCE FRAMEWORK

OBJECTIVES OF THE PENSION FUND

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations, whilst at the same time seeking to minimise the contributions that need to be paid into the Fund by employer bodies.

The level of employer contribution is assessed every three years through an actuarial valuation of the Fund. This valuation establishes the solvency position of the Fund, that is, the extent to which the assets of the Fund are sufficient to meet the Fund's pension liabilities accrued to date. The objective is that the Fund should be at least 100% funded on an ongoing basis, taking account of any additional contributions paid by employer bodies to cover any past service deficit. The aim is that full funding is maintained.

INVESTMENT STRATEGY STATEMENT (ISS)

The ISS sets out the investment strategy of the Fund, based on its current policies and provides transparency in relation to how the Fund investments are managed. It also acts as a risk register for the strategy and has been kept short in order to be as user-friendly as possible. The Fund's ISS is a living document and an important governance tool for the Fund. Wiltshire's ISS was last reviewed in November 2022, and updated in March 2023, following the approval of the Strategic Asset Allocation (which is to be considered as an integral part of the ISS). The ISS can be found on the **Policies and strategies page** of the Wiltshire Pension Fund website.

A full review of the Investment Strategy will be completed as part of the Triennial Actuarial Valuation process, next due as at 31 March 2025.

FUNDING STRATEGY STATEMENT (FSS)

All Local Government Pension Scheme (LGPS) funds must produce, consult on and publish a document called a "Funding Strategy Statement" (FSS). The purpose of the FSS is:

a) to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward,

b) to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and

c) to take a prudent longer-term view of funding those liabilities.

However, there will be conflicting objectives which need to be balanced and reconciled. For example, for most employers, objective a) implies low contribution rates, because they would see pension liabilities being "best met" by gaining as much help as possible from the investment strategy over the long term, which would lead you towards an equity-biased investment strategy. By contrast, objectives b) and c) imply stability and prudence of employer contribution rates, which would lead you towards a bond biased investment strategy.

Therefore, the best that can be achieved is a sensible balance between these different objectives, while considering the affordability of employer contributions.

The FSS and ISS are intrinsically linked and together aim to deliver stable contribution rates for employers and a reduced reliance on employer contributions over time.

The FSS can be found on the **Policies and strategies page** of the Wiltshire Pension Fund website.

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) POLICY

The Fund's approach to incorporating ESG factors into the investment approach, as well as wider responsible investment and stewardship issues, is set out in the Fund's Responsible Investment Policy which can be found on the **Policies and strategies page** of the Wiltshire Pension Fund website.

ESG factors are important for the sustainability of investment returns over the long term. The Fund seeks to use its position as a shareholder to actively encourage good corporate governance practice in those companies in which it invests. As part of owning publicly listed companies, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (Annual General Meetings and Extraordinary General Meetings AGM/EGMs). To provide guidance, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts. Brunel publish its voting policy and provide online voting records quarterly.

The Fund has a fiduciary duty to act in the best interest of its members and therefore expects its investment managers to take account of financially material social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. The Fund believes that taking account of such considerations form part of the investment managers' normal fiduciary duty.

As such, the Fund has a commitment to ensuring that the bodies in which it invests adopt a responsible attitude toward the environment and adopt high ethical standards. Such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

CLIMATE CHANGE POLICY

The Fund has prepared reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD), which sets out the way that the Fund is responding to climate risk, from a perspective of governance, risk management, strategy and carbon metrics.

RESPONSIBLE INVESTMENT INITIATIVES

The Fund published its first **Stewardship report 2022** in April 2022 and became a signatory to the updated UK Stewardship Code 2020. Feedback from the Financial Reporting Council (FRC) was incorporated in the **Stewardship Report 2023**, published in May 2023.

The Fund is also a member of the Local Authorities Pension Fund Forum LAPFF and supports the Transition Pathway Initiative ("TPI"). In addition, the Fund supports Brunel as a signatory to the UN supported Principles for Responsible Investment ("PRI"). Wiltshire Pension Fund is also signed up to the Institutional Investors Group on Climate Change (IIGCC). More information on this activity can be found on the **organisations and/or initiatives** webpages.

INVESTMENT BELIEFS AND OBJECTIVES

The investment objective is therefore to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the Fund. Having a thorough understanding of the risks facing the Fund is crucial and these are covered within the ISS.

The Fund has formed the following investment beliefs which inform the investment strategy.

- Funding, investment strategy and contribution rates are linked.
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments.
- Investing over the long term provides opportunities to improve returns.
- Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to avoid taking more risk than is necessary to achieve the Fund's objectives.
- Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term.
- In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C and states an ambition to achieve net zero carbon emissions across all investment portfolios by 2050.
- Value for money from investments is important, not just absolute costs. Asset pooling is expected to help reduce costs over the long-term, whilst providing more choice of investments, and therefore be additive to Fund returns.
- High conviction active management can add value to returns, albeit with higher short-term volatility.
- We seek to invest in a way that, where possible, aligns the interests of the Fund with those of the contributing employers and the Fund membership.
- Investing with a positive social and environmental impact is an increasingly important issue for investors and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment, and where possible, makes a positive contribution.
- Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.

INVESTMENT POWERS

These are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which outline the wide investment powers allowing committees to invest in line with its ISS, with certain restrictions, as long as proper advice has been obtained.

The Secretary of State also now has the power to direct should an authority fail to act in accordance with the guidance issued under these regulations.

RESPONSIBILITY FOR DECISIONS

The Committee is responsible for overall investment policy and for the implementation of appropriate investment management arrangements. In carrying out this role, the Committee receives advice from independent external advisors (Mercer) and from the Head of Wiltshire Pension Fund and the Treasurer to the Pension Fund (Corporate Director Resources and Deputy Chief Executive of Wiltshire Council). The Committee is also supported by its Independent Adviser (Anthony Fletcher). It appoints external investment managers to implement investment policy, who are therefore responsible for day-to-day investment decisions. Increasingly, as implementation of pooling takes place, the Brunel Pension Partnership Limited ("the pool") will be responsible for the appointment of external investments managers to implement the Fund's investment policy.

The Committee believes these arrangements strike the right balance between their own overall responsibilities in acting in a quasi-trustee role and having decisions taken with the most appropriate level of expertise available.

TYPES OF INVESTMENTS HELD

The Committee has freedom to operate within the Regulations and its policy is outlined below. Its expectation, however, is that the majority of assets are invested in major stock markets, where the underlying investments can be easily traded if required.

The Fund therefore invests in pooled funds managed by properly authorised organisations (equities, property, infrastructure and government bonds) and sterling and overseas cash deposits. The Fund also hedges a proportion of its overseas currency exposure to equities. It may also invest in futures and options, as well as limited investment in direct property. The Fund also invests and has commitments to private markets mandates, including Infrastructure, Private Equity, Private Lending & Secured Finance.

EXPECTED RETURNS ON INVESTMENTS

The Committee recognises that the past is not a reliable guide to the future in respect of predicted returns on investment. In addition, it recognises that the range of expected returns is greater for some asset classes than others and that the prospect of higher returns is usually accompanied by higher levels of risk. The target return set by the actuary at the valuation is 2.0% per annum in excess of gilt yields. Based on the Actuarial valuation carried out by Hymans, this is currently estimated at 4.1% p.a.

RISK CONTROL

The Committee regards the major control of risk to be required at the strategic asset allocation level and this has been taken into account in setting its overall investment strategy. The key themes for the Fund include equity risk, inflation and interest rate protection. All risks are continually monitored and a high-level asset allocation review is undertaken annually to check the appropriateness of the Fund's current strategy.

SECURITIES LENDING

The Fund engages in securities lending in order to increase returns. This was previously done through the custodian but is now done through the pooled active equity portfolio held through Brunel.

CUSTODIAL ARRANGEMENTS

Fund assets are held by State Street who handles all custodial arrangements of the Fund. The custodian is also able to carry out stock lending on behalf of the Fund. Fund assets are held under the legal name *"Wiltshire County Council Pension Fund"*.

MIFIDII (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE)

The introduction of MiFIDII brought the need for LGPS funds to be opted up from retail status to professional status in order to access institutional market investments since 2018. Due to both changes to the Pension Fund Committee, and to ensure continued compliance, MiFIDII information was reviewed in 2022/23. This information was provided to existing managers refreshing their records and to new asset managers appointed during the year.

CMA ORDER

The Competition and Markets Order came into force as the **"Investment Consultancy and Fiduciary Management Market Investigation Order 2019"** and required pension funds to make annual statement confirming that their Investment Consultants were set strategic objectives (Part 7). Wiltshire Pension Fund complied with this and went further by adopting an undertaking to review performance against these objectives at least every 12 months.

From 1 October 2022, the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022 'sunsetted' the compliance statement requirements to the CMA for pension scheme trustees (they will be complying by an updated scheme return to the Pensions Regulator). But for the LGPS, investment regulations consultation is expected to cover pooling and CMA (probably to be covered with updated ISS guidance). In the interim, Wiltshire Pension Fund considered that until requirements are replaced by the provisions specifically for the LGPS, the relevant CMA order provisions continue to apply and provided a compliance statement to the CMA for 2022/23 accordingly.

FUTURE DEVELOPMENTS

In autumn 2022, the Department for Levelling Up, Housing and Communities (DLUHC) published its Climate Reporting consultation. The consultation centred around TCFD, but also covered a wider scope of climate related modelling and plans to introduce regulations for the LGPS to apply from December 2024.

The spring 2023 budget red book contained confirmation that the government would seek to consult on LGPS pooling, suggesting that progress should be further and faster than the status quo. The result may take the form of regulation and/or further pooling guidance.

INVESTMENT MANAGEMENT COSTS

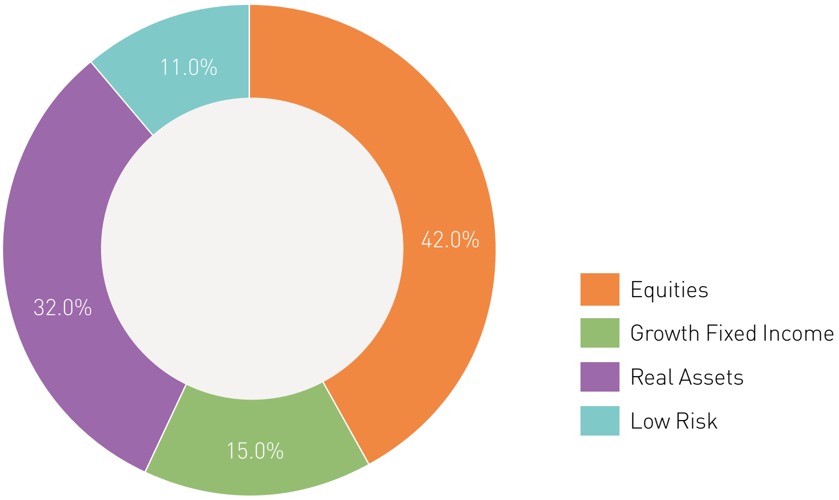
As set out in the Investment Strategy Statement, one of the Fund's core beliefs is that "Value for money from investments is important, not just absolute costs." This is reflected in the fact that the Fund expects to (and does) pay lower fees for passive mandates compared with active management. The Fund reviews the investment managers' performance on a net basis against an agreed benchmark (plus an outperformance target where appropriate). The Committee monitors costs on a quarterly basis as part of overall budget monitoring. The Fund is required to report in line with the CIPFA requirements under the Transparency Code and requires its investment managers to provide sufficient information to fulfil this requirement. An analysis of the total investment costs is provided in Note 9 to the Accounts, and a detailed analysis by portfolio is provided with the Pooling Report on page 76.

INVESTMENT PERFORMANCE REPORT

INVESTMENT MANAGEMENT ARRANGEMENTS

The Funds long term strategic asset allocation by asset class is summarised in the following pie chart.

Long-Term Strategic Asset Allocations by Asset Class



CASE STUDY: STRATEGIC ASSET ALLOCATION REVIEW

The Strategic Asset Allocation (SAA) is the most important determinant of investment return and risk for the Fund, it sets out which types of investment the fund will hold and the % allocation to each. During 2022, alongside the triennial actuarial valuation, the Committee, supported by Officers and Mercer, conducted a thorough review into the Fund's SAA.

The review was more of a process of optimisation rather than any radical changes, which is good news as it shows that the Fund's strategic asset allocation was already in good shape to deliver against the objectives. The key changes as a result of this work were to approve revised weightings in order to slightly reduce risk whilst modestly increasing projected returns, summarised here:

- Broadening our allocation to renewable infrastructure to include climate solutions and increasing the weighting from 5% to 7% of the Fund.
- Presentational work to reanalyse the portfolios into different "buckets", which are more in line with what the portfolios are, and the outcomes which are being targeted.
- An increased allocation to Multi-Asset Credit from 5% to 7.5%.
- Reduction to core property from 15% to 8%, to rebalance this allocation alongside the Fund's affordable housing portfolio.
- A modest increase to equities boosting returns and maintaining liquidity.
- Adding a new long-term allocation to liquid loans and Strategic Allocation to Liquid Asset Matching Investments (SALAMI) to increase liquidity. See case study on page 50.

The Fund will move funds between the allocations in the most efficient way, with some changes taking longer for more illiquid assets, such as reducing the allocation to property.

Strong, risk-adjusted returns

Stable and affordable contributions

WILTSHIRE PENSION FUND STRATEGIC ASSET ALLOCATION

Asset Class	Manager	Long Term (Reclassified Target Allocation)
Listed Equity	Brunel Paris-aligned Developed Passive	12.5%
	Brunel Global High Alpha	6.0%
	Brunel Sustainable Equities	6.0%
Private Equity	Brunel Private Equity	7.5%
Emerging Markets (Equity and Debt)	Ninety One Emerging Market Multi-Asset	10.0%
Equities		**42.0%**
Multi Asset Credit	Brunel Multi-Asset Credit	7.5%
Private Debt	Brunel Private Debt	7.5%
Growth Fixed Income		**15.0%**
Core Infrastructure	Brunel Infrastructure, Partners Group, Magellan Select Infrastructure Fund	4.0%
Renewable Infrastructure / Climate Solutions	TBC	7.0%
Secured Income	Brunel Secured Income	8.0%
Impact Affordable Housing	CBRE, Gresham House, Man Group	5.0%
Core Property	Brunel	8.0%
Real Assets		**32.0%**
Index Linked Gilts	Brunel >5 Year Passive Index Linked Gilts	7.0%
Liquid Loans	Pinebridge Global Secured Credit Fund	4.0%
Liquidity Sleeve (ETF) [SALAMI]	BlackRock Investment Management	0.0%
Cash		-
Low Risk		**11.0%**
Total		**100.0%**

The Fund has set a long-term allocation which it is working towards implementing. makes use of some portfolios as interim allocations whilst commitments to private market investments build up over time to the long term target allocation.

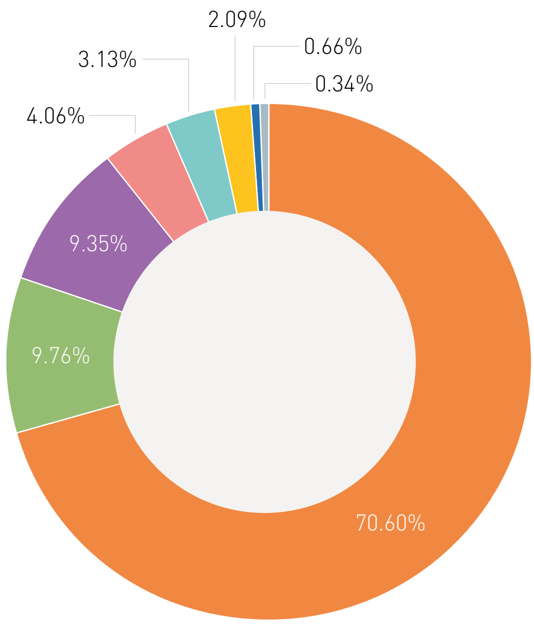
The strategic asset allocation will be next reviewed during 2025 as part of the triennial valuation process at the latest.

SPLIT OF ASSETS BY MANAGER

The following table and chart show the split of assets by manager, during 2022/23 the percentage of assets managed by Brunel Pension Partnership rose from 59.9% as at 31 March 2022 to 70.6%. The transfer of the property portfolios to Brunel on 1 April 2022 was the cause of this jump in assets managed by the pool.

Split of Assets by Manager

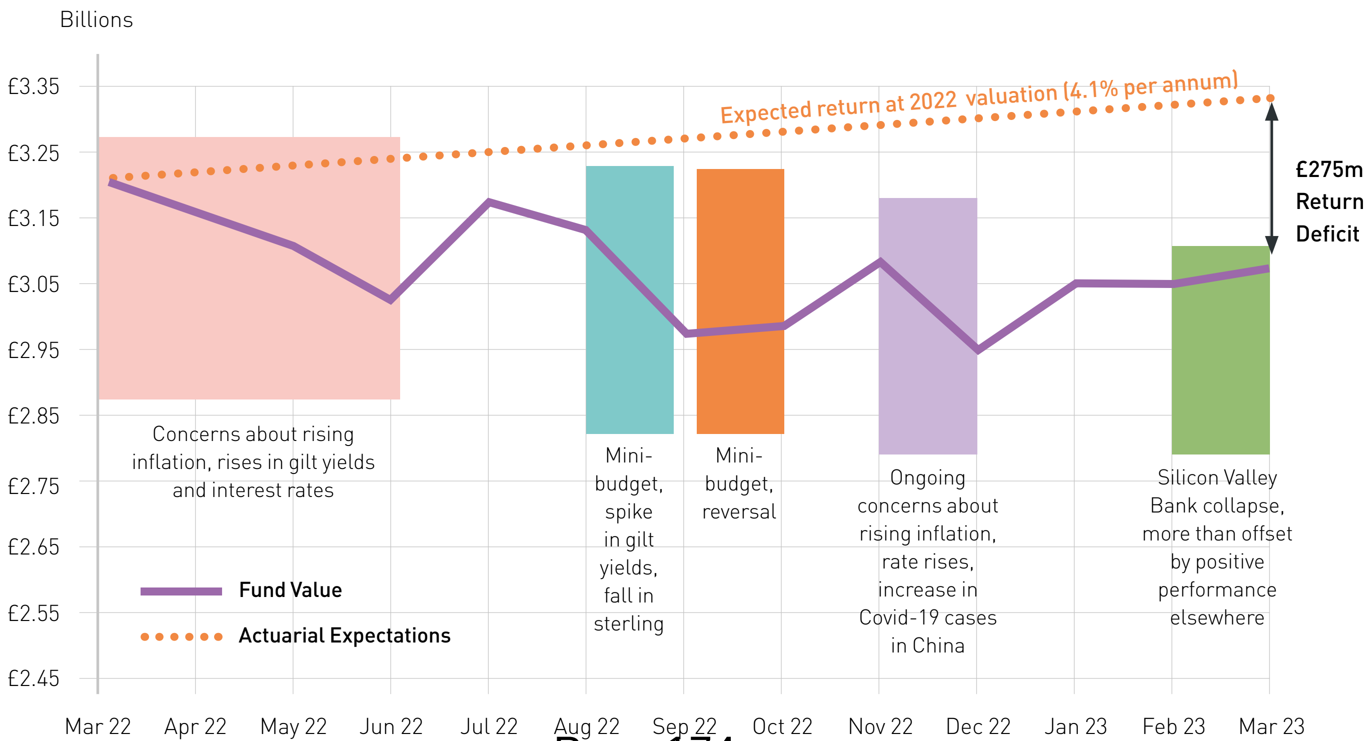
Manager	£m	% of Fund Total
Brunel - (Pooled Assets)	2,154	70.60%
Pinebridge – (Bank Loans)	298	9.76%
Ninety One – (Emerging Markets Multi-Asset)	285	9.35%
Magellan (Listed Infrastructure)	124	4.06%
Partners Group – (Unlisted Infrastructure)	96	3.13%
Affordable Housing (Gresham House, CBRE & Man Group)	64	2.09%
BlackRock (SALAMI Portfolio)	20	0.66%
Cash & Brunel PP Long Term Investment	10	0.34%
Total	**3,051**	



INVESTMENT PERFORMANCE

Wiltshire Pension Fund Valuation March 2022 – March 2023 compared to target fund valuation

Including key events influencing the total valuation



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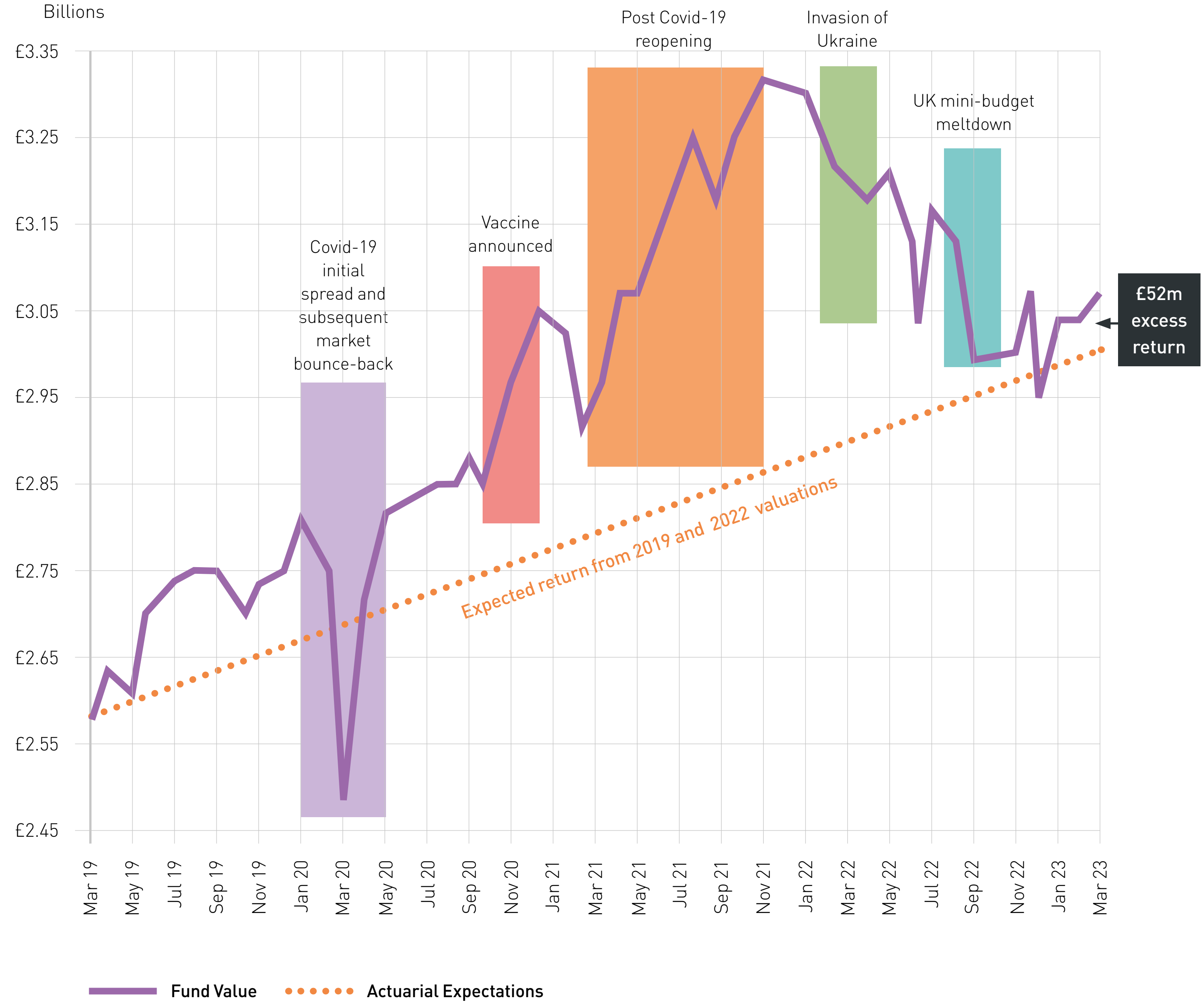
Considering this investment performance over the longer timeframe of 4 years shows the investment return being much closer to the expected return over this period. The following chart highlights the impact of key global events on the fund valuation over this extended time period.



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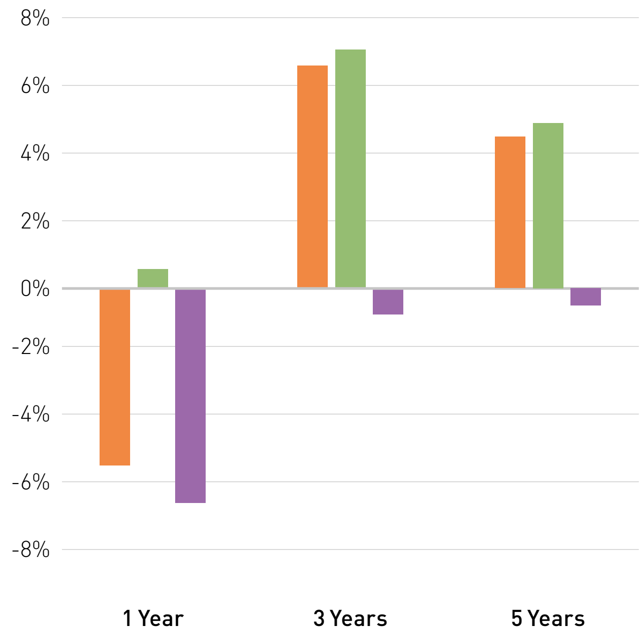
This section shows performance for the whole fund, and all investment portfolios over 1, 3- and 5-year periods (where available) against the benchmarks.

Throughout this section investment returns have been provided for as long as is available for each portfolio. However, given pooling of assets with Brunel and the transitions of portfolios, for many of the funds, performance data is only available for limited periods of time.

Whole Fund returns to 31 March 2023	1 Year	3 Years	5 Years
Net Return	-5.7%	6.4%	4.4%
Benchmark	0.6%	7.3%	4.9%
Return Against BM	-6.3%	-0.9%	-0.6%



Investment returns for the year were -5.7%, under performing the benchmark return by 6.3%. The returns also lagged the target funding rate of 4.1%, leading to a shortfall worth c£275m as shown in the fund valuation graph on page 60.

Despite the lower investment returns the overall funding level on an ongoing basis has improved, rising interest rates have reduced the present value of future pension liabilities whilst the total asset value of the fund has declined much less. Further details on the funding level are set out in the financial performance of the fund section.

The year to 31 March 2023 was one of significant market volatility, the major theme has been high inflation and how central banks would respond by increasing interest rates. The UK Bank of England base rate over the year has risen from 0.75% to 4.25%. Interest rate increases affect all of the Fund's investments in a variety of ways and the fund has been paying close attention to how investment managers have been dealing with this risk. Geopolitical uncertainly due to the war in Ukraine and US – China relations have added further volatility to investment returns over the year. The mini budget crisis in the UK caused short term exceptional movements in Gilts and other pension fund investments.

Negative returns were a feature of nearly all markets at some point over the year; growth versus value equity investing was a topic of attention, especially as the energy (value) and technology (growth) sectors were both volatile.

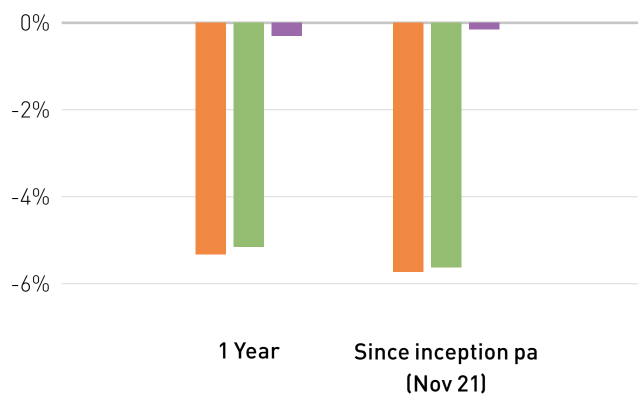
Despite the significant market volatility, the Fund's well diversified investment strategy has proved resilient and led to an improved funding position on an ongoing basis.

EQUITIES

Brunel Passive Developed Equities Hedged Paris Aligned

The Brunel Passive Developed Equities hedged Paris Aligned portfolio was launched in November 2021, and therefore this is the first full year to report performance. This portfolio aims to match its benchmark index and is broadly in line with the performance objectives over the year and since inception.

Brunel Passive Developed Equities hedged Paris Aligned portfolio	1 Year	Since inception pa (Nov-21)
Net Return	-5.6%	-5.9%
Benchmark	-5.4%	-5.8%
Return Against BM	-0.2%	-0.1%



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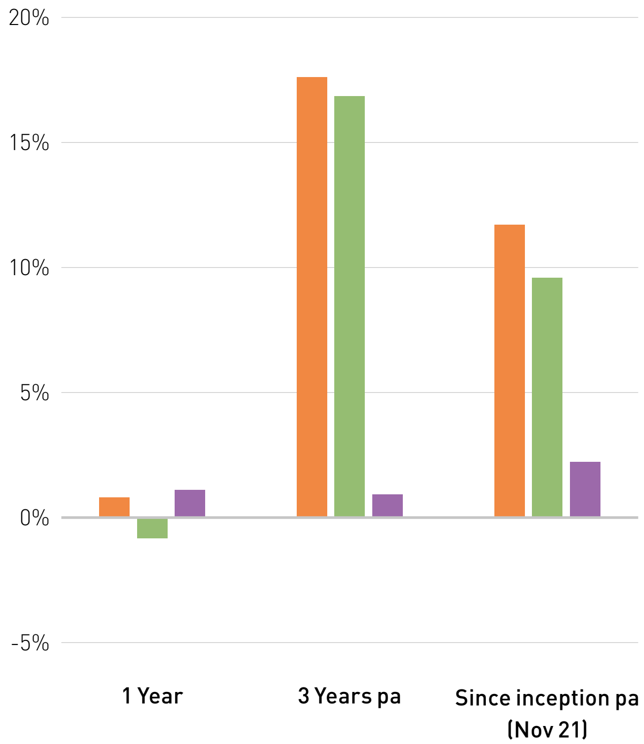
Brunel Global High Alpha Equities

Over the year to 31 March 2023 the portfolio returned 0.4%, which was 0.9% ahead of the benchmark index. Since inception (November 2019), the portfolio remains 2.2% ahead of benchmark. This portfolio's tilt towards growth stocks resulted in strong performance in the first quarter of 2023, helping the recovery from the negative performance in the first few months of the year. This portfolio targets 2-3% outperformance over the index over the medium to longer term (3-5 years).

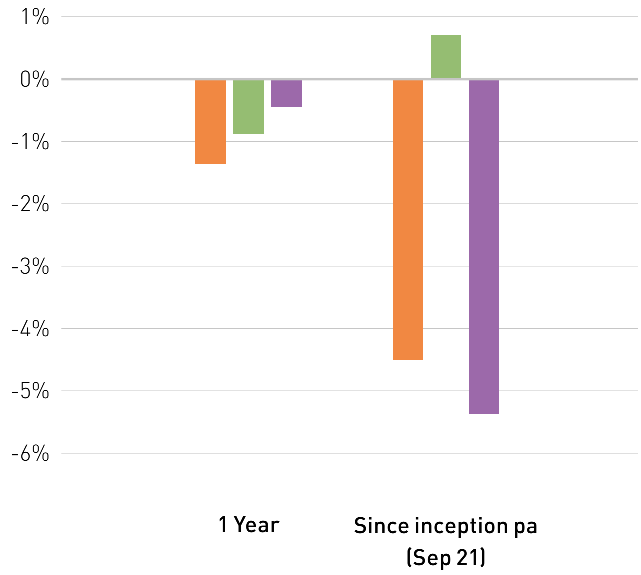
Brunel global high alpha equities	1 Year	3 Years pa	Since inception pa (Nov-19)
Net Return	0.4%	17.9%	12.0%
Benchmark	-0.5%	17.1%	9.8%
Return Against BM	0.9%	0.8%	2.2%



Brunel Global Sustainable Equities

This portfolio commenced in September 2021, as such performance information is now available for its first full year. The return over this period was -1.3%, 0.3% behind the benchmark. Similar exposure to growth stocks, as impacted the Global High Alpha portfolio, led to outperformance versus the benchmark over the last quarter of 2023. But it is notable that the portfolio is underweight in energy and financials, which resulted in lower than benchmark returns over the full year. This portfolio targets 2-3% outperformance over the index over the medium to longer term (3-5 years).

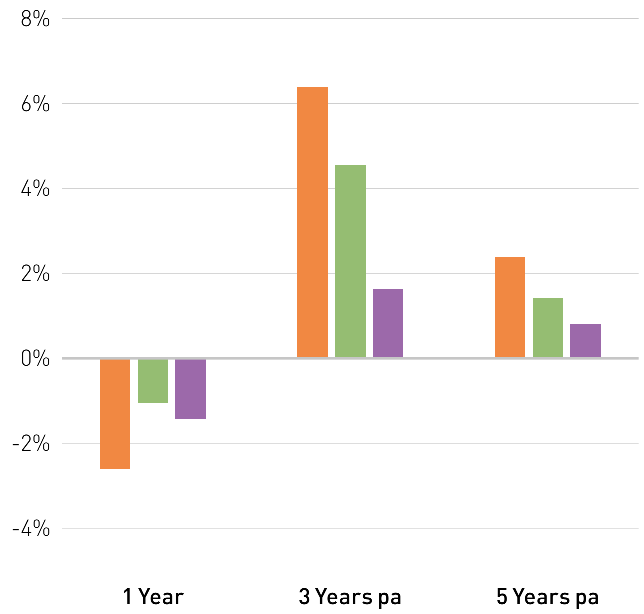
Brunel global sustainable equities	1 Year	Since inception pa (Sep-21)
Net Return	-1.3%	-4.5%
Benchmark	-0.9%	0.8%
Return Against BM	-0.3%	-5.3%



Ninety One

Ninety One's emerging market multi-asset portfolio is made up of approximately 50% equities and 50% debt investments, although the manager can vary the asset allocation depending on market conditions. This portfolio has a composite benchmark which reflects the composition of the portfolio, plus an outperformance target of 2-4%. This portfolio had an absolute return in year of -2.4% underperforming the composite benchmark by 1.3%. Under performance over the last year has been due to Ninety One's equity allocation and negative returns on Sovereign Hard Currency Debt, rising US interest rates have impacted emerging market hard and soft currency debt. This negative relative performance over the last year is set against positive outperformance over three and five years.

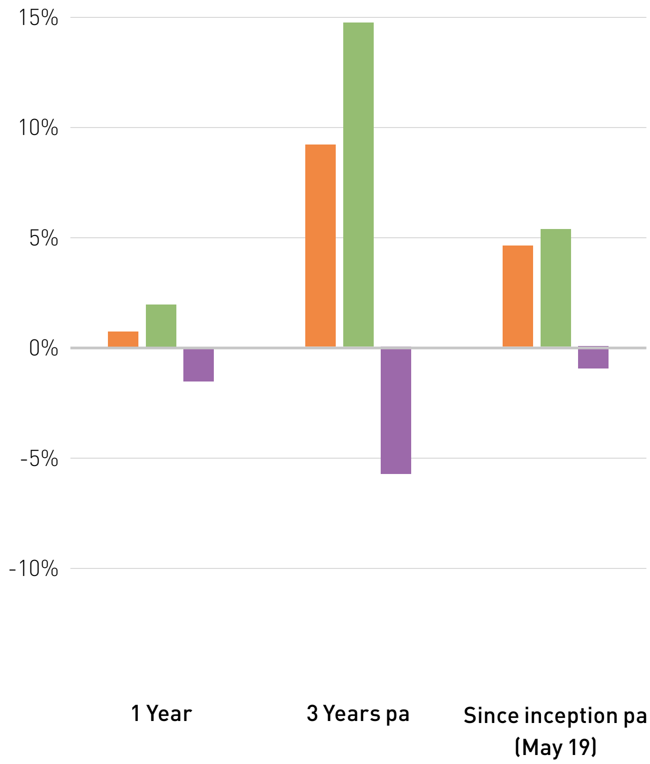
Ninety One	1 Year	3 Years pa	5 Years pa
Net Return	-2.4%	6.2%	2.5%
Benchmark	-1.0%	4.5%	1.6%
Return Against BM	-1.3%	1.7%	0.9%



Magellan

Magellan manage a portfolio of global listed infrastructure equities. Over the year the fund made a net return of 0.6%, underperforming the benchmark by 1.4%. The funds defensive strategy avoiding companies with commodity price exposure meant they have underperformed the benchmark in a year when commodity prices have greatly increased. Positive absolute returns have been driven by the continued protection many of the underlying infrastructure assets can provide in a high inflation and uncertain market environment, with regulated and inflation linked income.

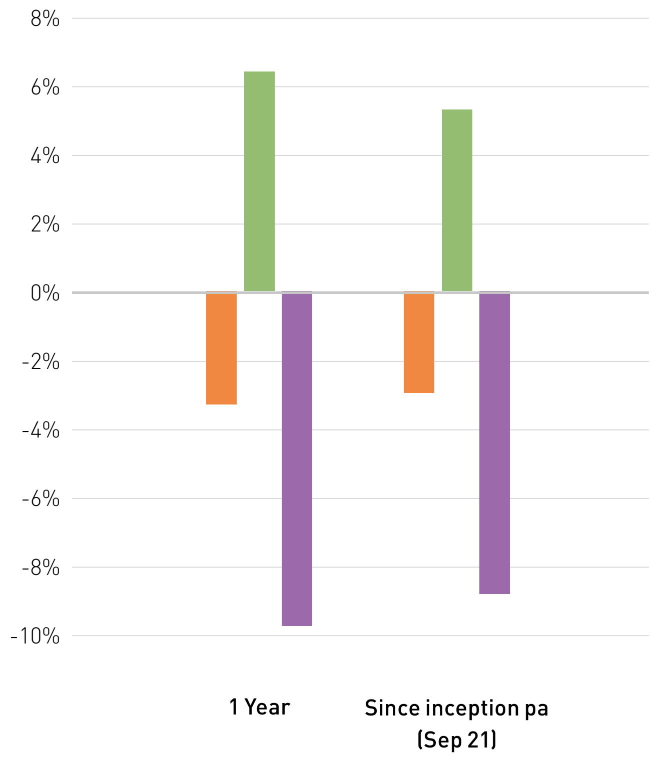
Magellan	1 Year	3 Years pa	Since inception pa (May-19)
Net Return	0.6%	9.1%	4.7%
Benchmark	2.0%	14.8%	5.5%
Return Against BM	-1.4%	-5.7%	-0.9%



Multi-Asset Credit

This portfolio transitioned to Brunel in June 2021, therefore performance data is only available over this period of time. Absolute return over this period was -3.4%, 8.4% behind the benchmark (cash + 4%). The market environment for credit proved very challenging given the environment of rapidly rising interest rates and yields that drove most of the negative performance. The portfolio was more in line with its secondary benchmark (a 50:50 split of loans and high yield credit).

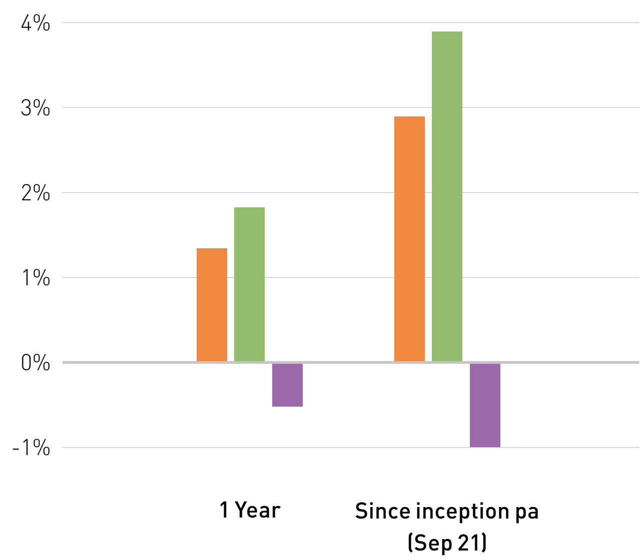
Brunel MAC	1 Year	Since inception pa (Sep-21)
Net Return	-3.4%	-3.0%
Benchmark	6.3%	5.5%
Return Against BM	-9.8%	-8.4%



Pinebridge

Pinebridge manage a portfolio of bank loans, which is benchmarked against a blended benchmark (80% US and 20% European leveraged loans, to reflect the composition of the portfolio), with an outperformance target of 1%. Inception for this portfolio was September 2020 and performance information is available from this date. The manager's relative performance varied through the year through tough conditions in the US and Europe. Considering the year in its two halves, a positive rally during Q4 2022 led to outperformance which offset some earlier underperformance. Outperformance in the US was due to strong security selection and in Europe, mainly from industry allocation. The index linked returns for the floating rate loans have contributed to positive absolute returns in this portfolio for the year. The manager's defensive style which leads them to invest in higher quality assets has previously been a cause of under performance against the benchmark, when lower quality assets have outperformed and default rates have been at record lows. Rising interest rates and increasing default rates leave this portfolio well positioned for the year ahead.

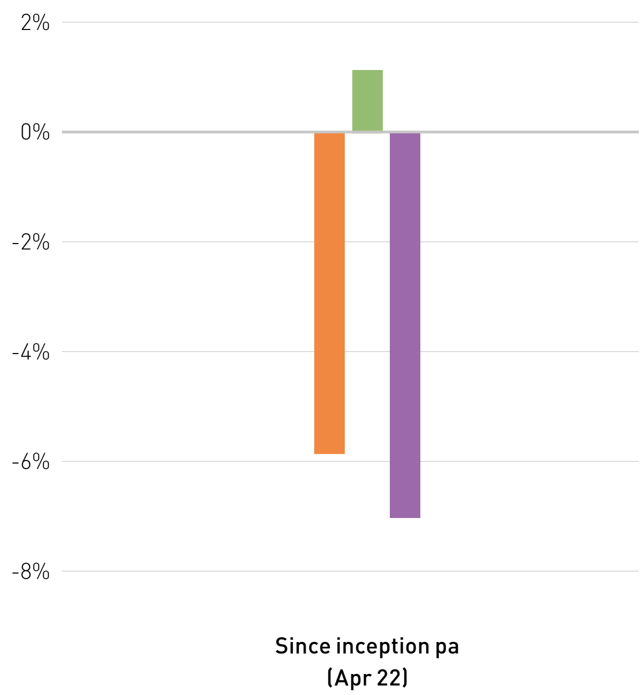
Pinebridge	1 Year	Since inception pa (Sep-20)
Net Return	1.3%	2.9%
Benchmark	1.8%	3.9%
Return Against BM	-0.5%	-1.0%



Property

Wiltshire transferred its property previously managed by CBRE to Brunel in April 2022. The portfolio is composed of two parts, UK and International. The review of the investment strategy, completed late 2022, rationalised assets and resulted in new target allocations. There is a plan in place to reduce property allocation over time in line with this. Brunel manage a 'model portfolio'; funds on behalf of partnership funds. The holdings transferred to Brunel have been mapped to the 'model portfolio' which will also be aligned in tandem with reduced overall allocation over time. Most of the absolute value decline in this portfolio over the year has been caused from the effect of rising interest rates increasing required yields and depressing property valuations.

Property	Since inception pa (Apr 22)
Net Return	-5.9%
Benchmark	1.1%
Return Against BM	-7.0%



Unlisted Investments

The Fund also has considerable commitments to a variety of private markets portfolios via Brunel and Partners Group. The Brunel portfolios are not yet mature enough to report meaningful performance information and are in the deployment stage. The pooling report section contains further visualisations of the drawdown of commitments for these private market portfolios. The following table sets out the total commitment to each portfolio and the outstanding commitment for each. The Fund has a long-term strategy to increase investments in these private market funds as shown in the strategic asset allocation. Interim portfolios are included in the asset allocation to hold investments prior to deployment into these private market portfolios.

Private Market Investments	Commitment £m	Outstanding Commitment £m	% Called
Partners Group – Infrastructure Funds	150	37	75%
Brunel – Infrastructure Fund	80	35	56%
Brunel – Private Equity	280	232	17%
Brunel – Private Debt	340	242	29%
Brunel – Secured Income	250	0	100%
Impact affordable housing	110	52	53%
Total	**1,210**	**599**	

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Affordable Housing

The Fund made commitments to the following affordable housing funds in April 2022. These funds make up a specific 'impact' portfolio. In addition to reporting financial information in accounts, Wiltshire Pension Fund aggregates social and environmental metrics in its own **Affordable Housing Impact Report**.

Private Market Investments	Commitment £m	Outstanding Commitment £m	% Called
Gresham House Residential Secured Income LP	50	18	64%
Man GPM RI Community Housing 1 LP	30	8	73%
CBRE UK Affordable Housing Fund	30	26	15%
Total	**110**	**52**	

RESPONSIBLE INVESTMENT AND STEWARDSHIP HIGHLIGHTS

PURPOSEFUL PENSIONS

Purposeful Pensions is a Pensions Management Institute (PMI) project aimed at breaking down the barriers around pensions to bring greater awareness of the great career opportunities available, as well as support the PMI members and wider network to communicate the positive impact pensions can have on society, the environment and the economy as a whole, with a particular focus on ESG in pensions.

During 2022, we were absolutely delighted to be invited to take part in this project. Our film features site visits to two of our amazing investments, and the team explain who these are delivering strong returns for the Fund, alongside better outcomes for both people and the planet.

Click here to watch the film

Current "green" assets **28.7%** OF OUR LONG-TERM ALLOCATION

Our carbon footprint is **23.3%** DOWN since 31 December 2019

CASE STUDY: ENGAGING WITH OUR INVESTMENTS

In September 2022, we revised our Responsible Investment Policy and one key update was the addition of a dedicated engagement policy. One of the Fund's investment beliefs is as follows:

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

Our engagement policy explains who we engage with and why, and what activities we carry out. It also sets out how we prioritise engagement activities. We believe that the best approach is to focus our engagement activities on priority ESG issues, since research has shown that this can generate the largest positive contribution to returns, and is also a practical approach considering resource limitations. We have created a dedicated **engagement page** on our website, which includes highlights and examples of the sorts of things we have done.

Responsible ownership and stewardship

Positive impact

Transparency and information sharing

Communicating | Challenging | Collaborating | Holding to account | Scrutinising

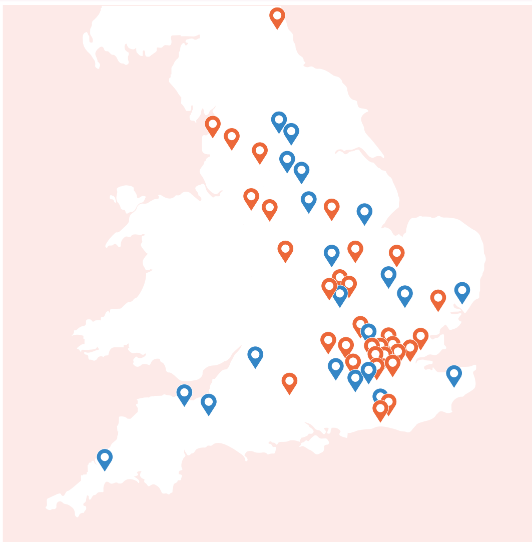
IMPACT CASE STUDY – AFFORDABLE HOUSING

During the year we published our first report into the social impacts generated by our affordable housing portfolio. This report was published in April 2023: **Affordable Housing Impact Report 2023**

This report covered key impact measures, such as number of homes (built and held in the portfolio, or funded and under construction) affordability and energy efficiency. The metrics (summarised on the right) demonstrate that this portfolio is delivering against its objectives, and is leading to the creation of more affordable and energy-efficient housing stock in the UK.

Transparency and information sharing

In line with the overarching culture of clear communication with stakeholders and **Transparency and Information Sharing**, an innovative interactive map was created to show the locations of the affordable housing sites held within the portfolio. Please click on the map image on the right to visit the interactive map and learn more!



4,591
HOMES

10.5
AVERAGE AFFORDABILITY

98%
AFFORDABLE

67%
NEW BUILDS

67%
ENERGY PERFORMANCE C-RATED OR ABOVE

The Fugglestone development in Salisbury, which is held in the Fund's impact affordable housing portfolio

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WIDER INITIATIVES

One of the Fund's investment beliefs is as follows:

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

We **collaborate** in lots of different ways – the number one way being with our partner Fund as part of the **Brunel pool**. Brunel is our pooling company, and was set up in line with Government requirements, with a goal to use economies of scale to save on investment manager fees. We are also members of a number of **wider initiatives**, as set out below:

INITIATIVE	DESCRIPTION	OUTCOME
Climate Action 100+ Global Investors Driving Business Transition	**Climate Action 100** is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. This initiative will enable the Fund to support and/or take part in engagement activities with companies it is invested in and help to deliver the Fund's net zero by 2050 target.	Through our membership the Fund is able to access information on key engagement companies and their progress towards achieving net zero. This information is used when working with asset managers running our portfolios to understand the investment case for the company. Through our membership we can also request our asset managers join the engagement initiative to align their goals with that of the Fund.
IIGCC The Institutional Investors Group on Climate Change	The **IIGCC** is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. IIGCC has more than 330 members, mainly pension funds and asset managers, across 22 countries, with over €39 trillion in assets under management.	Through IIGCC, we have made a PAII (Paris Aligned Investment Initiative) net zero commitment. This goes beyond simply making commitments and supports investors to achieve their goals. We have also been using the IIGCC net zero framework. This valuable tool helps us to define a path to net zero across various asset classes – you can read about our progress in setting decarbonisation targets in our **Responsible Investment Policy**. The IIGCC also offers webinars and working groups, so investors can learn about specific areas, for example what net zero means in different asset classes.

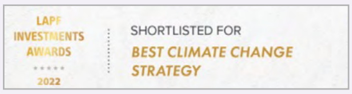
INITIATIVE	DESCRIPTION	OUTCOME
Local Authority Pension Fund Forum	LAPFF (Local Authorities Pension Fund Forum) enables collaboration with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.	LAPFF works on behalf of Wiltshire Pension Fund and other LGPS funds on a wide variety of issues including climate change, workers' rights, reporting and disclosure. Through attendance at regular business meetings and review of topical reports into stakeholder issues, the Fund is able to influence and stay up to date on engagement activity being undertaken.
Transition Pathway Initiative	The Fund publicly supports the Transition Pathway Initiative (TPI), a global asset owner led initiative, which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure what strategies the management have put in place, as well as what the companies' actual carbon reduction trajectories look like. These scores help investors assess risks.	The Investment team have used the tool to investigate and analyse holdings held within the Fund's listed market equity portfolio. This information helps the team to challenge our investment managers on their holdings, and gain a more in-depth understanding of the investment case, and the long-term prospects for decarbonisation.

The Fund also supports a **Just Transition**. A "just transition" means not transitioning to a low carbon economy at any cost, but doing so whilst also ensuring that this is done in a socially responsible way. The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science have put together a comprehensive guide as to what this means for investors, and what action can be taken. The Fund has signed a statement of support, and uses the guide to help embed this goal within the Fund's policies, and help hold the investment managers to account.

INDUSTRY RECOGNITION

During 2022, we were delighted to be shortlisted for **"Best Climate Change Strategy"** at the LAPF Investment Awards 2022.

We were up against some tough competition and did not take home the trophy on the night, but we were honoured to have our approach recognised at these industry leading awards.



Members of the WPF investment team at the LAPF Investment Awards 2022

RESPONSIBLE INVESTMENT PLAN

Designing the 2023/24 Road Map

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

i. There are **existing commitments** to complete this work (for example, climate commitments as set out in the Responsible Investment Policy, implementing portfolios in the strategic asset allocation, or continuing with established reporting).

ii. Continuation of **existing work** (for example, developments along the theme of biodiversity, finalising a position on divestment, or progressing the work to launch a transparency of holdings tool via the website).

iii. **Improving current practices** (for example, expanding the TCFD reporting to provide additional information for stakeholders, or publishing a short report on our impact affordable housing portfolio).

iv. Addressing **topical issues**, which we have identified as priorities due to their impact across our portfolios and/or membership, examples as follows:
   a. **Cement** – a sector which we are exposed to, which makes up 7% of all global emissions.
   b. **Younger members** – a group who engage less with our communications etc, highlighting a need to educate these members about their pension and promote engagement.
   c. **Carbon offsets** – a topic recently raised by the Chair of the Committee, and something which is gaining traction as an investable option.
   d. **Water engagement** – an activity being managed through Brunel, which has been mapped to a meaningful percentage of our portfolio and with the bulk of the work being done by one of the investment managers offers an efficient way to engage.
   e. **Health** – a topic which has received significant coverage and is linked to an initiative through ShareAction, which is supported by LAPFF.

RESPONSIBLE INVESTMENT ROAD MAP

Q2 2023

INVESTMENTS AND STRATEGY
Finalise the statement around divestment, begin work to implement the renewable infra and climate solutions allocation.

REPORTING AND DISCLOSURE
Publish the Stewardship report and mini-magazine, and the affordable housing impact report.

TRAINING AND ENGAGEMENT
Research and write up case study on cement holdings.

Q3 2023

INVESTMENTS AND STRATEGY
Set net zero targets related to climate solutions, transition alignment and stewardship, and property and infrastructure. Review and update the Responsible Investment Policy.

REPORTING AND DISCLOSURE
Publish an expanded Climate Report (including TCFD reporting), including information on our own operational emissions, and fossil fuel holdings.

TRAINING AND ENGAGEMENT
Conduct an engagement activity with the scheme membership, focussing on those in a younger age bracket, to promote pension saving and knowledge of how the Fund is invested.
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Q4 2023

INVESTMENTS AND STRATEGY
Progress the approach to net zero with the Fund's listed infrastructure manager.

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

Q1 2024

INVESTMENTS AND STRATEGY
Report on progress and developments against the theme of biodiversity.

REPORTING AND DISCLOSURE
Launch a holdings transparency tool via the Fund's website.

TRAINING AND ENGAGEMENT
Use established industry tools to investigate the theme of health in our portfolios.

The Committee will receive quarterly reporting monitoring progress against the Responsible Investment Plan.

CLIMATE CHANGE SUMMARY INFORMATION

Climate change risk is important to Wiltshire Pension Fund. This section includes some brief information. Alongside this report we have also published our full **Climate Report 2023**, which can be found on our detailed and informative climate webpages.

Safeguard the assets

Responsible ownership and stewardship

Positive impact

LONG TERM THINKING

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

Our goal is to protect the investments from climate change risk, and safeguard the financial future of the Fund.

The following investment beliefs directly address the risk of climate change:

“Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term.

In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050.”

PROGRESS SO FAR...

In March 2021, in the Fund's best financial interests, we made a decision to set a **net zero by 2050** goal for the investment portfolios.

All of our climate risk work is based on **scenario modelling**, which enables us to put numbers around the risk, and make decisions based on what is the **best financial outcome** for the Fund.

We measure our **decarbonisation progress** against a baseline of our carbon footprint as at 31 December 2019. The Fund's Baseline

The Fund's Baseline

Calculation Date:
31 DECEMBER 2019

What has been included?
SCOPE 1 AND 2 EMISSIONS OF ALL EQUITY INVESTMENTS
excluding our listed infrastructure interim portfolio*
(36% of the total Fund)

Carbon footprint (tCOe/$m investment – measures theemissions impact ofa portfolio per $1m invested
39.9 TCOE/ $M INVESTMENT

** Note that emissions for our listed infrastructure interim portfolio are monitored, and the Fund actively engages with the manager to understand the position of the underlying companies, but the long-term nature of target setting supports the rationale for excluding this portfolio from the baseline*

“If the Fund is invested in companies which aren't prepared to adapt to the challenging landscape of the future, these companies will likely fail and the Fund will lose money.”

Chris Moore, Investment and Accounting Team Lead at WPF, speaking in the Fund's film about purposeful pensions.

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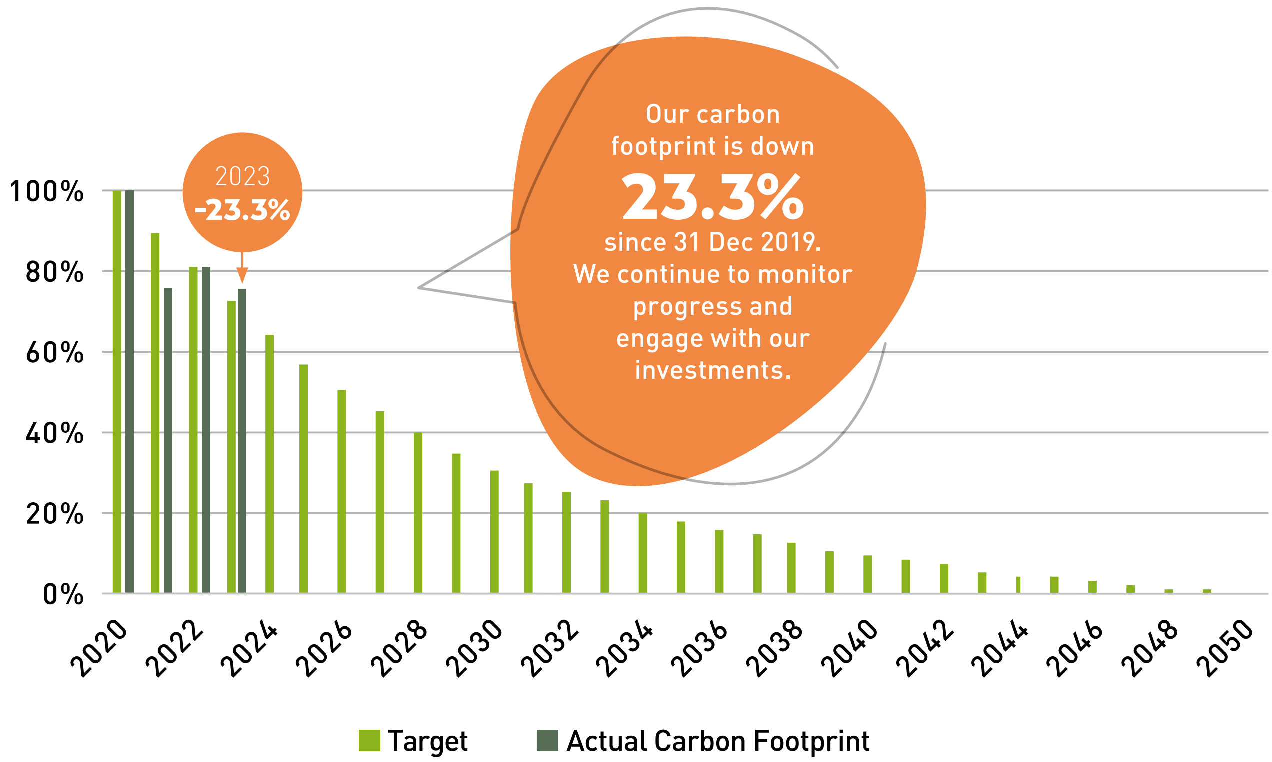
We have set a target **pathway to decarbonisation**, however we acknowledge that progress will not be a smooth journey. The following graph shows our targets, and our actual progress to date. This shows that we are currently down -23.3%, which is slightly behind our target.

SETTING A TARGET PATHWAY TO DECARBONISATION

The following graph shows our targets, and our actual progress to date:



LOOKING AHEAD – RELEVANT STRATEGIC GOALS TO ACHIEVE DURING THE YEAR TO 31 MARCH 2024

The fund sets out its objectives in a Responsible Investment plan annually.
These are summarised under broader headings below:

INVESTMENTS AND STRATEGY

- Implement the renewable infrastructure and climate solutions portfolio.
- Target setting and net zero alignment, embedding sustainability and climate considerations.
- Review the RI Policy and include statement around divestment.

REPORTING AND DISCLOSURE

- Publish an expanded Climate Report (including TCFD reporting), and fossil fuel holdings.
- Research and investigate topical issues such as biodiversity, health and engagement, and investment sectors, such as cement and carbon offsets.

TRAINING AND ENGAGEMENT

- Continue the expansion of stewardship and voting information on the website.
- Participate in initiatives on Water and physical risks through the Brunel pool.
- Further explore options to provide transparency on holdings information for stakeholders..

POOLING REPORT

APPROACH TO ASSET POOLING

The Fund pools investments with eight other local authorities and the Environment Agency through the Brunel Pension Partnership and its operator Brunel Ltd.

The Fund first transferred assets to BPP Ltd in July 2018 and, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd. All strategic decisions remain with the Fund, including (but not limited to) setting investment beliefs, defining the approach to responsible investment (which includes stewardship activities and reporting), and managing climate risk. The fiduciary responsibility dictates that the Pension Fund Committee must always act in the best interest of the Fund and it will need to ensure the most appropriate investments are used in the implementation of its investment strategy. This includes ensuring BPP Ltd are able to implement the Committees strategic decisions, that they are held to account for performance and potentially consider other investments if the value for money opportunity cannot be delivered through BPP Ltd in terms of collective and individual basis. The Fund will also invest outside the pool if the pool is unable to provide a portfolio which fulfils the requirements of one of the Fund's strategic allocations.

BPP Ltd is a company which is wholly owned by the Administering Authorities. The company is authorised by the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is responsible for working with Funds to develop specifications for investment portfolios with defined risk and return characteristics, such that Funds can allocate to these to implement their locally set Strategic Asset Allocations. In particular, it researches and selects underlying investment managers needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Fund is a client of BPP Ltd and as a client has the right to expect certain standards and quality of service. A detailed service agreement is in place which sets out the duties and responsibilities of BPP Ltd, and the rights of Wiltshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

CASE STUDY –BRUNEL GOVERNANCE

Throughout the year, we have engaged with the Brunel pool at all levels, through the client group, oversight board, and shareholder forum.

One major piece of work this year was a series of workshops on the strategic direction for Brunel. The client, shareholder and oversight board representative view expressed to Brunel from Wiltshire is that LGPS pools should retain a focus on ensuring that all activities deliver value for money and map to positive outcomes for the partner funds. We were pleased with the outcomes of the strategic direction review and the strong degree of alignment with other shareholder funds.

During the year, Brunel's Climate Stocktake involved workshops, consultation, and engagement at all levels, which culminated in the drafting and publication of the Climate Change Policy 2023. From a stakeholder perspective, there was strong support for Brunel's overarching approach on climate change, in particular, the focus on engagement and investment opportunities. At the end of this piece of work, the Wiltshire Pension Fund Committee approved a statement on climate change and pooling, which was summitted to Brunel.

Throughout the year, officers have engaged through the client group and various sub-groups, covering operations, finance, investments, and responsible investment matters. This has included advocating for improvements in reporting and transparency to enhance stakeholder's ability to fully assess and understand Brunel's performance.

- Safeguard the assets
- Responsible ownership and stewardship
- Robust processes, controls and risk management
- Compliance and best practice

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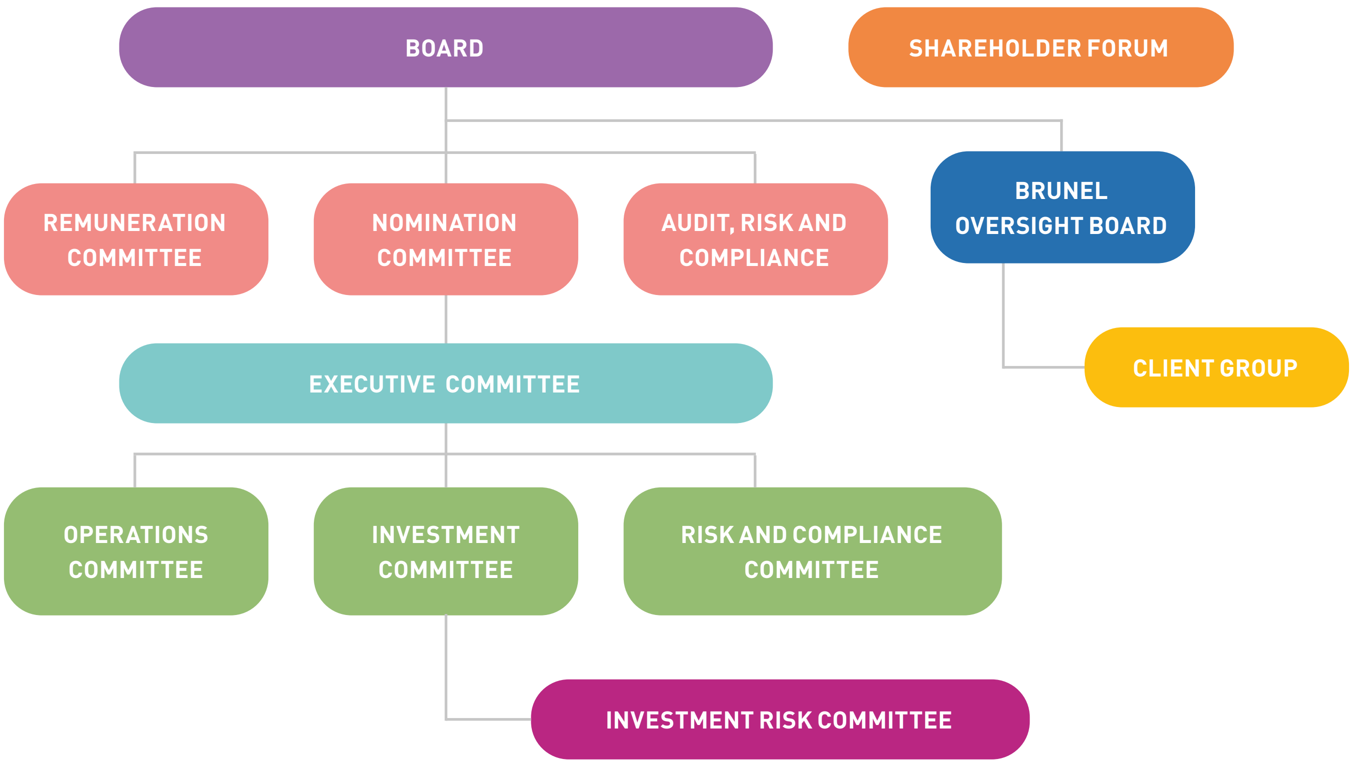
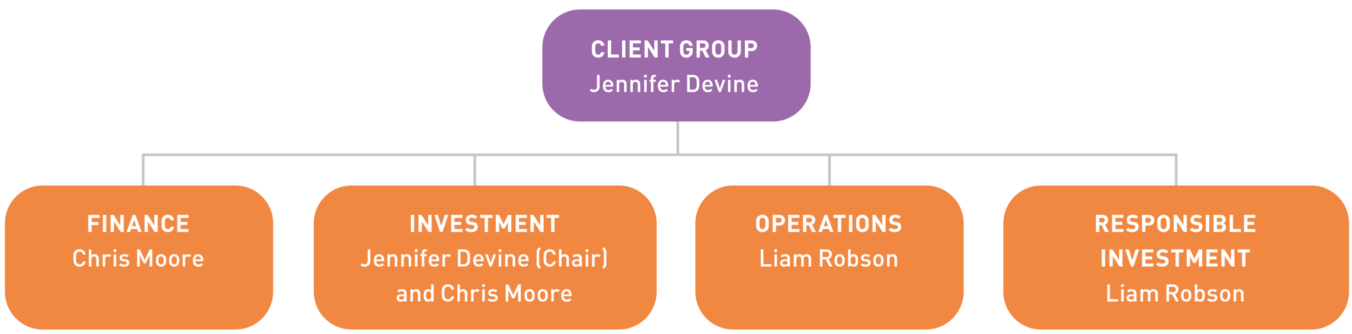
The governance of the Brunel partnership is of the utmost important to ensure the Fund's assets are invested well and the needs of the Fund and its beneficiaries are met. Governance controls exist at several levels within Brunel.

- As shareholders in Brunel, the Fund entered into a shareholder agreement with the company and the other shareholders. This gives considerable control over Brunel – several matters, including significant changes to the operating model and finances, are reserved matters requiring the consent of all shareholders.
- A biannual shareholder forum, at which shareholder representatives from each Fund (Andy Brown represents Wiltshire Pension Fund) can exchange views on the direction of travel for Brunel, discuss what has gone well and areas for improvement.
- An Oversight Board comprising representatives from each of the Administering Authorities has been established (Cllr Richard Britton represents Wiltshire Pension Fund). Acting for the Administering Authorities, it has a primary monitoring and oversight function. Meeting quarterly, it can request papers from Brunel or interrogate its management. However, it cannot take decisions requiring shareholder approval, which will be remitted back to each Administering Authority individually.
- The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities, but also drawing on finance and legal officers from time to time. It will have a leading role in reviewing the implementation of pooling by Brunel, provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.
- A separate level of governance is provided by the Board of Directors at Brunel, which are appointed by the Fund and the other shareholders. It comprises four highly experienced and independent non-executive directors, chaired by Denise Le Gal and four executive directors.
- Finally, as an authorised firm, Brunel has to meet the extensive requirements of the FCA which cover standards such as conduct, good governance, record keeping, training and competency, policy and process documents, and internal controls.

BRUNEL'S GOVERNANCE STRUCTURE



Client group is supported by a series of sub-groups which include Finance, Investment, Operations and Responsible Investment. The sub-groups consider and discuss issues in greater detail, reporting and/or bringing items to client group. Wiltshire representation on these groups is as follows; Client Group: Jennifer Devine, Finance and Investment: Chris Moore, Operations and Responsible Investment: Liam Robson. The structure allows for project work to be developed by using specialised expertise. Examples of items covered within the sub-groups include Brunel's budget, requests to create or amend portfolios, reporting and stewardship.



The arrangements for asset pooling for the Brunel pool were formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Wiltshire Council approved the full business case for the Brunel Pension Partnership on 21 February 2017. The Fund's first investment assets were transitioned across to BPP in July 2018.

Currently not all proposed portfolios offered by BPP Ltd provide a direct substitution for the Fund's investment strategy. For example, there is not a replication of the Fund's Emerging Market Multi Asset mandate. In this case, where BPP cannot currently accommodate a specific solution, the Fund has requested creation of a suitable portfolio. These assets will remain outside the pool and will continue to be managed by the Fund until such time as a suitable portfolio managed by BPP has been implemented.

ANALYSIS OF POOLING COSTS AND SAVINGS

The Fund is required to report and monitor cost savings in the following format as part of its annual report and accounts.

In the year the Fund commissioned an audit of the reported savings figures by ClearGlass, a firm with specialist experience of investment fees. The purpose of the report was to provide assurance over the calculated fee savings, a core measure of success for investment pooling. This included assessing whether the prescribed methodology was still meaningful given changes in the market and to the investment strategies of the underlying funds.

Following this review the figures used for fee savings in this report have been revised for prior years and reflect the outcomes of the report. This amendment has had the effect of reducing the total value of fee savings and delaying the break-even point of covering the set up and running costs of Brunel for Wiltshire Pension Fund, but we believe provides a more meaningful and realistic assessment.

Given the inherent difficulty of assessing fee savings across asset classes and over an extended period of time, Wiltshire Pension Fund Committee have agreed that their focus will now turn to ensuring pooling delivers value for money through assessing performance of the investments, of which ensuring suitable fee terms is one part.

Set up costs

The following table shows the set-up costs (all of which were charged in prior years).

	2022/23			
Set up costs:	**Direct £'000s**	**Indirect £'000s**	**Total £'000s**	**Cumulative £'000s**
Recruitment	-	-	0	18
Legal	-	-	0	133
Consulting, Advisory & Procurement	-	-	0	82
Other support costs eg IT accommodation	-	-	0	-
Share purchase	-	-	0	840
Other working capital provided eg loans	-	-	0	-
Staff Costs	-	-	0	-
Total set up costs	**0**	**0**	**0**	**1,072**
Transition costs	**-**	**-**	**0**	**3,139**

PROJECTED SAVINGS

The following table shows the expected costs and savings over the next few years, as taken from the Brunel business plan. These figures come from the original 2015 business case submission to the Ministry of Housing, Communities & Local Government (MHCLG), in line with the CIPFA guidance. Since then, the business case has been revised to include a significant budget increase, as well as increased savings projections. The figures show that Wiltshire is expected to breakeven from pooling in 2023. The revised business case is still consistent with this position.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/36 £'000
Set up costs	117	1,041	-	-	-	-	-	-	-	-	-
Transition costs	0	0	1,350	2,644	13	-	-	-	-	-	-
Client savings	-	-	(150)	(154)	(159)	(163)	(168)	(173)	(179)	(184)	(2,172)
Ongoing costs associated with management and running of the pool	-	-	430	558	577	595	614	634	655	676	8,093
Projected fee savings	-	-	(343)	(1,159)	(1,888)	(2,031)	(2,181)	(2,339)	(2,503)	(2,676)	(39,695)
Net costs/ (savings) for the period	**117**	**1,041**	**1,288**	**1,889**	**(1,457)**	**(1,599)**	**(1,735)**	**(1,878)**	**(2,027)**	**(2,184)**	**(33,775)**
Net cumulative costs/(savings)	**117**	**1,158**	**2,446**	**4,335**	**2,878**	**1,279**	**(456)**	**(2,334)**	**(4,361)**	**(6,545)**	**(40,320)**

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EXPECTED VS ACTUAL COSTS AND SAVINGS TO DATE

The following table shows a comparison between the expected and the actual savings and costs achieved to date, for the past two years and cumulatively. Budget figures are those from the original 2015 business case submission to the MHCLG, in line with the CIPFA guidance with the exception of the active global equities portfolios, where comparable fee rates are not available, so a benchmark has been used instead – see below for more details.

	2022/23				2021/22			
	Actual		Budget		Actual		Budget	
	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000
Set-up costs	-	1,072	-	1,158	0	1,072	-	1,158
Transition costs	-	2,982	-	4,007	895	2,982	-	4,007
Client savings	-	(13)	(168)	(794)	0	0	(163)	(626)
Ongoing costs	1,021	4,690	614	2,775	1,099	3,669	595	2,160
Fee savings	(2,206)	(5,526)	(2,181)	(7,601)	(1,477)	(3,320)	(2,031)	(5,420)
Net costs/(savings) realised	**(1,185)**	**3,364**	**(1,735)**	**(456)**	**673**	**4,548**	**(1,599)**	**1,279**

Client savings represent the cost savings as a result of moving over some of the management of investments to Brunel. These were estimated to mainly be for expenses such as fund investment advice, financial / performance measurement and custodian costs. In 2018/19 only, a saving for custodian costs was recognised. In subsequent years, no savings were recognised, as at this stage in the pooling process costs for consultancy etc. have in fact been higher, in assuring that portfolio specifications are appropriate etc.

The above table does not include any savings relating to private markets portfolios (except for property), since the Fund did not invest in these asset classes prior to pooling. Access to private market investments is considered a benefit of pooling by the Fund, as there are good examples of fee discounts being negotiated as part of the pool, however it is not possible to quantify savings on the overall management of these portfolios in a meaningful way.

A change from the prior year's reported fee savings has come from a recalculation of savings from the global active equity portfolios. The audit into fee savings found that the comparison of the pre and post pooling fee rates was not done on a comparable basis, due to there being a performance fee pre-pooling, in addition to exceptional outperformance. This led to reported fee savings being over inflated. The fund has replaced the pre-pooling fee rate with a median benchmark fee rate, which takes into account the size of the mandate and investment strategy. This more accurately illustrates the fee savings being delivered by pooling.

The effect of the changes leaves the cumulative net cost to Wiltshire from pooling at £3.4m, with an in-year saving of £1.2m. This moves the forecast breakeven point on this calculation basis to financial year ending March 2026.

ONGOING INVESTMENT MANAGEMENT COSTS

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**

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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.

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.

Custody fees in the table above relate to custody fees incurred by the investment managers in the course of managing their portfolios, and are do not relate to the custody fees paid by Wiltshire to its global custodian, State Street. These are shown separately in Note 9 to the accounts.

The fee rates in basis points (bps) shown in the table above 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. Assets currently held in the pool are Paris-aligned passive equities, global high alpha equities, global sustainable equities, private equity, multi-asset credit, private debt, passive gilts, secured income, and a portfolio of unlisted infrastructure. All the Fund's passive equities are held in the pool, so costs associated with this portfolio are much lower than portfolios which are actively managed, and this brings down the average costs of pooled portfolios compared to those still held outside the pool.

RECONCILIATION TO NOTE 9

The total fees and costs included in the table on page 82 is £34,291k. Other costs which are not included here but are included in Note 9 to the Accounts are custody fees of £30k, and indirect costs incurred in managing investment portfolios of -£461k. This brings the total cost of investment management expenses to £33,859k.

ASSET PERFORMANCE

Asset performance for portfolios held inside and outside the pool is shown as part of the Investment Report on pages 62–67.

RISKS ASSOCIATED WITH THE POOLING ARRANGEMENTS

Risks of pooling are considered, identified, reviewed and monitored as part of the Fund's overall risk management process. Specific risks are set out in the Fund's risk register, which is reported as part of the quarterly Committee papers, which can be found at the following link:
https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=142&Year=0

TRAINING REPORT

The Public Service Pensions Act 2013 provides for the regulation of the LGPS by the Pensions Regulator, which includes placing a higher expectation on Pension Committee and Local Pension Board members in relation to their knowledge and understanding. To fulfil this, members approved the implementation of their updated training policy in 2021 following the Local Government Elections, a policy which is supported by a 4-year training strategy which is reviewed annually.

The policy and a members training plan for each Scheme Year is published on the website. In addition, a record of all member training is monitored and recorded, and within each Annual Report & Accounts the Committee members training is reported too. From 2022/23, this will for the first time also include the training records of relevant Senior Officers.

In preparing the members training policy, officers incorporated the guidance set out within the CIPFA Knowledge and Skills Framework 2021, which was supported by the Fund's Actuarial Consultants who co-ordinated an independent Knowledge Assessment of member training needs. During 2022/23, Wiltshire Pension Fund members again participated in Hymans National Knowledge Assessment (NKA) which assists in their benchmarking of knowledge and understanding at a national level. The Fund is pleased to confirm that the results showed that members continue to achieve an upper quartile approach to their knowledge and understanding attainment levels.

On a day-to-day basis, this approach provides assurance that members are fully equipped with the skills necessary to take the informed decisions required to execute the Fund's business plan, and strategic investment decisions.

In addition to participating in the Hymans NKA to review their training strategy, members also participated in an independent effectiveness review during 2022. This review seeks to consider how decisions are taken, in addition to the act of taking those decisions and was commissioned in anticipation of any required changes which may arise from the implementation of the Good Governance Review and new Single Code of Practice expected in 2023.

Being a valuation year, 2022/23 saw an emphasis in the Fund's training arrangements towards all matters associated with the triennial valuation, however the delivery of structured training also covered other key areas at in-house meetings, provided by officers and the Fund's advisers. These areas include Strategic Asset Allocation, Cyber Security, Treasury Management, and the governance matters associated with the implementation of new regulations & guidance.

The Fund continues to facilitate its on-line training and development to its members, providing access to bespoke training tools and webinars provided by a variety of professional bodies. This was supported by a regular circulation of briefings and research materials and the resource that is the Fund's own training library, maintained by officers. Furthermore, in line with the Fund's training policy all new members embark on an initial 12-month training plan, which includes an invitation to attend officer led induction training course providing an overview of the Wiltshire Pension Fund.

The table on the next page illustrates the training undertaken by Committee members during the period 2022/23. Training undertaken by Board members during the same period will be set out within their own Wiltshire Pension Fund Local Pension Board Annual Report.

CASE STUDY: DEDICATED TRAINING RESOURCE

The Fund underwent a process of restructuring in 2022, with new roles in place in 2023. One of the new roles was a "Employer engagement and training officer", reporting to the Pension Administration Lead, as it is intended that the employer facing roles work together in the same team.

The new Officer will be providing training for Employers, Staff, Committee and the Local Pension Board and will be developing training plans for each group, taking into account their needs and views, as well as incorporating the obligatory required training. This will involve looking at different ways of delivering training, face to face or webinar, as well as considering outside resources i.e. LGPS and Hymans or Wiltshire Council training courses with the aim of making training as accessible and easy as possible for everyone.

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

ASSESSMENTS & TRAINING UNDERTAKEN

			Cllr. Richard Britton	Cllr. Christopher Newbury	Cllr. George Jeans	Cllr. Pauline Church	Cllr. Gordon King	Cllr. Steve Heyes	Cllr. Kevin Small	Cllr. Vijay Manro	Tracy Adams	Claire Anthony	Mike Pankiewicz	Stuart Dark	Andy Brown	Jenny Devine	Cllr. Elizabeth Threlfall	Cllr. Jonathan Seed
Date of training	**Topics covered**	**Duration (minutes)**	**Wiltshire Councillors**					**Swindon Councillors**			**Employer Reps**		**Member Reps**		**Senior Officers**		**Committee members during the year, but not as at 31 March 2023**	
n/a	TPR on-line toolkit completion	420						•					•					
n/a	LGPS Online Learning Academy	350						•			•		•					
Oct-22	LGPS Fundamental training – Day 1	285							•									
Nov-22	LGPS Fundamental training – Day 2	285							•									
Dec-22	LGPS Fundamental training – Day 3	270							•									
05/04/2022	Valuation training - Assumptionw setting	60	•	•			•	•		•		•	•		•	•	•	
16/05/2022	Strategic Asset Allocation & the Treasury management strategy	120	•				•	•		•	•	•				•		
26/05/2022	Listed Equities and Responsible Investment	120	•			•	•	•					•			•		•
21/07/2022	Cyber Security Workshop	90	•		•		•					•						
18/08/2022	TPR's new code of practice	30	•										•			•		
28/09/2022	BPP Investment Day	300	•		•		•	•	•									
06/10/2022	Cyber Security Review	30	•				•	•				•	•		•	•		
27/10/2022	SAB: Good Governance Review	30	•										•			•		
03/11/2022	New member Induction training	170	•		•				•									
17/11/2022	Valuation training – Preliminary results	60	•	•	•	•	•	•	•		•	•	•			•		
17/11/2022	Strategic Asset Allocation training	60	•	•	•	•	•	•	•		•	•	•			•		
10/01/2023	MiFID II refresher training	20	•		•		•	•	•		•	•	•		•	•		
08/02/2023	Climate Change Policy	20	•		•	•	•	•										
02/03/2023	Biodiversity and Taskforce for Nature Related disclosures (TFND) themes	20	•	•	•	•	•		•	•			•		•	•		
23/03/2023	Administration Plan – Approach to KPI Improvements	20	•	•	•	•	•		•	•	•	•	•		•	•		

In summary, I, the Corporate Director of Resources & Deputy Chief Executive, s151 can confirm that a considerable level of importance has and continues to be placed on the skills and knowledge development of members of the Pension Committee and Local Pension Board, thereby securing the appropriate management of the Fund. In addition, I am satisfied that both officers and members charged with the financial decision making for the Pension Fund collectively possess the requisite knowledge and skills necessary to discharge their duties and make the decisions required during this reporting period.

Andy Brown
Treasurer of Pension Fund
Date: 14 September 2023

HIGH PERFORMING TEAMS

We aspire to be role models and leaders, through our commitment to develop knowledge and training

LGPS OFFICER QUALIFICATIONS AND TRAINING

Officers and Managers of Wiltshire Pension Fund come from a wide range of backgrounds; accountancy, communications, consulting, pensions, and information systems, bringing a wealth of experience and range of qualifications. These include those issued by chartered accountancy bodies, the CFA Institute, the Chartered Insurance Institute (CII), the Chartered Institute for Securities & Investment (CISI), the Pensions Management Institute (PMI) and PRINCE2.

The Fund has an internal Officer training policy (separate from the Committee, Local Board training and "LGPS senior officer" document as covered above). Training requirements are role dependent; CIPFA published its "Knowledge and skills framework for LGPS committee members and LGPS officers" in 2021. The level of knowledge and understanding in any or all areas depend on the service, practice or role performed by individual officers. This guidance is expected to be updated following consultation expected from DLUHC for England and Wales and the outcome of the Scheme Advisory Board Good Governance Review relating to the expectations for knowledge and skills.

Related to development and research and in addition to the above, investment officers have been set responsible investment and stewardship objectives as part of the annual goal setting process. Assessment of progress against these objectives will form part of the annual appraisal performance review.

RISK MANAGEMENT

The Administering Authority has an active risk management programme in place. Controls are in place to cover the following risks.

FINANCIAL/FUNDING RISK

This is essentially the risk that the funding level drops and/or contribution rates must rise due to one or more of the following factors:

Investment Risk – This is the risk that the investments assets underperform the level assumed in the Triennial Actuarial Valuation. This can occur due to poor economic/market conditions, the wrong investment strategy or poor selection of investment managers.

Liability Risk – This is the risk that there is a fall in the so-called "risk free" returns on Government bonds, which form the basis of assumptions about future investment returns. The assumed future investment return is used to "discount" future liabilities (i.e. over the next 0-80 years) back to today's values (net present value). Therefore, falling bond yields means higher liabilities.

Inflation Risk – Notwithstanding other factors, Pension Fund liabilities increase in line with inflation, because the CPI is applied to pensions annually. Therefore, rising inflation causes the liabilities to increase.

Insufficient Funds Risk – This is the risk that there is insufficient money in the Fund to pay out pensions as they become due.

DEMOGRAPHIC RISK

This is the risk that the pensioners live longer and therefore the liabilities of the Fund increase.

REGULATORY RISK

This risk could manifest itself in several ways. For example, it could be the risk that the liabilities will increase due to the introduction of an improved benefits package, or that investment returns will fall due to tighter regulation being placed on what can be invested in.

It could also arise through a failure to comply with LGPS or other regulations.

GOVERNANCE RISK

This is the risk that governance arrangements of the Fund are sub-optimal. For example, this could arise through a lack of expertise on the Committee arising from insufficient training. Another possibility is that potential conflicts of interest between the Fund and the Council are not managed sufficiently well.

EMPLOYER RISK

There is a risk to the Pension Fund that an employer will be unable to meet its financial obligations during its membership or when it ceases. An employer may cease due to the end of a service contract, or the last active contributing member leaves the Fund. If a guarantor is in place, then they will pick up the cost of any default, if there is no guarantor and the employer is unable to meets its obligations the cost will be spread across all the employers in the Pension Fund.

CASE STUDY: IMPROVED RISK MANAGEMENT FRAMEWORK

Our framework for risk management has undergone a huge revamp in the last year, with the creation of a new risk and control register, and a CROC working group (Compliance, Risk, and Operational Controls). The new risk register contains tabs for each area, with ownership assigned to a manager within the team. Controls are linked to specific risks, and need to be evidenced. Managers review and update their risks and control dashboards every month, and engage in challenging monthly meetings. This new way of working has promoted ownership of risk, and has embedded a "whole Fund" approach to risk management.

Robust processes, controls and risk management

Compliance and best practice

WORKING TOGETHER AS ONE FUND

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

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MANAGEMENT RISK

This risk can manifest itself in several ways:

- Failure to process pensions.
- Failure to collect contributions.
- Failure to have proper business continuity plans in place.
- Fraud or misappropriation
- Failure to maintain up-to-date and accurate data and hold it securely.
- Failure to maintain expertise or over-reliance on key staff.
- Failure to communicate effectively with members and employers.
- Failure to provide the service in accordance with sound equality principles.

Other risks concerning the Fund are disclosed in the Funding Strategy Statement and note 16 of the Statement of Accounts relating to Financial Instruments.

THIRD PARTY RISKS

Contribution payments are monitored closely for accuracy and timeliness. A reporting process is in place to escalate any late/inaccurate payments to ensure all payments are received.

In respect of Investment Managers, internal control reports (ISAE3402 and SSAE16) are received and reviewed regularly for any non-compliance issues. These are also reviewed by our internal and external auditors.

ACTUARIAL POSITION

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

DESCRIPTION OF FUNDING POLICY

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS). In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

FUNDING POSITION AS AT THE LAST FORMAL FUNDING VALUATION

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £3,230 million, were sufficient to meet 103% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £81 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

PRINCIPAL ACTUARIAL ASSUMPTIONS AND METHOD USED TO VALUE THE LIABILITIES

Full details of the methods and assumptions used are described in the **2022 valuation report**.

METHOD

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

ASSUMPTIONS

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.1%
Salary increase assumption	3.2%
Benefit increase assumption (CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	**21.9 years**	**24.6 years**
Future Pensioners*	**22.7 years**	**26.1 years**

**Aged 45 at the 2022 Valuation.*

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

EXPERIENCE OVER THE PERIOD SINCE 31 MARCH 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2022 funding valuation due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Barry Dodds FFA
24 May 2023
For and on behalf of Hymans Robertson LLP

STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibility for the Financial Statements, which form part of this Annual Report, is set out below.

ADMINISTRATION AUTHORITY

The Administering Authority is required to:

- Make arrangements for the proper administration of the financial affairs of the Pension Fund and to secure that an officer has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Procurement
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets,
- Prepare, approve and publish a statement in accordance with the Accounts and Audit (Amendment) Regulations 2021.

DIRECTOR OF FINANCE & PROCUREMENT

The Director of Finance & Procurement is responsible for the preparation of the Fund's financial statements, which in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Based on International Reporting Standards (the Code), are required to present a true and fair view of the financial position of the Fund for the year ended 31 March 2023. This report includes the financial statements for the Pension Fund only.

In preparing these financial statements, the Director of Finance & Procurement has:

- Selected and applied consistently suitable accounting policies;
- Made judgements and estimate that were reasonable and prudent;
- Complied with the Code of Practice;
- Ensured proper accounting records are maintained;
- Ensured systems of internal control are in place.

CERTIFICATE

I hereby certify that the following Annual Report and Accounts give a true and fair view of the financial position of the Wiltshire Pension Fund for the financial year ending 31 March 2023.

Andy Brown
Corporate Director Resources &
Deputy Chief Executive – (S. 151 Officer)
Wiltshire Pension Fund

AUDIT OPINION

To be added once audit opinion has been given by Deloitte

STATEMENT OF ACCOUNTS (UNAUDITED)

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 95 to 123 form an integral part of these financial statements

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	Pooled Property Investment
Uncertainties	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.
Effect if actual results differ from assumptions	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
Augmentations	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**
Total contributions receivable	**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**	**132,956**

* 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

By category	2022/23 £'000	2021/22 £'000
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**

By type of employer	2022/23 £'000	2021/22 £'000
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.

	2021/22 £m	2020/21 £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 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2023 £'000
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**

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

	Value at 1 April 2021 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2022 £'000
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.

	Market value 31 March 2023 £'000	% of total market value
Security		
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.

	Market value 31 March 2022 £'000	% of total market value
Security		
Brunel –Paris Aligned Hedged Passive Equities	501,100	15.63%
Brunel –Gilts	462,211	14.41%
Pinebridge –Bank Loans	325,135	10.14%
Ninety One –Emerging Markets	291,990	9.10%
Brunel –Global High Alpha active global equities	255,033	7.95%
Brunel –Global Sustainable Equities active global equities	256,780	8.01%
Magellan Select Infrastructure Fund	167,301	5.22%
	2,259,550	**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 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	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
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	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
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				2021/22		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
			Financial assets			
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 £'000		2021/22 £'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**

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)**

Market Price – Sensitivity Analysis (cont'd)

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

	As at 31 March 2023			As at 31 March 2022		
	Asset values £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000	Asset values £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	25,049	0	0	38,954	-	-
Fixed Interest Securities	385,368	(3,854)	3,854	615,931	(6,159)	6,159
Loans	297,903	0	0	325,135	-	-
	708,319	**(3,854)**	**3,854**	**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			31 March 2022	
	US Dollar £'000	Euro £'000	Yen £'000	US Dollar £'000	Euro £'000
Net currency exposure	232,154	140,757	(7)	200,154	53,458

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			31 March 2022		
		Change in net assets			Change in net assets	
	Assets held at fair value £'000	+10% £'000	-10% £'000	Assets held at fair value £'000	+10% £'000	-10% £'000
US Dollar	232,148	23,215	(23,215)	200,154	20,015	(20,015)
Euro	140,757	14,076	(14,076)	53,458	5,346	(5,346)
Yen	(7)	(1)	1			
Net Currency Exposure	**372,898**	**37,290**	**(37,290)**	**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.

	Balances as at 31 March 2023 £'000	Balances as at 31 March 2022 £'000
Summary		
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**

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			2021/22		
	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Sundry creditors	2,219	2,219	0	4,675	4,675	-
Benefits payable	1,022	1,022	0	1,161	1,161	-
Other	2,746	2,736	10	8,908	8,251	657
	5,987	**5,977**	**10**	**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.

21.1. 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.

IAS26 STATEMENT

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 31 March 2023 £m	Year ended 31 March 2022 £m
Active members	1,017	1,530
Deferred pensioners	783	1,257
Pensioners	1,368	1,635
Total	**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	31 March 2023 %p.a	31 March 2022 %p.a
Pension Increase Rate (CPI)_	2.95%	3.20%
Salary Increase Rate	3.45%	3.70%
Discount Rate	4.75%	2.70%

Demographic assumption

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 31 March 2023	Approximate % Increase promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	57
1 year increase in member life expectancy	4%	127
0.1% p.a. increase in the Salary Increase Rate	0%	4
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	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

Barry Dodds FFA
24 May 2023
For and on behalf of Hymans Robertson LLP

SCHEDULE OF EMPLOYER BODIES

Scheduled/ Resolution bodies	Academies	Admitted Bodies
Alderbury Parish Council	Acorn Education Trust	ABM Catering – JOG
Amesbury T C	Activate Learning Ed Trst ALET	Adoption West
Blunsdon P C	Ascend Education Trust	Agincare
Bradford on Avon T C	Athelstan Trst Malmes Sec Acad	Alina Homecare
Bratton Parish Council	Bishop Wordsworths Academy	Aspens – St Augustines
Calne T C	Blue Kite Academy Trust	ASPENS – Lethbridge
Calne Without Parish Council	Brunel Academies Trust	Aster Communities
Central Swindon North PC	By Brook Valley Academy	Aster Group Ltd
Central Swindon South PC	Commonweal Academy	Aster Property Ltd
Chippenham T C	Corsham Secondary Academy	Athelstan Trust Bradon Forest
Corsham Town Council	Diocese of Bristol Academies	Atkins Limited
Cricklade Town Council	Diocese of Salisbury MAT	Braybourn Facility Services
Devizes T C	Dorcan Technology Academy	Brunel Pension Partnership Ltd
Downton P C	EQUA Multi-Academy Trust	BSW CCG
Durrington Town Council	Excalibur Academies Trust	Caterlink – Berkshire
Haydon Wick P C	Goddard Park Primary Academy	Caterlink – Devizes
Highworth T C	Great Western Academy	Caterlink – Gorsehill
Hullavington Parish Council	Grove Learning Trust - Eastrop	Caterlink – Melksham Oak
Idmiston Parish Council	Hardenhuish School (Academy)	Caterlink – WHF
Ludgershall Town Council	Haydonleigh	Caterlink – Grange Federation
Malmesbury T C	Hazelwood Academy	Cera East
Marlborough T C	Highworth Warneford Academy	Churchill Services
Melksham Town Council	Holy Cross Primary Academy	Classes Abroad
Melksham Without P C	Holy Family Primary Academy	Cleverchefs Ltd
Mere Town Council	Holy Rood Primary Academy	Cleverchefs Wyndham Park
Purton Parish Council	Holy Trinity - Gt Cheverell	Collaborative Schools
Redlynch Parish Council	Holy Trinity- Calne Acad	Community First Oxenwood
Royal Wootton Bassett TC	King Alfred Trust	Community Golf & Leisure Trust
St Andrews Parish Council Swin	King William Street CE Academy	Compass Catering Ludwell
Salisbury City Council	The Dunston Catholic Educational Trust	Compass – Chartwells-St Marys
Swindon Borough Council	Magna Learning Partnership	Direct Cleaning – Fitzmaurice
Stratton St Margaret P C	Malmesbury Primary Academy	Direct Cleaning – Malmesbury
Tidworth Town Council	Mead Academy	Direct Cleaning – Westbury Jnr
Trowbridge T C	Millbrook Academy	Direct Cleaning – Bulford
Wanborough Parish Council	Morgan Vale and Woodfalls	Direct Cleaning – Netheravon
Warminster T C	Oasis Community Learning	Direct Janitorial Supplies Ltd
West Swindon Parish Council	Palladian MAT	Dorset & Wilts Fire Authority
Westbury T C	Peatmoor Academy	Educate Together Academy Trust
Whiteparish Parish Council	Pewsey Vale Academy	Expedite – Pickwick Aloeric
Winterbourne Parish Council	River Learning Trust	Expedite – Brunel SEN MAT
Wilton T C	Shaw Ridge Academy	Expedite – Westlea

Scheduled/ Resolution bodies	Academies	Admitted Bodies
Wiltshire Council	Sheldon Academy	First City Nursing
Wroughton P C	Somerset Road Education Trust	GLL (2014)
	South Wilts Grammar Academy	Great Western Hospital - SEQOL
	St Augustines Academy	Harrison Catering Services Ltd
	St Catherines Academy	Hills Group Ltd
	St Edmunds Calne Academy	Idverde
	St Josephs Catholic College	Idverde UK
	St Josephs Devizes Academy	Imperial Cleaning – Greentrees
	St Laurence Academy	Imperial Cleaning – King William Street
	St Marys Catholic Academy	Imperial Cleaning – Highworth
	The Park Academies Trust	Innovate Services Ltd 2
	ULT Nova Hreod Academy	Lex Leisure Ltd
	ULT Swindon Academy	NHS South Central & West
	White Horse Federation	Orders of St John Care Trust
	Woodford Valley PrimaryAcademy	Oxford Health NHS Trust
	New College	Pickwick Academy Trust
	Wiltshire College	Pinnacle FM Limited
		Public Power Solutions
		Purgo Supply Services Ltd
		Rapid Cleaning
		Reach South Academy Trust
		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
		Wilts Constabulary Civs
		Wiltshire and Swindon Sport

ANNEX 1

EMPLOYER (ER'S) AND EMPLOYEE (EE'S) CONTRIBUTIONS BY EMPLOYER

£000's Employer	Contributions Ee's	Er's	Total	£000's Employer	Contributions Ee's	Er's	Total
Wiltshire Council	8,836.6	36,234.7	45,071.4	Diocese of Bristol Academy	104.8	454.5	559.3
Swindon Council	5,587.5	20,198.4	25,785.9	Athelstan Trust	101.8	441.8	543.6
Wiltshire PCC & CC	2,263.8	6,077.6	8,341.5	Westlea	3.2	530.4	533.6
White Horse Academies Federation	917.2	3,496.2	4,413.4	The Mead Primary Academy	101.6	391.6	493.2
Wiltshire College	497.5	2,669.1	3,166.7	St Joseph's Academy	112.5	374.9	487.5
Dorset & Wiltshire Fire Authority	689.1	2,197.5	2,886.6	Aster Group	2.7	447.7	450.4
Town & Parish Councils	654.6	2,057.4	2,712.0	Springfields Academy	76.8	357.7	434.5
CIPFA	94.3	2,073.8	2,168.1	Goddards Park Academy	81.6	321.3	402.9
New College Swindon	437.3	1,591.2	2,028.4	Hardenhuish School Ltd	81.3	308.7	390.0
Brunel SEN MAT	277.1	1,555.4	1,832.5	Lavington Academy	78.5	305.1	383.6
Wootton Bassett Academy	279.4	1,059.6	1,338.9	Commonweal Academy	71.9	293.3	365.2
Magna Learning Partnership	249.2	993.8	1,242.9	St Laurence Academy	71.1	292.4	363.5
Brunel Pension Partnership (BPP)	349.9	867.1	1,216.9	Corsham Secondary Academy	69.7	292.7	362.3
Excalibur Academy	171.4	955.4	1,126.8	Sheldon Academy	70.1	285.5	355.6
Kingdown Academy	210.5	830.7	1,041.2	Salisbury Plain MAT	69.4	283.2	352.6
Blue Kite Academy	191.4	826.3	1,017.7	John of Gaunt Academy	63.1	254.9	318.0
Lydiard Academy	171.2	724.3	895.4	South Wilts UTC	-	315.0	315.0
The Hills Group Ltd (Admitted)	124.3	642.1	766.4	Bishop Wordsworth Academy	54.4	233.5	287.9
Pickwick Academy	124.0	592.9	716.9	Dorcan Technology Academy	57.4	199.3	256.7
Somerset Road Academy	105.2	609.6	714.8	St Augustine's School	50.8	195.3	246.1
River Learning Trust	118.6	591.1	709.8	South Wilts Grammar Academy	50.4	194.3	244.7
Selwood Housing Society	89.7	620.1	709.7	Salisbury CC	82.1	143.9	226.0
Swindon Academy	164.3	531.1	695.4	Ringway	27.0	191.5	218.5
Diocese of Salisbury Academy	113.8	492.0	605.9	Millbrook Academy	33.5	180.4	213.9
Highworth Warneford Academy	47.2	157.9	205.2	Peatmoor Primary Academy	12.8	52.4	65.2
Idverde	53.8	144.7	198.5	SWLEP	14.3	49.8	64.0
Pewsey Vale Academy	19.8	178.7	198.5	Aster Property Management	11.0	52.1	63.1

£000's Employer	Contributions Ee's	Er's	Total	£000's Employer	Contributions Ee's	Er's	Total
Palladian MAT - Fitz	27.2	153.8	181.0	Holy Trinity Calne Academy	10.9	50.6	61.5
Lethbridge Academy	31.4	134.7	166.1	Woodford Valley Academy	10.9	48.5	59.5
Adoption West	49.3	110.4	159.7	Bybrook Valley Academy	10.2	47.7	57.9
Alina Homecare	28.9	130.0	158.9	Atkins Ltd	15.7	41.0	56.7
Holy Rood Infants Academy	27.9	128.5	156.3	St Edmunds Calne Academy	9.8	46.7	56.5
Malmesbury Primary Academy	28.5	126.7	155.2	Aster Communities	10.4	39.1	49.4
Grove Learning Trust	30.0	122.1	152.1	St Joseph's Devizes Academy	7.8	37.4	45.2
Great Western Academy	28.6	120.6	149.2	Holy Trinity Academy	8.9	35.9	44.9
St Mary's Academy Swindon	29.2	117.4	146.6	UTC Swindon	6.1	37.9	44.0
Westlea Academy	26.2	113.1	139.3	King William Academy	7.7	36.2	44.0
Pewsey Primary Academy	21.5	115.4	136.9	Dauntsey Primary Academy	7.2	33.4	40.6
Swindon Commercial Services	35.6	98.9	134.4	Morgan Vale & Woodfall	7.0	33.5	40.4
Holy Family Academy	24.8	102.6	127.4	Aspens Services Ltd	6.5	29.1	35.7
Shawridge Academy	22.6	100.9	123.5	DC Leisure	7.0	26.0	33.0
GLL Part 2	14.8	104.0	118.7	Aspens - Lethbridge	5.4	27.0	32.4
Holy Rood Junior Academy	19.0	87.9	106.8	Swindon Music Service	9.1	22.4	31.5
Hazelwood Academy	16.2	68.2	84.4	Lex Leisure Ltd	2.9	26.0	28.9
St Catherine's Academy	14.3	53.9	68.2	Order of St John	26.4	-	26.4
ABM Catering - JOG -	8.1	59.0	67.1	Community First	4.5	19.5	24.0
Oasis Community Learning	4.3	18.0	22.2	First City Nursing	1.0	5.1	6.1
Community Golf & Lei	4.0	17.6	21.7	Harrison Catering Se	1.2	4.7	5.9
Devizes Museum	-	21.0	21.0	Swindon Dance	1.2	4.5	5.7
SEQOL GWH NHS	6.5	13.1	19.5	Thera South West	0.9	4.5	5.4
Collaborative School	3.2	15.9	19.2	Innovate Services Ltd 2	1.0	4.3	5.3
Classes Abroad	3.9	14.4	18.3	Somerset Care Pt1 (Wiltshire)	5.0	-	5.0
Agincare	4.0	12.7	16.8	Direct Cleaning - Westbury School	0.8	4.0	4.8
Oxford Health NHS Trust	2.9	10.4	13.3	Braybourne Facilities Services Ltd	0.7	3.1	3.8
Administration Costs	-	13.2	13.2	Expedite - Brunel SE	0.5	2.3	2.8
GLL	11.0	1.5	12.5	Sodexo - Lydiard - 4	0.3	2.1	2.4

£000's Employer	Contributions Ee's	Er's	Total	£000's Employer	Contributions Ee's	Er's	Total
Spurgeons	1.3	11.2	12.4	Direct Cleaning Sali	0.4	1.9	2.3
Brunel Education Tru	1.7	9.9	11.6	Direct Cleaning (Mal	0.3	1.9	2.3
WASP	11.6	-	11.6	Imperial Cleaning Hi	0.4	1.7	2.1
Mears Care East 2	2.5	8.5	11.0	Direct Cleaning (Wansdyke)	0.3	1.7	2.0
St Leonard's (Andrews) Academy	-	10.1	10.1	Great Western Hospitals	0.5	1.3	1.8
Pinnacle FM Limited	1.9	8.2	10.1	Mears Care Ltd	1.6	-	1.6
Capita Business	1.9	7.3	9.2	Churchill Contract Services 2	0.2	1.3	1.5
Mears Care North 1	1.6	7.1	8.8	Deeland Ltd t/a Servicemaster	0.2	1.2	1.4
NHS South Central & West	2.5	6.2	8.7	Swindon College	0.3	1.0	1.3
Churchill Services	1.2	7.3	8.5	Imperial Cleaning Se	0.2	0.8	1.0
Direct Janitorial Su	1.3	7.0	8.4	Somerset Care Pt2 (Selwood)	0.9	-	0.9
Wyclean	1.3	5.6	6.9	Imperial Cleaning -	0.1	0.3	0.4
BSW CCG (Banes Swind	1.6	5.2	6.7	Colebrook Infants Academy	-	0.1	0.1
Rapid Commercial Cle	0.9	5.7	6.6	Other	-	- 16.0	- 16.0
Caterlink - Gorsehil	0.9	5.4	6.4	Grand Total	25,141	99,373	124,513

ANNEX 2

STATUTORY STATEMENTS

The latest version of all these documents can be found via the following website link:

https://wiltshirepensionfund.org.uk/article/3756/Governance

BUSINESS PLAN

The latest Business Plan was approved by the Pension Fund Committee in March 2023. It outlines the planned activities of the Fund over the next 12 months and will be updated again in March 2024. It is proposed that in March 2024 an extensive 3-year business plan will be developed which will seek to focus on key changes to the management of the Fund's administration, including the Fund's KPI improvements.

FUNDING STRATEGY STATEMENT (FSS)

The FSS outlines how the Fund calculates employer contributions, what other amounts might be payable in different circumstances, and how these fits in with the investment strategy. The document follows CIPFA guidance ("Preparing and maintaining a funding strategy statement in the Local Government Pension Scheme 2016").

The FSS is prepared in collaboration with the Fund's Actuary, Hymans Robertson and forms an integral part of the framework within which they carry out triennial valuations to set employers' contributions and to provide recommendations on funding decisions.

The latest FSS was approved by the Pension Fund Committee in November 2022 as part of the 2022 valuation.

INVESTMENT STRATEGY STATEMENT

The Committee last approved the current ISS at its meeting in November 2022 & March 2023.

The ISS sets out the Funds current Investment Strategy. Investment regulations specify the areas that must be included in the statement.

The statement is kept under review and revised from time to time, in particular when there is a material change in risk, and at least every three years. The current version of the ISS incorporates more information about the Fund's position regarding responsible investment. The current ISS can be found here:

https://www.wiltshirepensionfund.org.uk/media/6169/Investment-Strategy-Statement-2023/pdf/ISS_Nov_2022.pdf?m=638134486000670000

RESPONSIBLE INVESTMENT POLICY

The Responsible Investment Policy was approved by the Committee at its meeting in September 2022. This policy is an integral part of the ISS and sets out how the Fund deals with responsible investment issues, including climate change risk. The policy will be reviewed and updated annually. The current Responsible Investment Policy can be found here:

https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies

STEWARDSHIP REPORT

This document describes the Fund's approach to stewardship and how it seeks to comply with the principles outlined in the FRC Stewardship Code 2020.

This report was first published in spring 2022, and approved for signatory status in September 2022. The second report was published in spring 2023. It can be found here:

https://www.wiltshirepensionfund.org.uk/article/6176/Summary

TREASURY MANAGEMENT STRATEGY

The purpose of this strategy is to outline the process and policies for the cash held by the Fund. The strategy aims to achieve the optimum return on the cash held commensurate with the high levels of security and liquidity required. These funds are invested separately from cash balances held by Wiltshire Council.

The strategy was reviewed & approved by the Pension Fund Committee in March 2023, and the current version can be viewed on the Wiltshire Pension Fund website.

PENSION ADMINISTRATION STRATEGY

The pension administration strategy outlines the roles, responsibilities and expectations in terms of provision of data and service delivery of both the administration teams of the Wiltshire Pension Fund and the employer organisations. An updated policy was approved by the Pension Fund Committee in July 2022 following consultation with employers.

This pension administration strategy incorporates the Fund's transition to an automated way of working with its sponsoring employers & seeks to improve data quality, efficient working practices & cost savings.

COMMUNICATIONS POLICY STATEMENT

The latest Communications Policy was approved by the Wiltshire

Pension Fund Committee in December 2021. Its purpose aims to meet the Fund's communication responsibilities and build on the digital platform changes which commenced in 2019. Greater emphasis is now being placed on the Fund's branding and identity, with changes to the layout of the Fund's website and example documents being added to the Fund's website too.

CESSATION POLICY

The latest Cessation Policy was approved by the Pension Fund Committee in January 2023. The Policy outlines the process and the flexibilities available to the Fund to work with employer organisations to pay off any cessation deficit payment.

WILTSHIRE PENSION FUND DISCRETIONS POLICY

This policy outlines discretions made under the following LGPS Regulations approved by the Fund's Committee on 30 March 2021.

WILTSHIRE PENSION FUND FULL PRIVACY NOTICE

This notice is designed to give members of the Fund information about the data we hold about them, how we use it, their rights in relation to it and the safeguards that are in place to protect it.

GOVERNANCE POLICY STATEMENT

The Governance Compliance Statement lays out the overarching framework within which the Wiltshire Pension Fund Committee operate. Notably it identifies the structure of operations, the representation & Selection of Members, their voting rights and scope of the Committee's responsibilities. The Statement was approved in March 2021 & will be reviewed as required, subject to a formal review every three years.

On receipt of SAB's final Good Governance report, it is intended that such a review will take place to ensure that both the governance policy statement & the Council's constitution are consistent with the findings of the report.

To view our policies and strategies please visit https://wiltshirepensionfund.org.uk/Policies-and-strategies

DATA IMPROVEMENT STRATEGY AND PLAN

This document outlines Wiltshire Pension Fund's Data Improvement Strategy & Plan.

TRIENNIAL VALUATION REPORT 2022

A triennial valuation is used to set employers' contributions and to provide recommendations on funding decisions. The Fund final valuation report was approved by the Pension Fund Committee in March 2023 the current version can be viewed on the Wiltshire Pension Fund website at the following link:

https://wiltshirepensionfund.org.uk/Valuations

The strategic fund documents reviewed during the year were as follows:

Strategic Fund documents approved during the Fund Year	
Date	**Document**
05/04/2022	Treasury Management Strategy 22/23
05/04/2022	Responsible Investment Strategy 2022/23
28/07/2022	Annual Report & Accounts 2021-22
28/07/2022	Pensions Administration Strategy
28/07/2022	Employer Charging Policy
05/09/2022	Responsible Investment Policy 2022
07/09/2022	Stewardship Report
17/11/2022	Prepayments policy
17/11/2022	Contributions review policy
17/11/2022	Funding Strategy Statement
10/01/2023	Cessations policy
10/01/2023	Data Retention Policy
02/03/2023	Investment Strategy Statement
23/03/2023	Business Plan 2023/24
23/03/2023	Treasury Management Strategy 23/24
23/03/2023	Stewardship Report

ANNEX 3

MEMBER ATTENDANCE AT MEETINGS

Members Table

Name	Role	*Meeting attendance	Appointed	Left	Committee Member	Board Member	Senior Officer
Cllr R Britton	Committee Chair	13	-	-	•		
Cllr S Heyes	Committee Vice Chair	7	-	02/03/2023	•		
Cllr G King	Committee Member	9	-	-	•		
Cllr C Newbury	Committee Member	5	-	-	•		
Cllr G Jeans	Committee Member	5	20/05/2022	-	•		
Cllr K Small	Committee Member	6	20/05/2022	-	•		
Cllr P Church*	Committee Member	4	18/10/2022	-	•		
T Adams	Committee Employer rep.	4	-	-	•		
C Anthony	Committee Employer rep.	5	-	-	•		
Cllr E Threlfall	Former Committee Member	1	-	20/05/2022	•		
Cllr V Manro	Former Committee Member	4	-	20/05/2022	•		
Cllr J Seed	Former Committee Member	2	-	18/10/2022	•		
S Dark	Employee Member Observer	0	-	-	•		
M Pankiewicz	Committee & Board Member rep.	13	-	-	•	•	
M Spilsbury	Board Chairman	8	-	-		•	
P Smith	Board Employer rep.	2	-	-		•	

Members Table							
Name	Role	*Meeting attendance	Appointed	Left	Committee Member	Board Member	Senior Officer
J Weimar*	Board Employer rep.	2	27/10/2022	-		•	
L Fisher	Board Employer rep.	3	-	-		•	
M Corbey	Board Member rep. (Vice Chair)	3	-	-		•	
A Ashraf	Board Member rep.	3	17/05/2022	01/02/2023		•	
A Brown	s151 Officer	5	-	-			•
J Devine	Head of WPF	13	-	-			•

Please note the following points concerning Members.

Key Committee changes

20/05/2022 Cllr Jeans, replaces Cllr Threlfall & Cllr Small, replaces Cllr Manro

20/05/2022 Cllr Manro performers substitute member role

18/10/2022 Cllr Church, replaces Cllr Seed (Cllr Church formerly a substitute member)

02/03/2023 Cllr Manro, replaces Cllr Heyes (Cllr Heyes was Vice Chair)

10/03/2023 Cllr Small appointed Vice Chair

Key Board changes

17/05/2022 A Ashraf replaces, R Lauder as Member Rep

27/10/2022 J Weimar replaces, I Jones as Employer Rep

01/02/2023 A Ashraf resigns

Anticipated terms of office expire in 2023/24

14/07/2023 M Pankiewicz term expires

24/02/2024 P Smith term expires

31/03/2024 M Splisbury term expires

Notes

*Includes pre-appointment observing or substitute role

ANNEX 4

GLOSSARY

Accrual (accounting)	amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at year end, 31 March.
Administering Authority	means a body required to maintain a pension fund under the LGPS Regulations, usually this is a local authority. For the Wiltshire Pension Fund, this is Wiltshire Council.
Admitted Body	an organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.
Asset manager	for the purpose of reporting and in the context of the LGPS, "asset manager" is inter-changable with "investment manager" as defined in the LGPS (Management and Investment of Funds) Regulations 2016 (9).
Augmentation	the provision of an additional benefit or benefits in respect of a particular member or group of members of an occupational pension scheme, where the cost is borne by the scheme and/or the employer.
Benchmark	a benchmark is used to measure the performance of a fund, or asset manager against the investment objective. The FTSE 100 is a common benchmark for UK equities, for example.
Brunel Pension Partnership ("Brunel")	one of eight national LGPS asset pools that bring together investments of ten partner funds, including Wiltshire.
Creditors	amounts owed by the Fund for services received but not paid for as at year end, 31 March.
Custody	the safe keeping of securities and other investments by a custodian.
Debtors	amounts owed to the Fund for services provided but where the associated income was not received as at year end, 31 March.
Deficit	when the value of assets of a pension fund is less than the value of liabilities, it is in 'deficit'.
Employee	in general, an employee is also a member of the Wiltshire Pension Fund. The LGPS has a very low opt out rate, nearly all employees are members of the scheme.
Employer	in general, an employer is either scheduled or admitted to the Wiltshire Pension Fund so its employees are members of the scheme.
Environmental, Social and Governance (ESG)	a broad range of factors which investors can assess to identify risks and opportunities.
Fiduciary duty	the Committee's responsibility to act in the best interest of the Fund's beneficiaries.
Freedom of Information (FOI)	the Freedom of Information Act 2000 provides for public access to information held by public authorities.

Fund account	in pension scheme accounting, a 'fund account' is required rather the more familiar 'profit and loss' for company accounting. This sets out the income and expenditure (contributions and benefits) and is also designed to give capital movements of the fund over the year.
Governance Policy & Compliance Statement	the Governance Policy & Compliance Statement sets out the statutory framework under which the administering authority delegates statutory functions to committees, sub-committees or to officers.
Investment Strategy Statement (ISS)	a key document of the Fund, which sets out the Fund's investment strategy.
Key performance indicator (KPI)	the Fund uses key performance indicators to measure performance of services.
Local Authority	an administrative body in local government. A local authority may act as an administering authority for its own pension fund and those of other local authorities.
Local Pension Board	is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator.
Long term investments	a long-term investment is accounted for differently in that it may not be sold for years or may never be sold.
Member	unless proceeded or followed by reference to the Committee or Local Pension Board, member refers to a member of the Wiltshire Pension Fund.
Net Assets Statement	in pension scheme accounting, a 'net assets statement' is required rather the more familiar 'balance sheet' for company accounting. This sets out the assets and liabilities and designed to give a true and fair financial statement.
Officers	internal Wiltshire staff that manage the investment arrangements of the Fund and support and assist the Committee with their role.
Paris Aligned Benchmark	developed with Brunel, FTSE Russell's Paris-aligned benchmark series aims to achieve a 50% reduction in carbon emissions over a 10-year period and integrate forward-looking metrics and governance protections from the transition pathway initiative (TPI).
Pension Fund Committee (the "Committee")	the body running the Wiltshire Pension Fund with delegated authority to exercise the functions of Wiltshire Council as administering authority under the Local Government Superannuation Acts and Regulations.
Pooled	an investment term which refers to the grouping together of investment holdings. This method of investing offers significant economies of scale and is well suited to investors sharing the investment objectives.
Pooling (LGPS)	in November 2015, investment reform and criteria were published that required administering authorities to commit to a suitable investment pool to achieve benefits of scale among other aims. Eight pools, including Brunel were operational in January 2019.
Scheduled Body	an organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

Scheme Advisory Board	the function of the LGPS Advisory Board (SAB) (E&W) is to provide advice to the Secretary of State on the desirability of making changes to the Scheme and provide advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme.
State Scheme Premium	a payment made to HMRC in certain circumstances to reinstate all or part of an individual's State Earnings Related Pension (SERPS) benefits.
Stewardship	the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society (as defined by the 2020 Stewardship Code).
Strategic Asset Allocation (SAA)	the mix of different types of assets held in order to generate the required investment return for an appropriate amount of risk.
Surplus	when the value of assets of a pension fund is greater than the value of liabilities, it is in 'surplus'.
Sustainability	investing in a way that incorporates ESG criteria and active ownership, to generate superior risk-adjusted returns.
Task Force on Climate-related Financial Disclosures (TCFD)	reporting on climate change risk, set out under governance, strategy, risk management and carbon metric headings.
Unrealised Gains/Losses	the increase or decrease in the market value of investments held by the fund since the date of their purchase.
Weighted Average Carbon Intensity (WACI)	a measure of a portfolio's carbon intensity, also referred to as the carbon footprint. The WACI generally measures scope 1 and 2 emissions.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
14 September 2023

PENSION FUND OFFICE SPACE

Purpose of the Report

1. The purpose of this report is to inform members of a proposed new way of working for the Pension Fund team, and to seek approval for the additional spend.

Key Considerations for Committee

Pension Fund ways of working

2. Prior to the pandemic, the Pension Fund team worked a hybrid model, with several days per week in the office and some time working from home. Obviously, over the pandemic this moved to entirely home working. Since the pandemic, staff have preferred to work from home. Additionally, the Council reduced the number of desk spaces available, with staff needing to book desks if they wanted to come into the office. Although there is in reality plenty of desk space, this may have created a perceived barrier to office working. Furthermore when working in the council office pension team members would often be sat apart with different council teams, which would be a barrier to pension team building.

3. The team have recently provided feedback that there are issues with morale and inadequate training. Management have also observed cultural issues, including poor relationships between the teams. Council wide staff surveys have also shown higher levels of morale and wellbeing are correlated with higher levels of in office attendance.

4. The Head of Wiltshire Pension Fund and the Pension Administration Lead have decided, following consultation with the Treasurer to the Fund (s151 officer) and the Chair of the Committee, that a return to the office would be very beneficial for the team, and is in fact essential to progress with the turnaround which is currently needed. Many employers are requiring their employees to work in the office as they find the right balance of home working and in office post the pandemic.

5. Staff will be asked to return to the office 2-3 days per week, with the rest of the time being remote working. In order to facilitate this, a suitable space has been found within County Hall, which will be able to accommodate the team as well as provide more informal areas for work such as breakout spaces, a project table, and a small meeting room. This will mean that any staff who wish to come into the office more will be able to do so. This dedicated space will ensure that when pension fund team members are in the office they will be sat with and interact with other members of their service, fostering relationships and the exchange of ideas and expertise.

6. In the spirit of keeping momentum for change going forward, a decision has been made to proceed with this office space. Committee members are encouraged to gain more information at this meeting and if there is not support for the changes, then the decision can be reversed.

Cost implications

7. The cost of the new office space will be £84,506 p.a., which will be invoiced to the Pension Fund from the Council, with the arrangement set out in a memorandum of understanding. The arrangement can be terminated with 3 months' notice.

8. This spend is not included in the current budget for 2023/24. It is hoped that with time, once the team culture has been improved and new ways of working are embedded, there will be efficiency savings, but at the current time this cannot be quantified and this change is purely an additional cost at this stage. It is firmly believed by senior officers that this change is necessary in order to make the improvements to the service which are needed.

Environmental Impacts of the Proposals

9. There are no known implications at this time.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

11. The Committee is asked to
    - Approve the new ways of working and associated spend of £84,605 per annum.

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

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

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Agenda Item 18

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