

Meeting: Wiltshire Pension Fund Committee
Place: Council Chamber, County Hall, Trowbridge, Wiltshire, BA14
8JN
Date: Thursday 30 September 2021
Time: 10.00 am

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

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

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

Membership:

Voting Membership

Wiltshire Council Members:

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

Substitute Members

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

Swindon Borough Council Members

Cllr Steve Heyes
Cllr Vijay Manro

Substitute Members

Vacancy

Employer Body Representatives

Tracy Adams
Claire Anthony

Non-voting Membership

Observers

Stuart Dark
Mike Pankiewicz

Covid-19

To ensure COVID-19 public health guidance is adhered to, a capacity limit for public attendance at this meeting will be in place. **You are requested to contact the officer named on this agenda no later than 5pm on 28 June 2021 if you wish to attend this meeting.**

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

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

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

Parking

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

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

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

PART I

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

1 Apologies 10.00

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

2 Declarations of Interest

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

3 Chairman's Announcements

To receive any announcements through the Chairman.

4 Minutes of the Previous Meetings (Pages 7 - 22)

To approve and sign the minutes of the meeting Part I minutes of the committee meeting held on 24 June 2021, and the Investment Sub-Committee meeting on 2 September 2021.

5 Review of Actions Arising from Previous Meeting (Pages 23 - 24)

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

6 Review of the Minutes of the Local Pension Board (Pages 25 - 36)

To consider the Part I (public) minutes, and recommendations arising, from the meeting of the Local Pension Board held on 24 August 2021 and Investment Sub-Committee held on 2 September 2021.

7 Public Participation

The Council welcomes contributions from members of the public, however, to ensure Covid-19 public health guidance is adhered to, physical attendance at this meeting will be limited. Please contact the officer named on this agenda no later than 5pm on 28 September 2021 if you wish to attend this meeting.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so by 5pm on 28 September 2021. 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 23 September 2021 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 27 September 2021. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

8 **Committee Structure and Meeting Arrangements** (Pages 37 - 40) **10.05**

To consider a proposal to amend the meeting arrangements for the Wiltshire Pension Fund Committee and the Investment Sub-Committee.

9 **Headlines and Monitoring (HAM)** (Pages 41 - 68) **10.15**

A report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Key Performance Indicators (KPIs) – 1 April 2021 to 30 June 2021
- Annual Benefit Statement Update
- Fund Audits – Assessability Regulations
- Risk Register
- Budget monitoring

10 **Training Update** (Pages 69 - 78) **10.25**

To receive a verbal update on training.

11 **Additional Voluntary Contribution (AVC) Review** **10.35**

To receive a verbal update from the Head of Pension Fund Investments.

12 **Pension Payroll Database Reconciliation** (Pages 79 - 82) **10.45**

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

13 **Officer Staffing** (Pages 83 - 90) **10.55**

To receive a report on the progress of this project by the Head of Pension Administration and Relations.

- 14 **Data Improvement Strategy and Plan** (Pages 91 - 108) **11.05**
A report from officers on the Fund's Data Improvement Plan. Members are asked to approve an updated strategy
- 15 **Responsible Investment Progress Report** (Pages 109 - 178) **11.15**
An update on the Fund's responsible investments arrangements,
- 16 **Responsible Investment Policy Report** (Pages 179 - 196)
To consider a new Responsible Investment policy with climate change statement by the Head of Pension Fund Investments.
- 17 **Committee Forward Work Plan** (Pages 197 - 202) **11.55**
To review the work plan for the committee 2021-22.
- 18 **Date of Next Meeting**
To determine the date of the next committee
- 19 **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.
- 20 **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 21 - 26 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*
- 21 **Minutes of the Previous Meeting** (Pages 203 - 212) **12.15**
To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 24 June 2021

- 22 **Investment Sub-Committee and Local Pension Board Minutes**
(Pages 213 - 232)
- To consider the Part II (private) minutes, and recommendations arising, from the Investment Sub-Committee meeting held on 2 September 2021 and the Local Pension Board meeting held on 24 August 2021.
- 23 **Infrastructure Investment Considerations** *(Pages 233 - 236)* **12.20**
- To consider a report from the Head of Pension Fund Investments.
- 24 **Fund Cyber Security and Business Continuity** *(Pages 237 - 270)* **12.35**
- To consider proposals for the Fund arrangements with its two key software providers & its current compliance with the Regulator's guidance.
- 25 **Key Financial Controls** *(Pages 271 - 278)* **13.10**
- A update by the Head of Pension Fund Investments outlining the operational accounting arrangements in place.
- 26 **Brunel Governance Review Update** **13.20**
- A verbal update on the BPP governance arrangements by the Head of Pension Fund Investments.

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 24 JUNE 2021 AT COUNTY HALL.

Present:

Cllr Richard Britton (Chairman), Cllr Edward Kirk (Vice-Chairman), Cllr Steve Heyes, Cllr Gordon King, Cllr Christopher Newbury, Cllr Elizabeth Threlfall, Mike Pankiewicz (attending remotely) and Tracy Adams

Also Present:

Andy Brown, Claire Anthony and Marlene Corbey (attending remotely) and Andy Cunningham, Jennifer Devine, Richard Bullen, Chris Moore and Anthony Fletcher

1 **Membership**

The Chairman welcomed new members and made introductions for officers and members. It was noted Claire Anthony was to join the committee and this appointment would be made by Council in July.

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

Marlene Corbey (Local Pension Board) was in attendance.

3 **Apologies**

Apologies for absence were received from Stuart Dark and Mark Spilsbury.

4 **Minutes of the previous meeting**

Cllr Newbury requested changes to the minutes of the committee meeting held on 30 March 2021 on minute item 257. Due to there being few returning members of the committee, it was agreed Cllr Newbury would discuss the amendments to the minutes with officers to agree final working for this item.

Resolved:

To approve the minutes of the meeting, subject to a review of the minutes of the ISS item 257 between Cllr Newbury and officers.

5 **Review of Actions Log**

The Committee considered the Actions Log and a request from officers to remove the outstanding action for benchmarking, as there was currently not data available to benchmark against.

Resolved:

To note the Action Log and approve the removal of action 98.

6 **Review of the Minutes of the Local Pension Board & the recommendations made**

The Committee considered the Minutes of the Local Pension Board and discussed that it was important to have a summary of recommendations they wished the Board to action. It was noted that recommendations were picked up under relevant items, although items of a more general nature and their relevance to the Committee could be made more explicit by way of a summary paper.

Resolution:

To note the minutes and recommendations of the Local Pension Board meeting and request a summary of the key recommendations are provided to the Committee moving forward for ease of reference.

7 **Chairman's Announcements**

The Chairman thanked Tony Deane for his service to the Wiltshire Pension Fund Committee as Chairman over the years. Cllr Deane had not been returned following the Wiltshire Council elections in

8 **Declarations of Interest**

The Chairman noted for transparency, he was a Director of Selwood Housing, an admitted body.

9 **Public Participation**

No members of the public were present

10 **Training Day**

Members were encouraged to attend an event on 8th July which would provide training on investment matters.

In response to a previous member request, the Head of Pensions Administration delivered a training session on discretion policies. Discretions were decisions that could be made by the Fund or employers within the Fund according to various parts of the LGPS Regulations. However in most cases,

the Fund was required to administer the LGPS in line with nationally set regulations.

It was explained that scenarios were included in the discretion policy for transparency and consistency of approach. Key existing policy areas were summarised. The most controversial discretion was considered to be the allocation of a death grant in the event of a complicated family situation. The discretions policies had previously been approved by Board and Committee and then the decisions themselves were made by officers.

The Chairman thanked the officer for the presentation.

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

The Committee was provided with a written update on Scheme, Legal, Regulatory and Fund matters. A question was raised in relation to the scope of the 'Fair Deal' reforms and it was advised that the current provisions only covered some employers and the new reforms would cover more employers, in addition to other additional matters. It was advised that some employers within the fund (eg. colleges) would not be considered as part of the public sector in general and would not form part of the Fair Deal. It was noted the Fair Deal reforms had not progressed much in two years.

The Chairman questioned the update positions in the paper where there were no risks associated. In response it was explained there were risks associated, and noted in the Fund's separate risk register, although an improvement could be made by cross-referencing these.

Resolved:

To note the update request that officers cross-reference this update with the Risk Register.

12 **Key Performance Indicators (KPIs)**

The Head of Pensions Administration provided an update on KPIs as detailed in the report. A key update included that recruitment had been undertaken for staff to reduce current backlogs. The work had been delayed due to needing to go through a number of recruitment exercises as it had been challenging to find individuals with pensions experience.

Good progress was being made with i-Connect, however onboarding had been slower than planned. One reason for the delay had been the inability of employers to access certain information from their offices due to the covid-19 pandemic. Additionally, McCloud data had needed to be addressed prior to i-Connect onboarding. More recently, an upgrade prevented the need for prior linkage with McCloud and now onboarding could be addressed more swiftly as employers had adapted to remote working.

Benefits Estimates were identified by Committee as underperforming versus the benchmark. Officers explained the Fund was now encouraging members to access estimates online and therefore volumes were expected to decrease. Processing of Death Cases was performing well by contrast, and it was noted that this was being worked on to ensure a good distribution of resources allocated to the lower performing areas. In terms of interchangeability of resources to address KPI areas, it was noted that more senior staff could be deployed onto other areas, whereas this was less possible for junior members of staff who required further training due to the complexity of pensions work.

Resolved:

To note the KPIs and progress being made.

13 **Budget Outturn**

Chris Moore, Senior Investment and Accounting Officer, presented the outturn report and budget underspend for 2020/21.

A question was raised over whether estimates for manager fees could be included in the budget and it was explained this was hard to estimate and for that reason they were provided separately to the budget outturn. It was confirmed an increase in Investment Administration Costs was due to the recruitment of two additional members of staff, as approved by the committee. The budget for legal fees for 2021/22 had been higher than actual spend (although a reduction on the 2020/21 budget) as a result of the pensions reconciliation work which was expected to incur additional legal costs.

Resolved:

To note the budget outturn position.

14 **Fund Annual Report and Accounts**

The Head of Pensions Investment explained the drafting of the accounts was now finished and was being finalised with the auditors; no significant changes were expected. The Annual Report would be circulated to Committee and Board shortly for comment prior to publication. The Chairman suggested it would be useful to meet with the auditors to discuss auditing policies and standards.

Key headlines from the accounts were that the value of the Fund was just shy of £3billion, the value of investments had increased, and management expenses had come down year on year. Investment management expenses in page 85 of the agenda pack were discussed in detail. In response to a question on the reconciliation of investment movements during 2020-21 it was confirmed that transitions to Brunel had been paused due to market volatility following the onset of the pandemic, but had since been completed in the 2021-22 year.

Resolved

- a) To note the status of the audit of the 2019/20 accounts;**
- b) To approve the 2020/21 accounts, and authorise officers to make any necessary minor amendments following the conclusion of the audit;**
- c) To recommend to the audit committee that the 2020/21 accounts are approved for signing;**
- d) To approve the going concern statement in Appendix 1;**
- e) To approve the process for publication of the 2020/21 annual report;**
- f) That the Head of Investments have further discussion with the Chairman on auditing policies.**

15 **Responsible Investments Update**

The Head of Pensions Investments explained the Responsible Investment (RI) Plan had been considered by the Sub-Committee, alongside allocations to sustainable equities outlined in the report, and these were now recommended to Committee.

A question was raised on fiduciary duty and the UNPRI statement, it was explained this statement referred to how investments were affected by the climate and other ESG matters, rather than how the investments themselves directly impacted upon the climate. The two-way linkage would be a longer-term priority to develop.

It was questioned whether specific sustainable allocations would result in the Fund being committed and unable to exit from these investments if they became less desirable. In response, the Independent Advisor explained the same risks applied as with other investments and this was an opportunity for the Fund to diversify and invest in a new area. The Head of Pensions Investments explained the target returns for sustainable equities were as high as the Global Alpha Fund therefore ESG investments were also expected to perform. During debate, it was noted there was no indication that the fund was overweight in renewables.

Cllr King explained that the recommendation on RI had been made on the basis of significant expert advice. It was suggested that a briefing on the investment modelling be re-run for new members of the committee.

In response to questions it was confirmed the allocation would be regularly reviewed, and could be adjusted within weeks if deemed necessary.

Resolved:

- a) To note the report and the progress that was being made towards implementing responsible investment related issues;**
- b) To approve the Responsible Investment Plan 2021/22, and the actions and costs noted therein;**

c) To make a strategic allocation to sustainable equities, of 8% of the Fund in the interim, and 5% long term;

d) To approve that this allocation is implemented via the Brunel sustainable equities portfolio;

e) To approve that the sustainable equities portfolio is funded by transferring funds from the Brunel Global High Alpha portfolio.

16 **Local Pension Board Annual Report**

Richard Bullen, Fund Governance Manager, summarised the report covered the work of the Local Pension Board over the last 12 months. It was noted that all recommendations from the Board had been accepted by the Committee. Mr Bullen noted that areas of previous non-compliance in Fund Governance has been well addressed and reflected positively in the annual report.

Resolved:

To note the update

Cllr Newbury left the meeting at 11:55am. The Committee adjourned for a 5 minute break

17 **Pension Fund Risk Register**

The Fund Governance and Performance Manager explained changes made by the Board to the Fund's Risks Register and that the Register has been reviewed against the Business Plan. The change arising from the Board had been in relation to Risk 22 on pension payroll reconciliation.

Resolved:

To approve the Risk Register and accept the recommendations submitted by the Board.

To request the Risk Register be linked to the scheme, legal, fund and regulatory update.

18 **Look Forward Plan Review**

The committee noted the Forward Plan which linked to Business Plan objectives and the Chairman highlighted his intention to business of the Committee moving forward.

19 **Date of Next Meeting**

The next meeting was to be held on 23 September 2021.

20 **Urgent Items**

There were no urgent items.

21 **Exclusion of 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 22 – 31 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

22 **Minutes of the previous meeting**

Resolved:

To approve the minutes of the meeting, subject to a review of the minutes of the ISS 257 between Cllr Newbury and officers

23 **Pension Payroll Database Reconciliation**

The Head of Pensions Administration explained the reconciliation taking place between HR and pensions payroll systems.

Resolved:

To note the update on the database reconciliation.

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

The Committee considered next steps for its payroll and immediate payments system.

Resolved:

To approve the direction of travel for the WPFC to progress an implementation of an integrated payroll and payment system based on the formal quote received.

To request future updates on the project are brought back to committee.

25 **Key Financial Controls**

It was explained the report on Key Financial Controls had been provided to the Local Pension Board, and summarised controls and processes on the accounting side.

Resolved:

To note the issues identified within the report, and the progress made to rectify problems and develop improvements.

26 **Brunel Governance Review Update**

A verbal update on Brunel was provided by Jenny Devine, Head of Pension Investments.

Resolved:

To note the update provided.

27 **Brunel Shareholder Representative**

The Committee was asked to consider appointments in respect of Brunel Pension Partnership.

Resolved:

To appoint the S151 Officer as the Shareholder Representative and the Chairman of the Committee as the representative on the Brunel Oversight Board.

28 **Manager Fees**

A paper was provided to summarise investment manager fees.

Resolved:

To note the investment management fees and costs.

29 **AVC Provision**

The committee discussed the Fund's AVC provision.

Resolved:

To note the current level of service being provided by Prudential, the planned improvements, and expectation that an update at the next committee meeting will be more positive.

30 **Treasury Management Annual Report**

The Committee was asked to note the annual treasury management report for 2020/21.

Resolved:

To note the report.

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

Resolved:

To note the minutes and agree the recommendations arising from the Investment Sub Committee and Local Pension Board meetings.

(Duration of meeting: 10.00 am - 12.50 pm)

The Officer who has produced these minutes is Libby Johnstone of Democratic Services, direct line 01225 718214, e-mail libby.johnstone@wiltshire.gov.uk

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

This page is intentionally left blank

Recommendations of the Investment Sub-Committee 2 September 2021

Item	Recommendation
<p>Responsible Investment Update Report Minute 22</p>	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • use the report as a basis for monitoring the progress that is being made towards implementing responsible investment related issues; • note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time; • approve that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget); • pending decision elsewhere on this agenda, approve that Brunel are invited to deliver a training session on the new Paris-aligned benchmark
<p>Investment Quarterly Progress Report Minute 26</p>	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> i. use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring the investment performance and implementation of the strategic asset allocation; ii. use the report as a basis to ask questions of Magellan; iii. approve that the Fund transfer the low carbon passive portfolio to the Paris-aligned passive portfolio on its inception in November 2021, in line with the net zero by 2050 ambition set out in the Investment Strategy Statement; iv. approve that the Fund publicise the decision to be an initial investor in the Paris aligned passive portfolio, and the collaboration work done with other Funds to develop this benchmark; v. approve the approach taken towards the property transition, and agree the milestones set before this can proceed
<p>Protections Assets Review Minute 27</p>	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> i. Approve that the Fund makes a 5% strategic long-term allocation to renewable infrastructure and a 5% strategic long-term allocation to impact affordable housing; ii. Approve that the strategic long-term allocation to secured income is reduced to 8% and the strategic long-term allocation to gilts is reduced to 7%; iii. Approve that the strategic interim allocation to bank loans is increased to 10.8%, and the strategic interim allocation to gilts is reduced to 21.7%, and that this is implemented by transferring £100m from the gilts portfolio to the bank loans

	<p>portfolio; iv. Approve that officers begin work, in consultation with advisers, to bring a recommendation back to the Committee on how the new strategic allocations should be implemented</p>
--	---

Investment Sub-Committee

PART I (PUBLIC) MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 2 SEPTEMBER 2021 AT ONLINE MEETING.

Present:

Cllr Richard Britton (Chairman), Cllr Gordon King and Cllr Elizabeth Threlfall
(Substitute - Part II)

Also Present:

Claire Anthony, Mike Pankiewicz, Cllr Jonathon Seed, Rod Lauder and Cllr Vijay
Manro

17 **Apologies**

Apologies were received from Cllr Steve Heyes.

Cllr Elizabeth Threlfall substituted for the vacant position on the Sub-Committee.

18 **Minutes**

The public minutes of the meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

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

19 **Declarations of Interest**

There were no declarations.

20 **Chairman's Announcements**

It was noted that the full Committee would be considering proposals to stand down the Investment Sub-Committee.

Attention was also drawn to Brunel Investor days on 27 September and 6 October 2021.

21 **Public Participation**

There were no questions or statements submitted.

22 **Responsible Investment Update Report**

Jennifer Devine, Head of Pension Fund Investments, presented an update report on responsible investment. It was noted that Mercers would be redoing their climate change modelling training on 14 September 2021. Details were

provided of a reporting gap analysis by consultants to enable the Fund to sign up to the 2020 Stewardship Code, with a plan to follow at future meetings.

At the conclusion of discussion, it was,

Resolved:

The Committee is asked to:

- use the report as a basis for monitoring the progress that is being made towards implementing responsible investment related issues;
- note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;
- approve that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget);
- pending decision elsewhere on this agenda, approve that Brunel are invited to deliver a training session on the new Paris-aligned benchmark

23 **Urgent Items**

There were no urgent items.

24 **Exclusion of 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 9 onwards 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 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

25 **Listed Infrastructure Update**

A presentation was received from Gerald Stack and Zarina Kalapesi from Magellan in respect of the Listed Infrastructure Fund.

26 **Investment Quarterly Progress Report**

Jennifer Devine, Head of Pension Fund Investments, presented the Investment Quarterly Progress Report.

At the conclusion of discussion, it was,

Resolved:

The Committee is asked to:

- i. use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring the investment

- performance and implementation of the strategic asset allocation;
- ii. use the report as a basis to ask questions of Magellan;
- iii. approve that the Fund transfer the low carbon passive portfolio to the Paris-aligned passive portfolio on its inception in November 2021, in line with the net zero by 2050 ambition set out in the Investment Strategy Statement;
- iv. approve that the Fund publicise the decision to be an initial investor in the Paris aligned passive portfolio, and the collaboration work done with other Funds to develop this benchmark;
- v. approve the approach taken towards the property transition, and agree the milestones set before this can proceed

27 **Protections Assets Review**

Jennifer Devine, Head of Pension Fund Investments, presented a report in respect of a review of Protections Assets.

It was then,

Resolved:

The Committee is asked to:

- i. Approve that the Fund makes a 5% strategic long-term allocation to renewable infrastructure and a 5% strategic long-term allocation to impact affordable housing;
- ii. Approve that the strategic long-term allocation to secured income is reduced to 8% and the strategic long-term allocation to gilts is reduced to 7%;
- iii. Approve that the strategic interim allocation to bank loans is increased to 10.8%, and the strategic interim allocation to gilts is reduced to 21.7%, and that this is implemented by transferring £100m from the gilts portfolio to the bank loans portfolio;
- iv. Approve that officers begin work, in consultation with advisers, to bring a recommendation back to the Committee on how the new strategic allocations should be implemented

28 **Minutes**

The private minutes of the meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

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

(Duration of meeting: 10.00 am - 1.05 pm)

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

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

This page is intentionally left blank

Wiltshire Pension Fund Committee - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
72 (03/10/19)	Administration (AVCs)	Officers would report the results of their AVC reviews annually to Committee on an exception basis & that future reporting should focus on funds primarily used by members	JD	23/09/21	24/06/21
72 (03/10/19)	Administration (AVCs)	Future AVC reporting should recommend whether AVC investment choices need to altered	JD	23/09/21	24/06/21
98 (17/12/19)	Governance (Fund Benchmarking)	The committee agreed for officers to discuss benchmarking issues with Brunel and informally with other Funds	AC/JD	16/12/21	24/06/21
227 (17/12/20)	Investments (Stewardship Code)	Confirmation to Committee that the Fund has been signed to the 2020 Stewardship Code during 2021	JD	16/12/21	
227 (17/12/20)	Investments (Climate change)	Officers will further explore commissioning Mercer to advise on a road map for the Fund to achieve net zero by 2050	JD	24/06/21	24/06/21
254 (30/03/21)	Administration (Administering Authority's Discretions Policy)	Committee requested that officers provide further training on Administering Authority Discretions at the next ordinary meeting of the Committee	AC	24/06/21	24/06/21
257 (30/03/21)	Investments (ISS)	Committee approved the action of signing up to the IIGCC framework and that it be communicated to the wider public via a press release	JD	24/06/21	Agenda item 9
259 (30/03/21)	Governance (Look forward Plan)	Officers agreed to amend the Look forward Plan layout to include headings for all columns on each page	RB	24/06/21	24/06/21

264 (30/03/21)	Administration (Pension Payroll Database Reconciliation)	Committee requested that updates on the project be brought to all future meetings until the situation is resolve	AC	24/06/21	24/06/21
271 (30/03/21)	Investment (Sustainable Equities)	To invite a representative from Brunel to present on the Sustainable Equities portfolio at the Investment Sub-Committee meeting on 10 June 2020	JD	10/06/21	24/06/21
272 (30/03/21)	Governance (The Future)	The Treasurer of the Fund to review the management structure of the Wiltshire Pension Fund and provide a range of options to the next meeting	AB	24/06/21	Agenda item 8
6 (24/06/21)	Governance (LPB Recommendations)	Officers to provide a summary of LPB Recommendations	RB	30/09/21	Agenda item 6
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	AC	16/12/21	Provided quarterly
29 (24/06/21)	Administration (AVCs)	An update on the performance of the Prudential AVCs should be brought back to the next committee meeting	LR	30/09/21	Agenda item 11

Wiltshire Council

Wiltshire Pension Fund Committee

30 September 2021

Recommendations of the Local Pension Board 24 August 2021

Item	Recommendation	Agenda
tPR Governance and Administration Survey Minute 40	<p>That the Board & the Committee should place a high emphasis on ensuring that the Fund’s cyber security and business continuity arrangements are fully embedded within its governance arrangements.</p>	Item 24
Risk Register Update Minute 41	<p>To note the updated Risk Register and recommend the changes/actions proposed at paragraphs 5-9 of the report to the Committee.</p> <p>5. During the last quarter no “new risks” were identified.</p> <p>6. The evidence-based review of the register identified the following risks had changed or need to be re-categorised;</p> <ul style="list-style-type: none"> • PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (From Green to Amber) A potential lack of co-ordination between the Evolve & Altair payroll project management timetables could increase the risk of success of this migration. Regular communication between project managers should be established. • PEN052: COVID-19: (From Red to Amber) An infectious global virus which WHO has classed as a pandemic. The impact of COVID-19 is being largely managed and there are signs that the nation is returning to normal. Recommend that this risk be moved to ongoing. • PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review: (From Red to Amber) The governance arrangements by which BPP will operate have been set out in a terms of reference and Wiltshire along with all the shareholders are satisfied with the breadth and depth of the resulting changes. Recent communications suggest progress is beginning to be made. Recommend that this risk be monitored and moved to ongoing. • PEN024: The implementation of Brexit causes investment volatility or unexpected legislative 	Item 09

	<p>changes: (From Amber to Green) Any impact which would have been caused by Brexit has now been built into investment valuations. Recommend that this risk be moved to dormant.</p> <ul style="list-style-type: none"> • PEN012: Over-reliance on key officers: (From Amber to Green) A full complement of staff are now appointed to roles enabling suitable cover. The majority of appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant. • PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance: (From Amber to Green) Senior Officer appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant. • PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018): (From Amber to Green) SWAP audit actions concerning GDPR were minor in nature & have now been completed. • PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations: (From Green to Amber) Recent changes to the Committee and the consequential loss of knowledge have increased the risk of the Committee's effectiveness. Recommend that this risk be moved to ongoing. <p>7. Risks remaining “red”, high risk:</p> <ul style="list-style-type: none"> • PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage: (From Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund’s liabilities and its reputation. • PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy: (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support. • PEN042: Significant retrospective legislation changes related to the McCloud case: (Red) Following the release of the Government's consultation document in July 2020 analysis of the 	
--	--	--

	<p>Scheme’s members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.</p> <ul style="list-style-type: none"> • PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings: (Red) Progress and updates should continue to be regularly reported to Committee. The Board recommended the introduction of a monitoring & reporting timetable & an independent audit should be conducted in 2021. <p>8. It is recommended that three risks which are currently in Dormant/Closed be deleted on the basis that they are no longer relevant. These are;</p> <ul style="list-style-type: none"> • PEN046: The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses: No longer relevant (Green). • PEN020: The transition to pooling of LGPS assets with BPP proves ineffective causing higher costs, poorer returns and/or weak controls: (Red) However it has been replaced by PEN048. • PEN014: Failure to provide the service in accordance with sound equality principles: (Green) Risk description is vague and the basis for its reason has been replaced by more specific risks such as PEN055: The Goodwin Case & PEN055: The Accessibility Regulations. <p>9. General comment – It is recommended that risk PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (Green) be split into two risks. The first risk managing the migration of the Fund’s pension payroll and the second risk managing the remaining Evolve Programme activities affecting the Fund. This second risk be categorised as Green.</p>	
<p>Fund Data Security, Cyber Resilience & Business</p>	<p>1) At present the Fund’s risk register records its cyber security risk (PEN018) as “Amber”.</p> <p>a) Due to a mixed picture of progress, it is officer opinion that the overall recommendation which should be made to the Committee is to retain the risk rating at “Amber”.</p>	<p>Item 24</p>

<p>Continuity Planning</p>	<p>b) Officers recommend taking all the actions to mitigate the risk outlined in the report.</p> <p>2) That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the “Recommendations for the Fund” section in Appendix 2.</p> <p>3) That the Board should recommend to the Committee that a report is produced for the December meeting of the Pension Committee, by Wiltshire Council’s ICT function, working jointly with the Funds officers, which addresses the key recommendations and additional comments set out in the SWAP audit, namely:</p> <ul style="list-style-type: none"> • That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT’s own compliance requirements, for inclusion within the report. • That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report. <p>That the report also contains:</p> <ul style="list-style-type: none"> • An update on the progress made on the mitigating actions re risk PEN18 per recommendation 1. • Agreed arrangements between the Fund and ICT, under which the full ICT related audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder. • the Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers. <p>That a senior officer from Wiltshire ICT attends at the December meeting of the Pension Committee to present the report and take questions.</p> <p>4) That the Board recommend to Committee, that going forward officers provide a summary to members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.</p>	
-----------------------------------	---	--

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 AUGUST 2021 AT ONLINE MEETING.

Present:

Mark Spilsbury (Chairman), Marlene Corbey, Ian Jones, Rod Lauder and Mike Pankiewicz

Also Present:

Cllr Richard Britton, Cllr Elizabeth Threlfall, Cllr Jonathon Seed, Cllr Robert Yuill, Cllr Vijay Manro, Cllr Steve Heyes, Laura Fisher (Observer)

28 Membership

It was stated that Laura Fisher would shortly be confirmed as a member of the Local Pension Board as an Employer Representative by the Monitoring Officer, following delegation from Full Council on 20 July 2021. The Chairman welcomed Laura Fisher to the meeting.

29 Attendance of non-members of the Board

The Chairman welcomed the attendance of Wiltshire Pension Fund Committee members Cllrs Richard Britton, Elizabeth Threlfall, Jonathon Seed, Robert Yuill, Vijay Manro and Steve Heyes.

30 Apologies

Apologies were received from Paul Smith.

31 Minutes and Action Tracking

The public minutes of the meeting held on 20 May 2021 were presented for consideration along with the updated action log for the Local Pension Board. It was agreed to close the actions relating to the Brunel governance and GMP reconciliation updates, and it was confirmed the Annual Report and Accounts for 2019/20 were now due to be signed by 28 September 2021.

It was then,

Resolved:

To approve and sign as a true and correct record the minutes of the meeting held on 20 May 2021, and update the action log as detailed above.

32 **Declarations of Interest**

There were no declarations.

33 **Chairman's Announcements**

There were no announcements.

34 **Public Participation**

There were no questions or statements submitted.

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

The minutes and key decisions of the most Wiltshire Pension Fund Committee of 24 June 2021 and Investment Sub-Committee of 10 June 2021 were presented for consideration and comment. It was confirmed that a summary of recommendations to the Board would be provided to the Committee as requested.

It was then,

Resolved:

To note the minutes of the Wiltshire Pension Fund Committee and the Investment Sub-Committee.

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

Andy Cunningham, Head of Pension Administration and Relations, presented a report on scheme, legal, regulatory and fund updates. Details were provided in relation to the Pensions Dashboard project, which was part of a national project to enable individuals to review their pension provision, with implementation expected in 2023.

It was confirmed further detail was awaited from government in relation to the consultation on climate risk, and that consultants had been tasked to review Fund compliance with the new UK stewardship code. Details were sought on the update relating to the Scheme Advisory Board and the McCloud case.

It was then,

Resolved:

To note the report.

37 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update on training. Hymans' online tool training portal hadn't been released until late June, so a full update on feedback would be provided at the next meeting of the Board. Following circulation of Hymans' knowledge assessment to Board & Committee members -officers thanked Board members for their 100% response rate. The results of the self-assessments would be provided later in the year in the form of a new Pension Fund training strategy.

The Board discussed the updates & it was agreed that officers would ask Hymans' to circulate the individual feedback to members. It was noted that officers would be organising new member induction training for 29 November 2021 in respect of all new members during 2021.

38 **Administration Quarterly Key Performance Indicators**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on administration quarterly key performance indicators. Details were provided on targets for disclosure regulations, common and conditional data percentages, annual benefit statement production levels, administration strategy key performance indicators, and other specific updates as detailed in the report.

The Board discussed the update and welcome the clarity of the new formatting approach, and broadly positive outcomes.

Resolved:

To note the report.

39 **Pensioner Payroll Database Reconciliation**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the pensioner payroll database reconciliation project and new pensioner payroll system update. It was stated that a procurement exemption to go out to competitive tender had been obtained in relation to the integrated payroll system. Pensioner records would need to be updated with a view to completing the project by early Autumn 2021. In relation to rectifying errors identified in the system a small number remained to be resolved, and there had not been a large number of complaints so far relating to correcting errors in payments that had been identified through the reconciliation process. However, further work is still needed to correct pensions already in payment.

The Chairman welcomed the report, noting the positive progress on moving forward with the integrated payroll system. He noted that where errors had been identified people had every right to raise complaints, but welcomed the current low level of complaints received.

It was agreed that a cautious approach should be taken in relation to remaining cases, to ensure the precise detail of each was assessed and corrected.

Resolved:

To note the update

40 **tPR Governance & Administration Survey**

Richard Bullen, Fund Governance and Performance Manager provided an update on the findings of the latest Pension Regulator survey issued in June 2021. It was noted that this report covered the period 2020/21, whilst the Regulator's previous report, circulated to members in February 2021 covered the period 2019. Comparisons had been made between the two reports, however the only area of concern highlighted in the current report related to the Fund's approach to cyber. It was noted that the key subject the Regulator focused on this year was Cyber security, effective governance, administration, Covid-19, the pensions dashboard and Climate Change risk.. In respect of cyber security the need to measure Wiltshire against other Funds and identify areas for improvement was noted.

It was noted there would be a specific agenda item on data security and cyber resilience on a later agenda item.

It was therefore,

Resolved:

That the Board & the Committee should place a high emphasis on ensuring that the Fund's cyber security and business continuity arrangements are fully embedded within its governance arrangements

41 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager presented the updated risk register for the Fund, including proposed recommendations to the Pension Fund Committee for consideration by the Board. The update relating to the Evolve programme and Altair payroll project was noted, and the need for regular communication between project managers. It was recommended that risk be divided into two elements, one on payroll specifically the other looking at impact on the Fund, managing accounting and other issues.

Details were also sought in relation to Covid-19 risk, and the status of current risks and proposed changes in assessment received as detailed in the report.

It was then,

Resolved:

To note the updated Risk Register and recommend the changes/actions proposed at paragraphs 5-9 of the report to the Committee.

42 **Urgent Items**

There were no urgent items.

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

The date of the next meeting was confirmed as 11 November 2021.

The Forward Work Plan was discussed, and it was agreed to review the plan to ensure it remained coordinated with the plan for the Pension Fund Committee workplan.

44 **Exclusion of 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.

45 **Fund Data Security, Cyber Resilience & Business Continuity Planning**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on Fund Data Security, Cyber Resilience and Business Continuity Planning.

The Board discussed the report in detail and it was then,

Resolved:

1) At present the Fund's risk register records its cyber security risk (PEN018) as "Amber".

a) Due to a mixed picture of progress, it is officer opinion that the overall recommendation which should be made to the Committee is to retain the risk rating at "Amber".

b) Officers recommend taking all the actions to mitigate the risk outlined in the report.

2) That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the "Recommendations for the Fund" section in Appendix 2.

3) That the Board should recommend to the Committee that a report is produced for the December meeting of the Pension Committee, by Wiltshire Council's ICT function, working jointly with the Funds officers,

which addresses the key recommendations and additional comments set out in the SWAP audit, namely:

- That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT's own compliance requirements, for inclusion within the report.
- That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report.

That the report also contains:

- An update on the progress made on the mitigating actions re risk PEN18 per recommendation 1.
- Agreed arrangements between the Fund and ICT, under which the full ICT related audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder.
- the Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers.

That a senior officer from Wiltshire ICT attends at the December meeting of the Pension Committee to present the report and take questions.

4) That the Board recommend to Committee, that going forward officers provide a summary to members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.

46 **Key Financial Controls**

Jennifer Devine, Head of Pension Fund Investments, presented a report in relation to the Fund's Key Financial Controls.

At the conclusion of discussion, it was,

Resolved:

To note the report.

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

The Part II minutes of the Pension Fund Committee held on 24 June 2021 and the Investment Sub-Committee meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

To note the minutes.

48 **Brunel Governance Review Update**

A verbal update on Brunel Governance was received, where it was stated there were some minor issues on operational matters, and some delay on the property transition.

49 **Local Pension Board Minutes**

The Part II minutes of the meeting held on 20 May 2021 were presented for consideration, and it was,

Resolved:

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

50 **Urgent Items**

The Board was updated by the Chairman of the Wiltshire Pension Fund Committee on proposals relating to the structure of the Committee.

The Board also discussed future meeting arrangements.

(Duration of meeting: 10.05 - 11.55 am)

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

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

This page is intentionally left blank

Wiltshire Council

Wiltshire Pension Fund Committee

30 September 2021

Committee Structure and Meeting Arrangements

Purpose of paper

1. To propose that the Investment Sub-Committee be stood down.

Background

2. The terms of reference and arrangements for the Wiltshire Pension Fund Committee (The Committee) are set out in Protocol 2 of the Constitution.
3. Since July 2019 those terms of reference include specific delegations to the Investment Sub-Committee (ISC), as follows:

13.1 Authority is delegated to the Investment sub-Committee to review, monitor, implement and provide comment on the Fund's investment strategy, but the Committee shall retain responsibility for the final approval of the Fund's investment strategy.

13.2 Guidance of the full scope of the Investment Sub-Committee's terms of reference are set out in its own document and can be provided by the Investment Sub-Committee.

13.3 Authority is delegated to the Treasurer of the Fund (or their nominated representative) to conduct urgent business between meetings, in consultation with the Chair and Vice Chair of the Committee. Any business conducted in this manner must be reported to the next ordinary meeting of the Committee. The scope of delegation is laid out in the sub-Schemes and delegations document.

13.4 Authority is delegated to the Chair to cast a Shareholder Vote in respect of Special Reserve Matters pertaining to Brunel Pension Partnership, following consultation with Pension Fund Officers and members of the Committee, where there is urgent business to be conducted between meetings.

13.5 Authority is delegated to the Head of Pensions Administration and Relations and the Head of Pension Fund Investments to prepare the Fund's budgets, although approval of the budget shall remain with the Committee

4. The Membership of the ISC is a subset of the membership of the full Pension Fund Committee, including the Chairman, Vice-Chairman and two other Members. Under the terms of reference, the ISC is not the decision-making body and refers recommendations to the Committee.

Main Considerations

5. As Chairman, and bearing in mind that investment considerations are fundamental to the performance of Wiltshire's Local Government Pension Scheme, I believe the current arrangement has several shortcomings:

- (a) Papers presented to the ISC have to be reviewed a second time by the Committee;
 - (b) Despite this not all Committee members are fully sighted on investment matters since they will not have been included in the detailed background discussion of those papers and resultant recommendations.
 - (c) There is typically a two to three week delay before conclusions reached by the ISC become formal decisions which can be acted upon.
6. I would therefore propose that the ISC be disbanded. In its place, the Committee would meet more frequently with alternating agenda focus for Investment and non-investment matters.
 7. Meetings with an investment focus would contain to operate in a similar fashion to the existing ISC set up but with the additional ability to make decisions, removing the shortcomings outlined in paragraph 5.
 8. Non-investment meeting agendas would focus on all standard administration work, actuarial matters, employer relations, communications and all governance matters which are not specifically investment related.
 9. Whilst this arrangement will mean more meetings for non-ISC members it has the important benefits of:
 - (a) All members become fully involved in, and contribute to, investment decisions;
 - (b) The delay in implementing investment decisions is removed;
 - (c) The duplication of consideration of investment papers is removed;
 - (d) Committee agendas will be shortened.
 10. Officers have confirmed that whilst constitutional changes will need to be approved in order to remove references to the ISC, the Committee is able to agree to revise its own meeting arrangements and that of the ISC in order to implement the proposal immediately, ahead of any formal constitutional changes being agreed.
 11. Officers have also highlighted the following considerations and points in relation to this change:
 - (a). At present, the Fund's Committee independent adviser contract with MJ Hudson Allenbridge operates on a basis whereby Anthony Fletcher reviews papers and attends and contributes to all main Committee and ISC meetings. In addition, for the Committee meetings, the Fund also receives additional support from specialist Administration and Governance advisers at MJ Hudson who review all papers and provide advice via Anthony (but who do not attend in person or virtually). If the Committee proceed with this change to the Committee set up, officers recommend that the Committee consider proposing an alternative advice set up with MJ Hudson for the remainder of the contract and when re-tending next year. One potential approach would be for Anthony to only provide advice at the Investment focussed Committee meetings only and one of his contracted colleagues to attend the non-investment focussed meetings instead of providing feedback via Anthony. The

current contract is due for re-tender shortly, with a new contract starting on 1 April 2021.

(b). Various Governance-related documents would need to be updated and approved to reflect the changes made. In particular, the Committee terms of reference (part of the Council's constitution) and the Fund's Governance Compliance Statement.

(c). There will need to be an increased emphasis on Committee training, as more Committee members will be taking part in the more detail discussions on investments.

Proposal

12.I therefore ask the Committee to agree:

- (a) That the Investment Sub-Committee should be stood down with immediate effect, to be replaced with an equal number of additional meetings of the Wiltshire Pension Fund Committee, leaving eight full Committee meetings per year in total.
- (b) That the Wiltshire Pension Fund Committee meets with a separately-focussed agenda on alternate dates: An investment agenda and a non-investment administration agenda. Exceptions for urgent items will still be able to apply where it is necessary to break this cycle.
- (c) To request the Standards Committee progress recommended changes to the constitution as appropriate.
- (d) Delegate to the Chair and officers to explore and agree any desirable changes with MJ Hudson which are possible under the existing contract (and to make alterations when re-tendering).

Councillor Richard Britton

Chairman - Wiltshire Pension Fund Committee

Reported Dated 21 September 2021

[Protocol 2 of the Constitution](#)

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Committee with information in relation to various standard issues, to enable the Committee to fulfil its monitoring role.
 - a) Report from Head of Pension Fund Investments
 - b) Report from Head of Pensions Admin
 - c) Risk register
 - d) Scheme, regulatory and legal update
 - e) Administration KPIs
 - f) Budget monitoring
 - g) Training
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

Report from Head of Pension Fund Investments

3. This section summarises key events in the investments and accounting team over the last quarter.
 - a) The audit has been completed and the annual report and accounts have been published online, along with a one-page summary entitled "Our Year in Review": <https://www.wiltshirerensionfund.org.uk/Annual-report-and-accounts>
 - b) Officers have distributed the one-page summary and link to the full annual report via a publicity campaign aimed at the scheme membership and employers.
 - c) The Responsible Investment Policy has been drafted, as set out in the Responsible Investment Plan 2021/22, and is elsewhere on this agenda for approval.
 - d) Officer have launched an employer survey, targeted at heads of finance and heads of the organisation for employers, about strategic issues and how they want to engage with the Fund and be engaged with. Findings are elsewhere on this agenda.
 - e) Officers have progressed the work of the sustainable equities transition.
 - f) Committee members have attended training on impact investing and affordable housing, and climate scenario modelling.
 - g) Officers and advisers have progressed work on the review of the protection assets allocation, findings of which are elsewhere on this agenda for approval.
 - h) Officers and advisers have progressed the work on defining a pathway to net zero by 2050. Findings have been incorporated in the Responsible Investment Policy.
 - i) Work has continued with the Brunel pool in developing and launching a Paris-aligned passive benchmark, which will help deliver the Fund's investment objectives.

Report from Head of Pensions Admin

4. This section summarises key events in the Administration and Relations team over the last quarter.

- a) The highest priority piece of work at present is the payroll rectification work, which is also a pre-cursor of the pensioner payroll transition project, further information is outlined in a dedicated paper on this topic.
- b) Officers successfully met the Business Plan target of producing over 99% of active annual benefit statements, by producing 99.5% on time this year. This continues a pattern of steady year on year improvement. Further information is outlined in the KPI pack (Appendix 3). Other improvements to KPIs have also been made this quarter.
- c) Officers are now working on sending out Annual Allowance statements to around 70-80 members before the early October annual deadline. This year, around 30 members are likely to incur a tax charge due to their pension increasing by more than Government thresholds (despite the application of permitted protections) – the main reason for a tax charge is due to relatively large salary increases.
- d) Work continues to onboard more employers onto i-Connect. Unfortunately, initially after onboarding Swindon Borough Council and a large payroll provider, FS4S, officers have had to postpone further uploads due to employer difficulties with having adequate staffing and due to changes in payroll system. It is anticipated that those issues will be resolved shortly.
- e) Several new staff have now joined the Fund on a temporary and permanent basis, including a new Communications, Customer Service and Training Manager. A later paper discusses staffing in more detail.
- f) Officers continue to work on a number of developmental projects, such as a process to allow members to 'retire online', efficiency and control improvements to various processes and making available greater self-service features for members. The main purpose of these projects are to improve efficiencies, control and customer service.

Risk Register

5. The Local Pension Board reviewed the risks of the pension Fund at their meeting on 24 August 2021 and recommended the for alterations should be submitted to the Pension Fund Committee.
6. During the last quarter no "new risks" were identified
7. The evidence-based review of the register identified the following risks had changed or need to be recategorised;
 - **PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund** (From Green to Amber) A potential lack of co-ordination between the Evolve & Altair payroll project management timetables could increase the risk of success of this migration. Regular communication between project managers should be established.
 - **PEN052: COVID-19:** (From Red to Amber) An infectious global virus which WHO has classed as a pandemic. The impact of COVID-19 is being largely managed and there are signs that the nation is returning to normal. Recommend that this risk be moved to ongoing.
 - **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (From Red to Amber) The governance arrangements by which BPP will operate have been set out in a terms of reference and Wiltshire along with all the shareholders are satisfied with the breadth and depth of the resulting changes. Recent communications suggest progress is beginning to be made. Recommend that this risk be monitored and moved to ongoing.

- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** (From Amber to Green) Any impact which would have been caused by Brexit has now been built into investment valuations. Recommend that this risk be moved to dormant.
 - **PEN012: Over-reliance on key officers:** (From Amber to Green) A full complement of staff is now appointed to roles enabling suitable cover. The majority of appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.
 - **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** (From Amber to Green) Senior Officer appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.
 - **PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018):** (From Amber to Green) SWAP audit actions concerning GDPR were minor in nature & have now been completed.
 - **PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations:** (From Green to Amber) Recent changes to the Committee and the consequential loss of knowledge have increased the risk of the Committee's effectiveness. Recommend that this risk be moved to ongoing.
8. It is recommended that three risks which are currently in Dormant/Closed be deleted on the basis that they are no longer relevant. These are;
- **PEN046: The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses:** No longer relevant (Green).
 - **PEN020: The transition to pooling of LGPS assets with BPP proves ineffective causing higher costs, poorer returns and/or weak controls:** (Red) However it has been replaced by PEN048.
 - **PEN014: Failure to provide the service in accordance with sound equality principles:** (Green) Risk description is vague and the basis for its reason has been replaced by more specific risks such as PEN055: The Goodwin Case & PEN055: The Accessibility Regulations.
9. General comment – It is recommended that risk **PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund** (Green?) be split into two risks. The first risk managing the migration of the Fund's pension payroll and the second risk managing the remaining Evolve Programme activities affecting the Fund. This second risk be categorised as Green.
10. "Red", high risks are summarised in Appendix 1, and the full risk register in Appendix 2.

Administration KPIs (Appendix 3)

11. Disclosure Regulations show some improvements since the last quarter. Further improvement has been limited due to some system reporting issues which have now been resolved which should enable a sustained improvement in future quarters.
12. Against the tPR measures, there are some small improvements against the Common and Conditional measures and a larger improvement against the Annual Benefit Statement figure. Based on recent years, the Fund would be top quartile on these metrics compared to other LGPS Funds.

13. Good improvement has occurred against the key measures shown in Appendix 3, section 3a, albeit from a low base. Further improvements are expected in future quarters as efficiency improvements bear fruit.
14. There has been some improvements in the level of backlogs although progress has been limited due to resources been diverted to the payroll rectification project until that work is completed.
15. As part of this new reporting format, specific commentary on each set of KPIs is now shown alongside the relevant table.

Scheme, Regulatory and Legal Update (Appendix 4)

16. Officers are not aware of any material changes in this area to highlight but the existing summary is included in the Appendix as a reminder of the current state of play.

Budget Monitoring (Appendix 5)

17. This section of the paper presents a projected outturn on the Fund's financial activities against the 2021/22 budget, as at 30 June 2021.
18. As at the end of quarter 1 forecast expenditure is expected to be slightly favourable (£48k – 2%) to budget at year end. This underspend is primarily within administration costs where systems fees and mailing costs are expected to be below plan.
19. This forecast position excludes any additional costs of implementing and operating a new integrated payroll system. Additional costs were approved at the June Committee meeting, however at this point there is no firm timing of when the cost will be incurred. The new licence fee and implementation costs will most likely be incurred towards the end of 2021/22 and throughout 2022/23. A final schedule of costs will be brought to the committee in a separate business case.
20. A detailed budget forecast report is included in Appendix 3.

Training

21. The Fund's training strategy is dealt with separately on this agenda. This section of the report is intended to update members on upcoming internal training events, and to invite members to share feedback on any other training events they have attended, which could be conferences, webinars, online training tools, or even useful articles.
22. Members are also invited to discuss training requirements, and to suggest topics on which training would be welcomed.
23. The next internal training session will be on 29 November, and is covered in detail in the Responsible Investment Update paper, elsewhere on this agenda.

Financial Implications

24. No direct implications.

Legal Implications

25. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

27. There are no known implications currently.

Proposals

28. The Committee is asked to:

- a) use the information in the report as a basis for monitoring the Fund's core activities
- b) use the report as a basis to discuss training requirements, discuss whether any additional training needs to be arranged, and share feedback from any recent training events attended
- c) to approve the changes to the Risk Register and accept the recommendations for changes/actions made submitted by the Board

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

Report Authors: Richard Bullen (Fund Governance & Performance Manager), Andy Cunningham (Head of Pensions Administration and Relations) and Jennifer Devine (Head of Pensions Investments)

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

Appendices:

- Appendix 1 – Risk register – background and “red” risks
- Appendix 2 – Full risk register
- Appendix 3 – Administration KPIs
- Appendix 4 – Scheme, Legal, Regulatory and Fund updates
- Appendix 5 – Budget detail as at 30 June 2021

This page is intentionally left blank

Risk Register – Appendix I

Background and Red Risks

During the last quarter no “new risks” were identified.

The evidence-based review of the register identified the following risks had changed or need to be re-categorised;

- **PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund** (From Green to Amber) A potential lack of co-ordination between the Evolve & Altair payroll project management timetables could increase the risk of success of this migration. Regular communication between project managers should be established.
- **PEN052: COVID-19:** (From Red to Amber) An infectious global virus which WHO has classed as a pandemic. The impact of COVID-19 is being largely managed and there are signs that the nation is returning to normal. Recommend that this risk be moved to ongoing.
- **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (From Red to Amber) The governance arrangements by which BPP will operate have been set out in a terms of reference and Wiltshire along with all the shareholders are satisfied with the breadth and depth of the resulting changes. Recent communications suggest progress is beginning to be made. Recommend that this risk be monitored and moved to ongoing.
- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** (From Amber to Green) Any impact which would have been caused by Brexit has now been built into investment valuations. Recommend that this risk be moved to dormant.
- **PEN012: Over-reliance on key officers:** (From Amber to Green) A full complement of staff are now appointed to roles enabling suitable cover. The majority of appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.
- **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** (From Amber to Green) Senior Officer appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.
- **PEN009: Failure to comply with Data Protection Legislation** (GDPR & Data Protection Act 2018): (From Amber to Green) SWAP audit actions concerning GDPR were minor in nature & have now been completed.
- **PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations:** (From Green to Amber) Recent changes to the Committee and the consequential loss of knowledge have increased the risk of the Committee's effectiveness. Recommend that this risk be moved to ongoing.

Risks remaining “red”, high risk:

- **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (From Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund’s liabilities and its reputation.
- **PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy:** (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support.
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government's consultation document in July 2020 analysis of the Scheme’s members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. The Board recommended the introduction of a monitoring & reporting timetable & an independent audit should be conducted in 2021.

Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
Horizon Risks																			
PEN058	Service disruption is created during the implementation of the Council's Evolve Programme on the Fund	Wiltshire Council intends to introduce a replacement for SAP, with the intended process due to be completed by September & the implementation by December 2022	SAPs replacement will impact on multiple services areas provided by the Council to the Fund, most notably the Fund's payroll function & IT services.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6)	Andy Brown	Medium	3	2	6	As part of the Fund's oversight of its Payroll & IT services, it is recommended that the Committee request periodic strategic updates during the course of 2021 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified. Consideration is being by the Fund concerning the migration of its payroll to its own separate payroll software service	1	1	1	Current payroll system to be phased out and a new integrated system with the Pensions Administration database approved to be introduced. Auditors to be involved to oversee the reconciliations and controls to be put in place. The project plan should be discussed with the Auditor. Project management completion timelines are increasing the risk of success of this migration. Irrespective of the payroll migration Evolve risks remain for the Fund in over aspects of the Evolve Programme such as general accounting practices.	Low	↑	Andy Brown	Dec-21
PEN056	Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation	Following a male to female transsexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender history.	There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	Low	1	1	1	The implementation of risk controls will be introduced on communication of remedies.	1	1	1		Low	↑	Andy Cunningham	N/A
PEN050	Failure to comply with IPR's anticipated new Single Code of Practice Statement	The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into UK law. The new EU Directive covers the activities and supervision of institutions for occupational retirement provision (IORP)	Consequently the IPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,31)	Richard Bullen	Low	2	2	4	It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication	3	1	3	None, until the Single Code of Practice Statement is released which not anticipated until 2021.	Low	←	Richard Bullen	N/A
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. The next valuation will be in 2022 but it is unclear when the next one will follow.		GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3		Low	→	Andy Cunningham	N/A
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: Higher costs for employers	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Medium	2	4	8	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	None	Medium	→	Andy Cunningham	N/A
PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	a) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. b) Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are marked accordingly.	Medium	→	Andy Cunningham	N/A
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,29,30,31)	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	Officer to introduce a statement of Fund principles, beliefs & precedents.	Low	→	Richard Bullen	N/A

Dynamic Risks

PEN057	Failure to implement the Accessibility Regulations	For the Fund to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & subject to understanding the Web Content Accessibility WCAG 2.1 guidelines which came into full force from September 2020.	Government Digital Service (GDS) monitors public sector bodies' compliance on behalf of the Minister for the Cabinet Office. If GDS decides that a public sector body has failed to publish an accessibility statement, or that the accessibility statement is incorrect, it will publish the name of that body & a copy of the decision. In addition organisations in breach of the Equality Act 2010 and the Disability Discrimination Act 1995 may be liable to investigations, unlawful act notices and court action leading to reputational damage.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 1,23,24)	Andy Cunningham	Low	1	1	1	Although not strictly a Pension Fund responsibility, the Administering Authority determined that as the Pension Fund operated a separate URL in respect of the Pension Fund's website it would view it as a separate entity & therefore required the Fund to make its own compliance arrangements. Fund officers have therefore initiated a project team to implement website compliance which will include an independent audit of its website compliance. The Fund's initial accessibility meeting took place on 5th November to scope its strategy.	1	1	1	The key actions agreed on 5th November are;	Low	→	Ashleigh Salter	N/A
PEN055	Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review	Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.	With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 14)	Andy Brown	Medium	3	2	6	Brunel's governance review is ongoing. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.	4	2	8	Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.	Medium	↓	Andy Brown	N/A

PEN053	Failure to implement Fund's Data Retention Strategy	Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.	A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.	ADMINISTRATION	SERVICE FUNCTION	Mark Anderson	Low	1	2	2	Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.	1	2	2	Low	←	Mark Anderson	N/A
PEN052	COVID-19	COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund	In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham/ Jenny Devine	Medium	3	2	6	The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions.	4	4	16	High	↓	Andy Brown/ Andy Cunningham/ Jenny Devine	N/A
PEN047	There is uncertainty around the ability of Brunel to resource its property portfolio offering	It is intended that property assets will transfer to Brunel in late 2020.	If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 26)	Jennifer Devine	Low	4	1	4	Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.	4	1	4	Low	→	Jennifer Devine	Jun-20
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	HMRC undertook a consultation in the last quarter of 2020 requesting responses by 30 December 2020. The WPF along with many other organisations responded to that consultation and on publication of the results the Fund will seek guidance from its professional advisers in respect of both its equalisation & indexation responsibilities on the next steps it should take. Results expected by April 2021.	2	2	4	Low	↓	Andy Cunningham	N/A
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed and monitored as part of the Committee's fiduciary duty, and to protect the investment returns of the Fund.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 12,20,30)	Jennifer Devine	High	3	4	12	The Committee is engaged in ongoing work to help determine the most appropriate direction of travel, with expert consultancy support. Significant progress has been made so far, but current considerations around amending the investment strategy and implementing changes are still a work in progress. Work is also being done within the Brunel pool to address this risk.	2	4	8	Medium	→	Jennifer Devine	On-going
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	2	2	Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.	1	2	2	Low	→	Mark Anderson	N/A
PEN037	Failure to implement a strategy to address the administration backlogs	Failure to effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.	Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 9,22,23,27)	Andy Cunningham	Medium	3	3	9	The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk. As part of the 2020/2021 budget, approval for more resource is available to help mitigate this risk although this could take time to use given the impact of COVID-19 on office based working.	3	2	6	Medium	→	Jennie Green	On-going
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,9,11,13,16,23,27)	Andy Cunningham	Medium	3	2	6	The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept. As at April 2020, revised processes are in place for starters, leavers/refunds, aggregation and child pension reviews. Other processes will be looked at based on priorities with the intention of completing the reviews during 2020/2021.	3	1	3	Low	→	Samantha Wooster	On-going
PEN022	The rectification of records with GMP issues is time-consuming, costly & causes reputational damage.	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. The Fund is looking to complete the reconciliation during the 2020/2021 year.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 8)	Andy Cunningham	High	3	4	12	Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	Medium	→	Mark Anderson	u/k
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Fund's could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. Engagement with the relevant public service HR dept's in relation to the implementation of the Exit will be essential.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	1	2	The consultation is due to be completed on 9th November. Key risk controls should include: 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers	2	3	6	Medium	↑	Andy Cunningham	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being place on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 23)	Andy Cunningham	Medium	4	2	8	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports	4	1	4	Low	↑	Andy Cunningham	N/A

Ongoing Risks

PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 3,4)	Jennifer Devine	High	4	3	12	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.	3	3	9	Medium	→	Jennifer Devine	On-going
--------	--	--	---	-------------------------------	--	-----------------	------	---	---	----	--	---	---	---	--------	---	-----------------	----------

PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,13,16,18)	Andy Cunningham	Low	1	2	2	Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members. Further work is required to introduce a suite of customer service based KPIs.	1	2	2	Low	↓	Mark Anderson	On-going
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 6)	Jennifer Devine	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	None.	→	Jennifer Devine	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including I-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 10,21,23,32,33)	Andy Cunningham	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation. i-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded.	2	1	2	SQL capability to be developed within team to enhance reporting & verify effective implementation. Nova Sail will also be introduced to leverage & optimise the software capability employed by the Fund.	→	Samantha Wooster	On-going
PEN025	Further academisation of Schools, the possibility of MAT breakups and cross fund movements.	Potential for further schools to convert to academy status, MATs to breakdown	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.	→	Andy Cunningham	N/A
PEN024	The implementation of Brexit causes investment volatility or unexpected legislative changes	With 31 st December approaching the UK & EU's trading agreement is still uncertain	The arrangements by which the UK leaves the EU may produce short term volatile market movements which could impact on asset performance.	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Low	3	1	3	The Fund had liaised with its investment managers on the potential impact of an exit. Since that decision the Fund has undertaken a valuation & in parallel reset its investment strategy. The dominant factors of the investment strategy continue to be the traditional funding of liabilities to pay its pensions, climate change & a possible global recession.	3	1	3	The markets appear to have now factored in the Brexit effect.	↓	Jennifer Devine	On-going
PEN017a	A lack of knowledge and expertise on the Pension Fund Committee	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 17,25)	Andy Cunningham	Medium	2	3	6	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	1	2	The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall, their level of knowledge was deemed good but there were areas of improvement identified that Officers will consider when looking at future training plans. Pensions is a complex subject, so the training needs of the Committee will need to be continued reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas	→	Richard Bullen	On-going
PEN017b	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new regulations as they come into force leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 25,31)	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update of the Look forward plan including the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	2	1	2	None	→	Richard Bullen	On-going
PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 6,13)	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m. The Fund will also review in Treasury Management Agreement with the Council in 2019.	2	1	2	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the ISC	→	Jennifer Devine	N/A
PEN015	Failure to collect payments from ceasing employers	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities. The impact of COVID-19 on financial markets means the likelihood is currently increased.	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit.	2	1	2	A new employer cessation policy was approved in March 2020, however since then further guidance has been published nationally setting out Fund discretionary payment plans already introduced by Wiltshire. It should be noted that whatever determination the Fund makes there is a risk it will be open to challenge. In summary the Fund needs to amend our FSS & consider how this should work best and communicate out to employers accordingly. Furthermore, with regards to the spreading of exit payments & deferred debt agreements officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for the Fund to be compliant	↓	Andy Cunningham	On-going
PEN013	Failure to communicate properly with stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 24,29)	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	None	→	Denise Robinson/ Samantha Wooster	N/A
PEN012	Over-reliance on key officers	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a large knowledge gap could be left behind.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	3	1	3	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	1	2	None - the risk will reduce once the existing team increases its level of knowledge and experience through greater time in their roles. A knowledge hub is being developed within the Fund and the LGA may create a practitioners bible which would work as a reference document for officers. Following the Accounting & Investment team restructure a key person risk has emerged in relation to supporting the Head of Pension Fund Investments.	↓	Andy Cunningham/ Jennifer Devine	18/07/19
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability. Resourcing issues due to holding a vacancy in a key role in the investments team.	Bad decisions may be made in relation to any of the areas on this register, but particularly in relation to investments. Risk of being unable to fulfil statutory obligations and/or maintain key financial controls.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 17,19)	Andy Cunningham/ Jennifer Devine	Low	3	1	3	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. Formulated annual Training Plans relevant to officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. A Fund knowledge hub is being developed.	2	3	6	The Director of Finance & Procurement is now filled on a permanent basis and other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. Officer training to be enhanced to assist knowledge & understanding.	↓	Andy Cunningham/ Jennifer Devine/ Corporate Directors	On-going
PEN010	Failure to keep pension records up-to-date and accurate	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,7,8,9)	Andy Cunningham	Medium	3	3	9	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	The Fund is currently addressing new data issues identified by a review of the tPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.	→	Mark Anderson	On-going

PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	2	1	2	Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.	Low	↓	Mark Anderson	On-going
PEN008	Failure to comply with LGPS and other regulations	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 5,6,7,8,9,10,12,13,24,31)	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 15)	Jennifer Devine	Low	2	2	4	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	SERVICE FUNCTION	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going
PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Officers completed an Anti-Money Laundering questionnaire issued by Deloitte's & returned to the Accountancy firm in January 2020. The responses will form part of the Auditor's audit strategy.	Low	→	Jennifer Devine	On-going
PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 2,6,7)	Jennifer Devine	Medium	3	2	6	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made	Low	↑	Jennifer Devine	On-going

1. Disclosure Requirements (CIPFA template) – Quasi-legal performance measures

Benefit Administration Key Performance Indicators

Disclosure Regulations

Period 01/04/2021 to 30/06/2021

Process name		Disclosure Requirement	%	Change since last quarter	No. cases within Legal Timeframe
Deaths - initial letter acknowledging death		2 months	96.9%	+11.9%	126
Deaths - letter notifying amount of dependants pension		2 months	81.8%	-1.2%	106
Retirements - letter notifying estimate of retirement benefits	Active	2 months	n/a		n/a
	Deferred		n/a		n/a
	Total		93.7%	-3.3%	465
Retirements - letter notifying actual retirement benefits + process and pay benefits on time	Active	2 months	96.9%	+0.9%	245
	Deferred		99.6%	+0.6%	247
	Total		98.4%	+1.4%	492
Deferment - calculate and notify deferred benefits		2 months	58.8%	+13.3%	368
Refund - process and pay a refund		2 months	99.3%	-0.7%	138
Divorce quote - letter detailing cash equivalent value and other benefits		3 months	96.4%	-3.6%	75
Joiners - notification of date of enrolment		2 months	61.6%	-2.4%	492

Explanatory notes

The table above is based on a template produced and updated by CIPFA for insertion within LGPS Funds annual report. It is based on what are collectively known as the 'disclosure requirements' which broadly means that the Fund is required to supply certain information to members (or their next of kin).

Deaths: For both measures, the timeframes start on the date of notification. However, sometimes the notification is not from the next of kin (e.g. we are notified from a tracing agent) and it can take some time to establish who is the next of kin and if a dependent pension is due.

'Transfers out' quote and estimates: We have removed this measure from the table as members have instance access to quotes.

Joiners: This measures the time taken to confirm to a member that we have set them up in the Scheme. However, it is an employer responsibility to begin the deduction of contributions with effect from the member's start date and also to inform the member of their start date.

We have also removed very low volume task as percentages are not a good measure of performance.

Performance commentary for the quarter

The table shows high levels in all areas except deferments, joiners and some death notifications. Some technical difficulties have persisted whilst changing processes which have led to joiners and deferments being lower than hoped while death notifications are sometimes limited by not receiving timely information from, or being able to identify, the next of kin. Officers anticipate that joiners and deferments should improve in future quarters once the technical issue is resolved.

2. tPR Data performance measures

Measure	Score	Change since last year
Common Data	99.2% (at 26 July 2021)	No change
Conditional (Scheme Specific) Data	94.9% (at 26 July 2021)	+0.2%
Annual Benefit Statement production rate	99.5% (at 31/08/2021)	+2.6%

Explanatory

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

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

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

a). Common and Conditional/Scheme Specific data scores

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

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

b). Active Annual Benefit Statement (ABS) production

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

Both sets of scores are reviewed annually

Performance commentary for the year

The **common and conditional scores** for this year have remained close to last year. The Fund is already above average and some of the remaining gap to 100% is hard to fill due to factors outside of the Fund's control (for example, members not keeping us up to date

when they change address). However, some further improvement is still possible and is likely to materialise with further onboarding on to i-Connect.

The active Annual Benefit Statement score for this year has exceeded the business plan target of 99% and it follows a pattern of steady improvement since 2018 (2020: 96.9%, 2019: 95.0%, 2018: 93.9%). Due to improved systems (e.g. i-Connect) and processes, and despite additional checks being added, this has also been achieved using reduced levels of resources from previous years.

3. Internally set targets (Fund)

While the figures in appendix 1 outline the (quasi) legal requirements using a CIPFA template, and appendix 2 outlines the tPR's own metrics against which it may take action, appendix 3 outlines internally set, aspirational service level targets. The Fund's administrative performance priority is its performance against the targets in appendices 1 and 2 but the following sets of information set's out internally set targets to help met the goals of the Fund's business plan.

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

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

Period **01/04/2021** to **30/06/2021**

Type of case	Created cases in period	Open cases at period end	Percentage against membership	Completed cases time to complete						Total	% on target (15 working days)	Change since last quarter
				0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 + days			
Active to Retirement	196	101	0.44%	91	40	31	38	36	16	252	64%	+45%
Deferred in to retirement	247	10	0.03%	125	55	52	13	2	1	248	94%	+10%
Processing of Death cases	132	162	0.20%	17	32	20	12	37	12	130	53%	+23%
Refund of contributions	53	17	0.07%	33	103	1	1	0	1	139	99%	+1%
Grand Total	628	290		266	230	104	64	75	30	769		
Percentage				35%	30%	14%	8%	10%	4%			

b). i-Connect onboarding progress

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

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

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

c). MSS (My Wiltshire Pension) take up

A table summarising the position as at 7 June 2021 is shown below. Note the figures are 'pension record' level figures, rather than member level, as this is easier to report and there is little difference in the percentages. There has been very little change in recent quarters, which is as expected as the take up rate is in line with industry norms.

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

d). Backlog monitoring

Prior to making a number of process improvements to the refunds, deferreds and aggregations processes, the Fund accumulated processing backlogs in certain areas. Officers define a backlog for a process where there are more than 300 outstanding cases. Where this is the case, officers plan to ring-fence this area of work and manage the backlog area of work separately although this is not in place as at the date of this report.

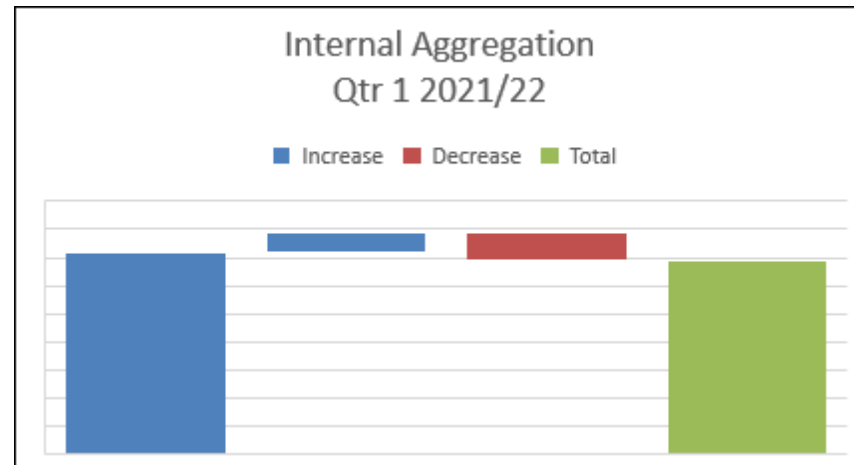
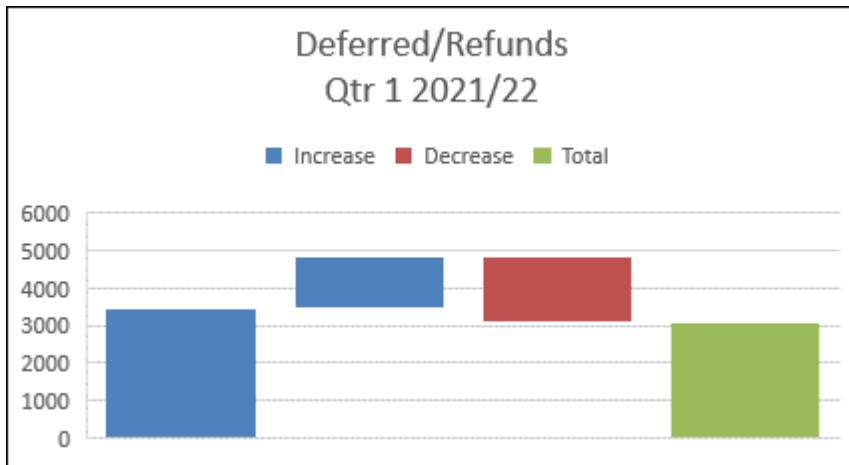
At present, there are two areas which meet this criteria and current situation in respect of these processes are outlined:

i). Deferred/Refunds

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

ii). Internal aggregation cases

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



Commentary:a). Administration Strategy KPIs – Fund

Table 1 shows the Fund has made good improvement in all areas in the last quarter although further work is still required to reach the desired performance levels. The Fund is gradually seeing the benefits of greater automation of tasks, which is freeing up officer time, and this programme of improvements will continue over the rest of this year and into the next year.

b). & c). i-Connect and My Wiltshire Pension (MSS) onboarding

i-Connect take up received a significant boost with the onboarding of Swindon Borough Council (the 2nd largest employers) and a large payroll provider in the Fund, FS4S; both with effect from March 2021, increasing the active membership coverage to over 75%. Officers will continue to work with the remaining circa 93 employers (mostly reasonably small), with the aim of onboarding them by the end of the financial year. However, it is noted that Swindon Borough Council have had difficulties in producing subsequent reports and therefore they are currently a number of months behind.

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

d). Backlog monitoring

Whilst the current backlogs are not leading to a material number of complaints, they are still an issue which needs further work to improve overall efficiency and customer service.

However, there has been a reduction in the number of outstanding cases in both the last two quarters and officers have recently appointed two new members of staff. One has already started and is undergoing training and the other is due to start shortly.

4. Internal targets - Employers

a). i-Connect submission performance

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

i). Timeliness measure of submissions

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

Percentage/number returns received on time	April 2021	May 2021	June 2021
Large employers* (>250 actives)	3/5 (60%)	1/5 (20%)	3/5 (60%)
Medium employers* (50-249 actives)	11/13 (85%)	1/13 (8%)	13/14 (93%)
Small employers* (10-49 actives)	23/24 (96%)	12/25 (48%)	22/24 (92%)
Very small employers* (Under 10 actives)	7/12 (58%)	7/11 (64%)	10/11 (91%)
Total	44/54 (81%)	21/54 (39%)	48/54 (89%)

*Employers numbers are just assessed once a year.

ii). Quality measures

Data quality gradings: The Fund categorises each employer into one of three quality measures depending on the quality of the returns being produced. The middle category of Silver is the starting category. Gold means good quality returns are consistently produced, Silver means that good quality returns are mostly produced by some issues and errors occur while Bronze means that there are a number of concerns with the quality of data produced which requires frequent intervention, more checks and escalation with the employer. These categories are regularly monitored internally but not reported here.

Contributions vs data comparisons: Additionally, as part of its control checks, officers undertake a cross comparison between the data and the contributions received. A failure of this check for an employer indicates that either the contribution payment or the membership data submitted was incorrect (or both are incorrect) and further investigation with the employer is required.

The current breakdown of employers against this measure is as follows:

Contributions received consistent with data	April 2021	May 2021	June 2021
Large employers (>250 actives)	0/5 (0%)	3/5(40%)	3/5 (60%)
Medium employers (50-249 actives)	3/13 (23%)	12/13 (92%)	13/14 (93%)
Small employers (10-49 actives)	14/24 (58%)	19/25 (76%)	18/24 (75%)
Very small employers (<10 actives)	10/12 (83%)	9/11 (82%)	9/11 (82%)
Total	27/54 (50%)	42/54 (78%)	43/54 (80%)

b). Timeliness of contributions payments

Below is a breakdown showing the timeliness of employer contribution payments (i-Connect employers only).

Percentage/number returns received on time	April 2021	May 2021	June 2021
Large employers (>250 actives)	5/5 (100%)	5/5 (100%)	5/5 (100%)
Medium employers (50-249 actives)	13/13 (100%)	13/13 (100%)	14/14 (100%)
Small employers (10-49 actives)	24/24 (100%)	23/25 (92%)	24/24 (100%)
Very small employers (<10 actives)	11/12 (92%)	11/11 (100%)	11/11 (100%)
Total	53/54 (98%)	52/54 (96%)	54/54 (100%)

Scheme, legal, regulatory and Fund update

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

Organisation	Subject	Link	Status	Comments	Risk Ref
		climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and-consultation-on-regulations		<p>MHCLG consultation will apply to the LGPS and is expected to be virtually identical.</p> <p>The Fund is in a good place here as the Committee has already done significant work to address this risk, via modelling, education (both of Committee members and the wider scheme membership), transparent reporting and meaningful actions.</p>	
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	No change since the last meeting	The Fund's software provide, Aquila Heywood, is part of the national working party to help deliver the Pensions Dashboard. Implementation is likely to be in 2023 and it is still unclear what the impact may be for the Fund (as well as what level of take up for this initiative may exist from the general public).	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	No change since the last meeting	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.</p>	
Scheme Advisory Board (SAB)	Cost cap mechanism & McCloud case		No change since the last meeting	<p>The McCloud consultation has now closed and officers still await to see the final outcome. The Fund's software provider is currently developing software solutions in anticipation of the final legislation being laid before parliament and passed as per expectations.</p> <p>As part of the i-Connect, officers continue to update part-time hours histories for active staff. For other categories, there is little work officers can do until the final remedy is released and the administration software is updated.</p>	PEN042
	Goodwin Case		No change since the last meeting	With some similarities to McCloud, another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation whereby it has been shown that it is	PEN056

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>discriminatory for female partners of members who are in a same sex or opposite sex marriage to receive different survivor benefits from one other.</p> <p>Although the funding costs will be small, this will be a further administration and communication burden to address.</p> <p>Little information has so far been provided of the impact on the LGPS, but the DfE has started a consultation in relation to the Teacher's Pension Scheme to start the process of altering the scheme rules. It is expect MHCLG will undertake a similar process for the LGPS in due course.</p>	
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change	<p>Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations.</p> <p>Hymans Robertson and SAB are now moving towards Phase III of the project and a proposal is going to MHCLG to implement the proposals.</p> <p>The timeframes for implementation are still unclear.</p>	PEN039
The Pension Regulator (tPR)	Single code of practice		No change	<p>tPR have released a consultation concerning its intention to produce a single code of practice covering all pension schemes (rather than over 15 at the moment).</p> <p>Whilst some of the exercise is merely one of administrative consolidation, tPR have also used this as an opportunity to make some changes.</p>	PEN050

This page is intentionally left blank

**Appendix 3 - WILTSHIRE PENSION FUND RUNNING COSTS BUDGET UPDATE Q1
2021-22**

1. This report sets out the forecast expenditure compared to the Pension Fund budget for 2021-22. The forecast is based on quarter 1 actual figures and a forecast for the remaining months.

Key forecast variances against 2021-22 budget

2. As at the end of quarter 1 forecast expenditure is expected to be slightly favourable (£48k – 2%) to budget at year end. This underspend is primarily within administration costs where systems fees and mailing costs are expected to be below plan.
3. This forecast position excludes any additional costs of implementing and operating a new integrated payroll system. Additional costs were approved at the June Committee meeting, however at this point there is no firm timing of when the cost will be incurred. The new licence fee and implementation costs will most likely be incurred towards the end of 2021/22 and throughout 2022/23. A final schedule of costs will be brought to the committee in a separate business case.

Wiltshire Pension Fund Budget 2021/22

£000's	Prior Year		2021/22			
	2019/20	2020/21	Forecast	Budget	Variance	% Variance
Investment administration staffing costs	119	114	210	210	(0)	0%
Investment administration travel/conferences/training costs	0	2	8	8	0	0%
Total investment administration costs	120	116	217	217	(0)	0%
Pension scheme administration staffing costs	1,307	1,335	1,200	1,208	8	1%
Staff training	19	22	23	23	0	0%
Corporate charges	0	0	311	311	0	0%
Pension administration systems and data cleansing	310	354	343	357	15	4%
Other administration costs	107	51	70	89	18	21%
Total scheme administration costs	1,743	1,763	1,948	1,988	41	2%
Oversight & governance staffing costs	392	355	221	221	0	0%
Training and conferences	8	0	23	23	0	0%
Subscriptions, memberships and levies	34	32	42	42	0	1%
Actuarial services	214	154	146	153	7	4%
Audit	10	37	27	27	0	0%
Legal fees	13	11	48	48	0	0%
Advisory fees	142	196	233	233	0	0%
Corporate charges & other costs	2	2	146	146	0	0%
Total oversight & governance costs	815	787	887	895	8	1%
Local Pension Board costs	14	14	25	25	0	0%
Total operational running costs	2,692	2,679	3,077	3,125	48	2%
Number of Members	80,824	82,454	82,454	82,454		
Total Running Cost per member	£ 33.31	£ 32.49	£ 37.32	£ 37.90	£ 0.58	2%

4. Forecast operational running costs per member (excluding investment manager fee's) are £37.32 this is favourable to plan but an increase on the prior year.

Report Author: Chris Moore, Accounting and Investments Officer

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

This page is intentionally left blank

Committee & Board Members Training Strategy 2021



What we will cover?



Formulating the
strategy



Annual Life cycle



Basic training –
The first 12
months



Attainment levels



Members training
policy



Unison Report –
September 2020



Formulating the strategy

- Strategy is moving to a four year cycle following each Local Govt. Election
 - The Fund's strategy is based on the "CIPFA Knowledge & Skills Framework"
-

Summer/Autumn 2021

- Induction and basic training programme initiated
- Members to complete an external LGPS National Knowledge Assessment
- New training policy & strategy drafted for 2021-2025 – Approval sought in December 2021
- Set out a training plan for the next Scheme year 2022/23
- Aim is to develop both individual & collective K&U across all members terms of office
- Strategic training must also continue to facilitate the running of the Fund

Summer 2022

- Complete an external Member effectiveness survey
- Review strategy following publication of tPR Single Code of Practice, Governance Review & other key updates such as any CIPFA Knowledge & Skills Framework guidance

Annual Life cycle

- Officers maintain member training records
- The Board review members records from a compliance viewpoint

March/April

- Training records & commentary included in Annual Reports
 - a) Committee members – The Fund’s Annual Report and Accounts
 - b) Board members – The Board’s Annual Report

Autumn

- In-house assessment completed to consider any topical training, mid-term appointments and the devising of a plan for the next Scheme year
- FCA MiFID II self-certification – Ensuring the Fund’s “Professional Investor Status”
- Hymans undertake an Annual National Confidence Survey



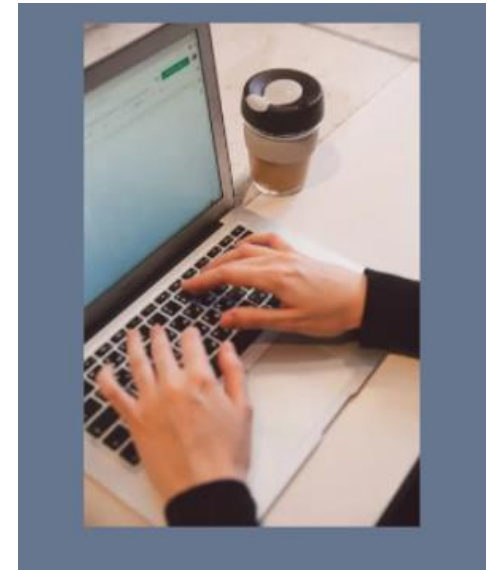
Basic training – The first 12 months

Administering Authority

- **Induction training** – New Councillor training slides (new initiative on joining) (c. 1 hour)

The Fund

- **A Brief Guide to the LGPS** – Hymans member booklet (On joining)
- **The Pension Regulator’s (tPR) on-line training toolkit** – Seven modules & should be completed in the first 6 months (c. 1 hour each)
- **Hymans LGPS Online Learning Academy (LOLA)** – Currently six modules recommended to be completed within 12 months of release (c. 1 hour each)
- **LGA’s Fundamentals training programme 2021** – Three all day training sessions providing an MHCLG, SAB view of the LGPS. (Q4 each year)
- **Officer lead induction training** – Wiltshire Pension Fund focused training aimed at new members (1/2 day) (Q4 each year)



Attainment Levels

To be set out in the members training policy

- **Basic (A Little, or no knowledge)** – Initial 12 month programme
- **Standard (Good)** – Key facts incl. receipt of training at meetings by officers or advisers & evidence of ongoing e-learning such as webinars & videos
- **Advanced (Skilled)** – Key facts incl. attendance at conference & seminars & providing definable mentoring and guidance to others
- **Leading (High Skilled)** – Key facts incl. evidence of technical authorship, completion of professional exams & guiding the industry, by for example delivering presentations at conferences



Member training policy

Drafted to include;

- **Basic areas incl.** – Purpose, Legal basis, Scope & Objectives
- **Definitions** – Membership, Attainment levels & Measuring attainment
- **Execution of the training policy** – The life cycle
- **Monitoring & Reporting** – To cover knowledge & understanding completed, but also member effectiveness
- **Oversight & strategy review**



Knowledge and skills

The recent Hymans Roberts report looked into the knowledge and skills of Pension Board and investment committee members. It was based upon a survey of responses from individual members from 20 funds on how they considered their level of knowledge in relation both to the administration of the funds but also its investment decisions.

This report looks at what the training requirements are based upon the published Training Plan available on the website and the expected knowledge and skills required.

Several funds such as Cornwall (for their Board) and the EA (across committee and boards) have devised a training Matrix of varying complexity which allocates points for both each training activity be it completion of TPR modules, attendance at Conferences and Training Days.

F1: Committee and Board members Handbook
F2: Committee and Board members to attend LGPs fundamentals course
F3: Complete TPR toolkit within six months of membership of investment committee
F4: Complete TPR toolkit within six months of membership of Pension Board
F5: Attend Officer level induction course
F6: Attend Ongoing Training

Page 76

The need for training feeds back in to the Myrers Principles and the requirements of the MiFID2 directive that trustees and those making the decisions are appropriately trained.



Unison Report – September 2020

- On preparedness of Fund's concerning their ISS and BPP arrangements
- The six categories – A handbook, Fundamental course, tPR toolkit (Committee & Board), officer induction training & ongoing training
- Wiltshire is one of only 4 Funds requiring members to attend the LGA Fundamentals training
- The only Fund to certify its MiFID II compliance through a K&U programme and self-certification arrangements

Any Questions ?

Thank you

Page 77



Name: Richard Bullen

Telephone: 01225 771 667

Email: Richard.bullen@Wiltshire.gov.uk

Website: www.wiltshirepensionfund.org.uk

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT & NEW PENSIONER PAYROLL SYSTEM UPDATE

Purpose of the Report

1. The purpose of this report is to provide for the Committee's consideration, a further update on the detailed, and ongoing reconciliation project between the pension administration system (Altair) and pensioner payroll system (SAP) as well as the project to move across to an integrated pensioner payroll system.

Background

2. This paper provides an update on how the situation has developed since that meeting.

Current situation

Rectification project

3. The current situation of the rectification project is as follows, for the cases in scope:
 - a). There are now around 150 cases still at 'stage 2' (where the pension administration system, Altair, is inconsistent with itself). Each case continues to take some time to correct and involves close working with the systems provider to remove complex errors. These errors need to be removed before the case can be properly assessed as part of stage 3, where a comparison is taken against SAP (the pensioner payroll system). In many, but not all cases, once the system error is resolved it is clear there is no under or over payment.
 - b). At the time of writing, officers have now initially been through all of the c1,000 cases that have already passed stage 2 and have peer reviewed around 320 of them (completing stage 3 and 4). Corrections to Altair or SAP can only take place once a case has been peer reviewed (note: not all cases result in a change being needed to SAP).
 - c). As a general rule, officers are giving members around 8 weeks notification of any change to their payment amounts (with some exceptions for very small differences) to allow the member time to manage their financial circumstances.
 - d). For cases where SAP is correct and Altair is incorrect, these are being prioritised behind those cases where SAP is incorrect.
 - e). As anticipated, where the value of the change is relatively small, officers have mostly received no correspondence from members. For some of the larger differences, some members have expressed their dissatisfaction or their intention to make a formal complaint although only one case has now entered the formal Internal Dispute Resolution Procedure (IDRP) stage. However, it is too early to provide analysis of this in greater depth to show the likely outcome across all cases in scope.
 - f). Some member have also contacted Unison to complain, which have in turn contacted us to find out more information.

New pensioner payroll system update

4. The Committee approved the purchase of Altair Pensioner payroll and immediate payments (subject to compliance with procurement rules and contract) at its last meeting.
5. Officers are now at the stage of agreeing final contractual terms with Aquila Heywood. Once the contract is complete, an initial project plan will be drafted with an approximate go live date of late summer or early Autumn 2022. Despite the project plan not formally being in place, progressing the rectification work outlined above will help contribute to much of the data preparation work that would be needed for the project anyway, as officers were aware this would be one of the first tasks.

Considerations for the Committee

6. Officers are taking a highly cautious approach to going through cases to try to limit the chance of errors being made as part of this review; in many cases, there is a large amount of information to review and consider to reach a final view point and hence the timeframes for the completion of this project are relatively long and difficult to predict. It is possible that corrections could continue up to February or March 2022.
7. Furthermore, unfortunately, one temporary member of staff who was working on the project has now left which has slowed the progress on this project. He has been replaced by moving two internal members of staff to work on it part-time; it is anticipated that these additional staff members will help keep the completion date in line with expectations and also to help keep the subsequent pensioner payroll system project on track.

Environmental Impact

8. There is no environmental impact from this report.

Financial Considerations

9. There are no financial considerations related to this update paper.

Risk Assessment

10. There are a number of material risks related to this project in general in terms of compliance risk, financial risk and reputational risk, officers have sought to manage this risk as best as is possible in the circumstances through their approach to this project.

Legal Implications

11. There is potential for a number of complaints (informal or formal), leading to quasi-legal issues resulting from undertaking stage 4 of this project. Conversely, a failure to correct known errors would also be considered a breach of legislation, creating further legal implications. Legal advice was taken on the paper presented to Committee in March.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no implications at this time.

Proposals

13. Officers ask the Committee to consider the information held within this paper to provide and comments or recommendations that it may have.

Andy Cunningham

Head of Pensions Administration and Relations

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

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

CURRENT STAFFING STRUCTURE AND NEEDS

Purpose of the Report

1. The purpose of this report is to provide for the Committee's consideration, an outline of the Fund's current structure and staffing needs.
2. This report also requests that the budget that was set for 2021-2022 to appoint three staff for up to 12 months is made permanent, to allow the appointment of three permanent appointments to take place (filling one vacancy and making two temporary posts permanent).

Background

3. Since 2018, the Fund has operated a dual Head of Service model, with overall oversight and officer responsibility for Pension matters sitting with the s151 officer.
4. Following a full section restructure in 2017 and further partial restructures in 2020 & 2021, the Fund's current structure is outlined in Appendix 1.

Current situation

Current staffing areas:

5. Outlined below is a brief overview of the different staffing roles within the section, their responsibilities, how their work relates to the performance of the Fund and where vacancies exist:

a). Administration and Relations team

Administration and relations team	Brief description of responsibilities and qualifications required	Impact on KPIs	Vacancies
Member Services Team (c11 Full-time Equivalent Staff)	Maintenance of pension records on Altair, calculating pension benefits, creating payment instructions* and member enquiries.	Retirement, deferred into pay and death cases (all high priority cases)	None – although the Member Services Manager is leaving the Fund shortly.
Employer Services Team (c10 FTE)	Overall responsibility for the i-Connect system, all connected checks and processing of deferreds, refunds	Deferred & starter notifications and the backlog work relating to	One (temporary) – although some staff are currently seconded to work on the payroll

	and aggregations. Overall responsibility for data quality.	deferreds, refunds and aggregations. Annual Benefit Statement and tPR common/conditional measures.	rectification project (2 FTE)
Systems Team (2 FTE)	Overall responsibility for maintenance of key systems, applying updates and systems and software development.	No direct impact on KPIs	None
Governance, Technical and Compliance (2 FTE)	Detailed technical advice on complex cases, assistance with case work, Governance support training and detailed technical advice.	No direct impact on KPIs as the focus is supporting with ensuring compliance and achieving accuracy.	None – But both staff are currently seconded (part-time) to work on the payroll rectification project (around 0.75 FTE in total)
Communications & Relations (2 FTE)	Communications with all employers and members through all means and managing the onboarding and cessation of employers.	No direct impact on KPIs	None
Business Analyst and Project Manager (1 FTE)	Responsible for making Fund processes more efficient and using digital means and also for overseeing and completing all projects.	Process improvements have an impact on all KPIs.	None

**Note actual responsibility for payments currently sit with the Council's payroll team and accounts payable team.*

b). Investments and Accounting team

Investments and Accounting team	Brief description of responsibilities and qualifications required	Impact on KPIs	Vacancies
Entire team – 5 members of staff (4.8 FTE)	Accounting (including production of the statutory accounts and annual report), Committee reporting,	No impact on admin KPIs	None

	<p>management of the investments, responsible investment issues. Highly technical team requiring 2 accounting technicians, individuals with full accounting qualifications and investment qualifications.</p>		
--	---	--	--

Considerations for the Committee

Staffing skills needs

6. In 2018, and following the 2017 restructure, there were vacancies in around a quarter of roles. Furthermore, a number of staff which were inexperienced in their roles due to recent appointments or promotions. Since then the number of staffing roles overall has increased as well as nearly all roles being filled. Staff experience has gradually increased through 'on the job' and formal training and support.
7. Officers consider the collective skill set of the team to be good although ideally some further development is needed in technical advice and systems/technology related areas, in recognition of the highly complex regulatory framework within which the Fund operates and its desire to modernise its approach to services to make the best use of modern technology and maximise the Fund's efficiency.
8. Detailed technical knowledge is typically acquired through study and large amounts of pensions experience whilst systems/technology related skills may be more readily available within the market but need to be combined with the other skills required to work effectively within the pensions industry.

Recruitment

9. As the Fund's officers are employees of the Council, the Fund follows the Council's HR policy in relation to setting of pay grades for each particular role, the approach to recruitment (including advertising) and all other general employee terms and conditions.
10. However, as the Fund's budget is separate from that of the Council, the Wiltshire Pension Committee is able to approve the finance necessary to appoint the necessary staff.
11. At times, officers have had difficulty recruiting to various roles. Typically officers have had great difficulty attracting staff with previous pension experience (particularly for those who also have the other attributes sought) and therefore officers often appoint staff without pensions experience upon starting and rely on training the staff on pensions. After a number of good appointments in recent years, this approach has generally proved highly effective although in the initial months when a new employee starts, there is steep learning curve and a demand on colleague's time to provide the necessary support.
12. These recruitment difficulties have created challenges in relation to appointing temporary resource to support the completion of projects (e.g. the payroll rectification project) and therefore officers have investigated using external resource from consultancy firms.

Unfortunately, this typically comes at great cost and can still create challenges as any new staff also need to be familiar with our processes, procedures and policies.

Resourcing impact on KPIs

13. Whilst the level and skills of the available staffing has a direct impact on the Fund's ability to meet KPIs, equally important are the following factors:
 - a). The implementation of relevant automation software, for example, i-Connect;
 - b). The efficiency, in terms of Lean principles, of administrative processes;
 - c). The performance of employers in meeting their administrative responsibilities;
 - d). The implementation of new legislation (which typically adds, rather than removes, complication).
 - e). Member demand and willingness to self-serve.
 - f). The emphasise placed on improving checks and controls and improving accuracy.
14. By definition, the Fund's KPIs are important. However, officers have also invested considerable time in improving the infrastructure of the fund to improve overall data quality, controls, accuracy and customer service.

Current and future staffing needs

15. Last year, officers requested the budget for three roles for a 12 month period of time to help support the work required to reduce processing backlogs and deliver the payroll rectification project. After initial delays and complications in obtaining the appropriate resource, it is clear that this level of resource will be required on a longer term basis.
16. Therefore, officer request that the budget approval is agreed on a permanent basis to allow the permanent appoint of suitable staff.

Environmental Impact

17. There is no environmental impact from this report.

Financial Considerations

18. There financial considerations related to this paper are outlined in the proposal.

Risk Assessment

19. There are no risks related to this paper.

Legal Implications

20. There are legal risks related to this paper.

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no implications at this time.

Proposals

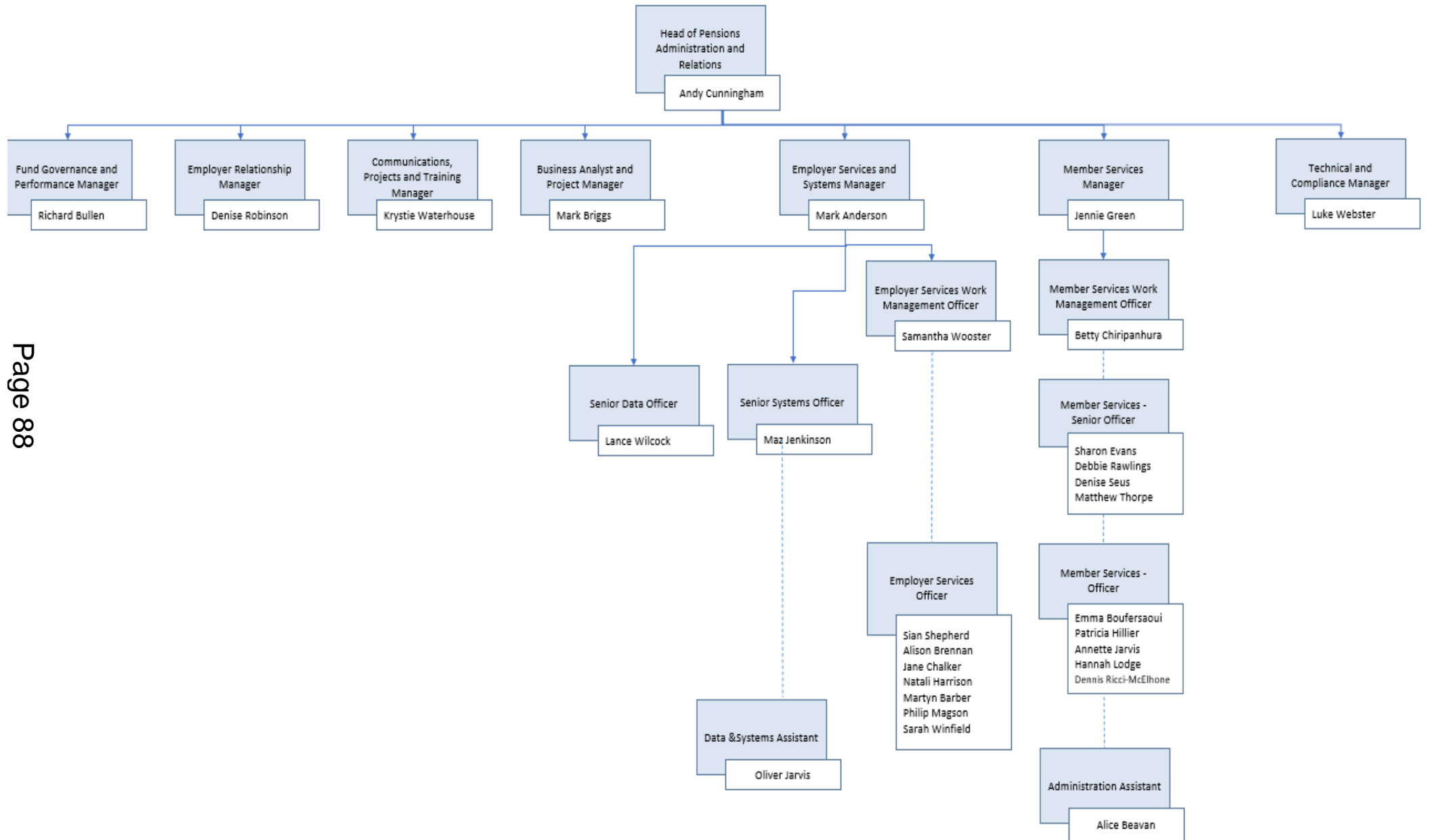
22. Officers recommend that budget approval is given to officers to allow the three current temporary roles in the structure to be made permanent (this will not effect the budget for this year but is an alteration to the initial agreement).
23. The Committee is asked to consider the contents of this paper and to provide any comments or recommendations that it has.

Andy Cunningham

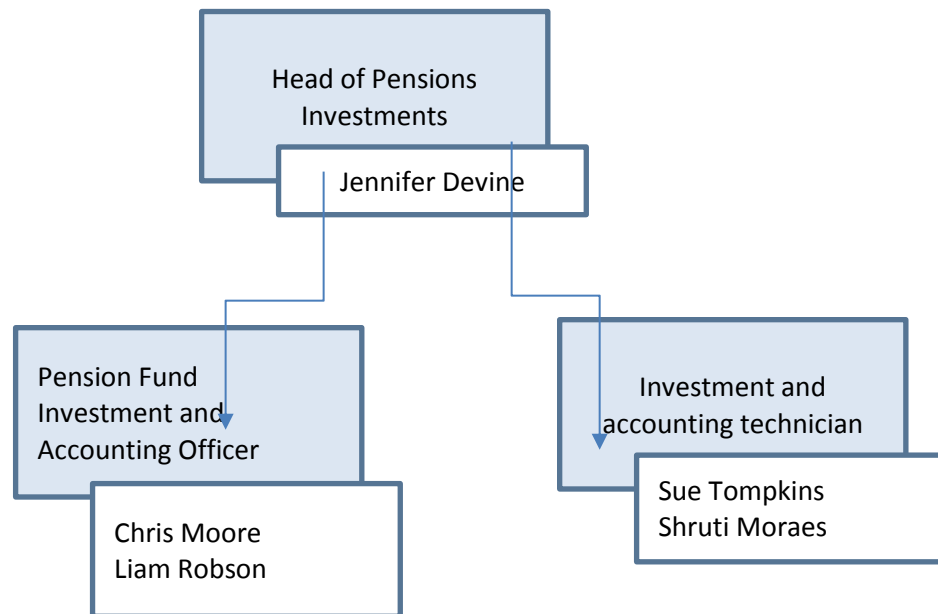
Head of Pensions Administration and Relations

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

Appendix 1: Current structure of the Administration and Relations team



Appendix 2: Current structure of the Accounts and Investments team



This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

DATA IMPROVEMENT STRATEGY AND PLAN

Purpose of the Report

1. The purpose of this report is to provide an updated Data Improvement Strategy and Plan to the Committee for consideration and approval.

Background

2. The Pension Regulator recommends that all Funds should review their data quality at least annually and put a Data Improvement Plan in place should they identify any material data issues.
3. For many years, the Fund has recognised the importance of good quality data on nearly all aspects of the running the Fund efficiently and effectively. However, with increasing complexity and pressures on the administration function, officers recognise the need to clearly state its strategy, review its effectiveness and to put actions in place as required.
4. The original strategy was approved in March 2019 and the proposed revised strategy reflects various developments in the service since then.

Considerations for the Committee

5. The Strategy and Plan continues to breakdown down the issues between the categories 'obtaining good quality data' and 'maintaining good quality data'. The rationale for taking this approach is to make clear the need focus on taking a preventative approach to new data quality issues developing, in addition to resolving existing data issues.
6. Furthermore, it continues to state what are key indications for 'measuring success' and identifies ways to 'improve current data quality'.
7. Key changes to this strategy are as follows:
 - a). Updates to sections 4a and 5a to reflect the wider use of i-Connect.
 - b). The addition of section 5d, outlining the movement to an integrated pensioner payroll system.
 - c). Changes to the 'measuring success' section (now section 6), to specifically mention processing backlogs and data consistency between the Fund/employers and Fund/payroll as measurements of success.
 - d). A revision to appendix 1, to introduce a self-assessment against the newly stated measures of success and outline the actions being taken to improve data quality. This replaces the approach to having formalised, internal sub-plans.
8. The changes made to the strategy generally reflect certain Fund developments, the Fund's business plan actions and the information and actions report in KPI pack over the last couple of years which have all been regularly report to Committee, rather than seeking to introduce a new strategic approach or create additional actions.

Financial Implications

9. There are no direct implications of this plan.

Risk Assessment

10. No new risks are created in relation to this proposal.

Legal Implications

11. The proposals in this document will help strengthened the Fund compliance with legislation relating to data

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

14. The Committee is asked to consider the contents of this strategy, make any recommendations it has and **approve** Data Improvement Strategy and Plan, outlined in the appendix.

Andy Cunningham

Head of Pensions Administration and Relations

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

Data Improvement Strategy & Plan

September 2021



Contents

1. Introduction.....	2
2. Legislative Framework.....	2
‘Common’ & ‘Conditional’ Data	2
3. Plan objectives.....	3
4. Obtaining good quality data	3
a). I-connect and accurate data submissions.....	4
b). Employer training, engagement and support.....	4
c). Clear data submission templates and forms & timely deliver	5
d). Effective internal controls and processes.....	5
e). Timely receipt and processing of data	5
f). Fund Administration Strategy.....	6
5. Maintaining good quality data	6
a). Data Reconciliations:.....	6
b). Using Third Party Data Services	7
i). LGPS National Insurance Database & ‘Tell Us Once’ Service.....	7
ii). Target Professional Services Ltd	7
iii). Mortality Screening Services	8
iv). National Fraud Initiative (NFI)	8
c). Member self-checking.....	8
6. Measuring success.....	8
7. Improving current data quality.....	9
8. Plan review and monitoring	9
9. Related Policy Statements.....	10
Appendix 1: Data Improvement sub-plans – resolving existing, identified data issues ...	Error! Bookmark not defined.
Appendix 2: Process and control strengthening – preventative approaches to data quality issues (section 4).....	Error! Bookmark not defined.

1. Introduction

This document outlines Wiltshire Pension Fund's Data Improvement Strategy & Plan. The previous version was released in March 2019.

Fundamentally, the purpose of the Fund is to pay the **correct pension benefits to its members when they become due**. It is therefore imperative that the Fund achieves and maintains the highest possible data quality standards, to comply with its core functions and to ensure the cost-effective use of resources. High quality data is also the basis for all fund valuations and effective decision making.

Keeping and maintaining high quality data is becoming increasingly difficult due to the continual diversification of the participating employer base, the increasing number of payroll providers, the large number of members and the complexity inherent in the scheme's design. However, the Fund is committed to meeting these challenges by using the approaches outlined in this strategy.

2. Legislative Framework

This Fund and its employers have a legal obligation and statutory duty to comply with a various regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended;
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014;
- The Pensions Act 1995, 2004 and 2008;
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013;
- Data Protection Act 2018;
- Freedom of Information Act 2000;
- Pension Regulator's Code of Practice No.14

This document considers the requirements of these different pieces of legislation in determining the Fund's approach and its priorities.

'Common' & 'Conditional' Data

The Pension Regulator (tPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. tPR defines two types of data held in scheme records which can be broadly explained as follows:

Common data: Data used to identify scheme members and includes names, addresses, national insurance number and date of birth and other similar data.

Conditional data: Data deemed essential to calculate benefit entitlements for the LGPS such as, member contributions, pensionable pay & service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders.

Both types of data are equally important, but are defined separately for the purposes of measurement by tPR

3. Plan objectives

The key objectives of this plan are:

- a). To ensure accurate records are maintained to calculate pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately, within prescribed timescales.
- b). To ensure that the Fund is compliant with legislation and, in particular, with the guidance of the Pension Regulator. Furthermore, in doing so, ensuring it establishes a robust, reviewable and transparent framework necessary for the acquisition and upkeep of accurate, complete and up-to-date records
- c). All actions agreed are proportionate to the risk posed, cost effective and efficient. As part of this, appropriate technology used will be used wherever possible to improve data quality standards, and the streamlining of operational processing across employer and Fund workstreams.
- d). To focus on making sure the Fund data is correct at source by using preventative approaches wherever possible (section 4). Data cleansing activities should very much be used as a second line of defence rather than the main strategy to hold clean data.
- e). To ensure clarity of roles and responsibilities between the Fund and employers, ensuring all parties are committed to the continuing engagement to improve data quality and promote accurate record keeping.
- f). To ensure that all data collection processes are clearly documented and regularly reviewed to check the validity of data. Internal managers will act as a second line of defence by periodically checking documented procedures are followed while an audit programme will be in place to act as a third line of defence on controls, the collection and processing of data.

4. Obtaining good quality data

An essential part of any data improvement policy is to ensure that good quality data is received at source and accurate processing takes place to create new, accurate data items. The Fund's data requirements are outlined within its template forms and employer's guide both held on the website. Outlined in this section are the approaches that the Fund will use:

a). I-connect and accurate data submissions

A core part of the Fund's data improvement strategy is the continued rollout of the use of i-connect across all the Fund's current and future participating employers. I-connect acts as a portal which sits between employers and the Fund and it helps ensure the data submitted from employers to the Fund passes a high number of data validation checks before it is uploaded on to the Fund's administration system, thus reducing the risk that poor quality data enters the system and discrepancies arise between employer's payroll software and the Fund's administration system. Furthermore, officers have a system in place which completes an additional series of detailed checks at a monthly level to further reduce the chance of poor-quality data being present after the upload, including by performing cross-checks against contributions received and thresholds checks against material movements in figures from one month to the next.

At the date of this strategy, around 70% of active member records were covered by i-Connect and the intention is for 100% of active members to be covered. The pace at which this will be achieved is largely dependant on employer engagement, resources and expertise although the intention is to reach this goal in some time during 2022.

Complete and accurate data submissions are the cornerstone of high quality data. However, even with full roll-out of I-connect, the Fund will need to continue to rely on other forms of data submissions, mainly where the data sources are non-employer party such as other funds and members themselves. Further information on how the Fund will address these data matters are explained in the points below.

b). Employer training, engagement and support

The Fund is reliant upon the accuracy, completeness and timeliness of data provision from participating employers and any third-party agencies they may utilise e.g. payroll providers.

To maintain complete and accurate records there needs to be a continual dialogue with participating employers regarding the provision of data, particularly as employer contacts change. Fund Officers will work with named employer representatives throughout the year to support the general activities of the Fund, clarifying information and data provided and actively seek to train employers on all aspects of pensions administration as necessary. It is an employer responsibility to both provide accurate data and to provide resources to respond to ad-hoc enquiries, bulk data activities such as year-end data submissions and data reconciliations.

The Fund will set out an employer training plan, review and improve all material available to employers such as the employer's guide and continue to provide other supplementary information through the mediums of newsletters, forums, the administration strategy, the website and webinars.

c). Clear data submission templates and forms & timely deliver

The Fund recognises that due to the nature of the Scheme, it has relatively complex and time-consuming data requirements and it has a responsibility to ensure that its templates and forms are as simple as possible to understand and complete. As part of a current project undertaking a review of repeatable processes, the Fund will analyse where errors and misunderstandings often occur in relation to its forms, letters and other templates, and make adjustments wherever possible to reduce the frequency of this occurrence by supporting employers.

Furthermore, the Fund needs to ensure the timescales outlined in the Administration Strategy are met to ensure the timely delivery of data by following the protocols stated within it and that it uses the Fund's escalation policy, where necessary, if other approaches are exhausted.

d). Effective internal controls and processes

All processes must be underpinned by suitable documentation, staff training and skills transfer to ensure ownership, understanding and compliance at both a Fund and employer level. As the Fund processes source data, it needs to ensure that the new data it creates is also accurate. It will do this by making sure clear and up to date procedures are in place and are being followed, the Altair pension administration system is up to date and any 'known errors' are communicated to processors, processes are adjusted where necessary and relevant managers undertake regular reviews of the work being processed and they make recommended improvements where necessary.

e). Timely receipt and processing of data

Another key element of ensuring data used is accurate is for the Fund to receive and process data in a timely manner. The Fund will aim to ensure it always has appropriate resource in place, work is prioritised appropriately and any mounting data backlogs are quickly identified and a plan is put in place for reducing the backlogs.

The Fund's desired processing levels are outlined in the Fund Administration Strategy while Disclosure Regulations and guidance issued by other bodies, such as CIPFA, provide further requirements and guidelines. Collectively, the Administration Strategy forms a set of Key Performance Indicators (KPIs) which officers and the Committee will monitor performance against and officers will put plans in place where KPIs are not being met and specific action is required to address the matter.

f). Fund Administration Strategy

The Fund will review its Fund Administration Strategy to make sure it is up to date and fit for purpose. It contains a detailed overview of Fund and employer responsibilities, performance standards and escalation policy. The Fund will also actively monitor employers and as well as its own performance against the details contained within the Strategy and take appropriate actions if issues arise.

5. Maintaining good quality data

Whilst the Fund will always strive to obtain good quality data at source and process it accurately, inevitably there will be scenarios where the Fund will become aware of out of date and incorrect data at a later date and these inaccuracies will need to be proactively identified and rectified. The Fund will do this by using the approaches below:

a). Data Reconciliations:

A brief summary of key data reconciliation exercises that the Fund will undertake are outlined below.

Review activity	Monitoring Performance	Timescale
<p>After the submission of each employer's i-Connect return, officers compare the CARE pay received against previous figures, the CARE pay versus the contributions received for that member and total contributions stated versus the money received (amongst other checks)</p> <p>A similar process occurs at year end for employers which do not use i-Connect.</p>	<p>Employers are internally placed into three bandings, which are periodically reviewed, depending on the data quality received by that employers. The banding used dictates the level of checks which take place and also identifies whether further engagement, support or escalation is required with the employer in line with the Fund's Administration Strategy.</p>	<p>Monthly (i-Connect)/ At least annually (other employers)</p>
<p>The Fund undertakes monthly reconciliations between the pension payroll system and</p>	<p>As issues are identified out of this reconciliation exercise, they are fed back to the team raising the</p>	<p>Monthly</p>

pension administration system for all new pensioners and other changes.	payment instructions to investigate the cause of the discrepancy and to put in steps to avoid a repeat.	
---	---	--

b). Using Third Party Data Services

The Fund will make use of third-party data services to improve the quality of its data and also support the administrative function. These are provided by outside organisations as either collaborative ventures (at no or minimal cost) or procured commercially. The Fund uses these approaches where it either does not have accessed to the necessary information or it is able to benefit from the specialist services of an outside company.

i). LGPS National Insurance Database & ‘Tell Us Once’ Service

Administered by South Yorkshire Pension Fund Authority (SYPA) on behalf of the Local Government Association (LGA), the secure National Insurance Database was developed for LGPS administering authorities to share data to prevent the duplicate payment of death grants. This follows changes to Scheme Regulations in 2014, by virtue of which, payment of a death grant in respect of a member with entitlement to multiple membership categories, is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will procedurally check the LGPS National Insurance Database for the existence of membership at other LGPS Funds.

The secure LGPS National Insurance Database also facilitates the integration of the Funds membership profile into the government ‘Tell Us Once’ service, as administered by the Department of Work & Pensions (DWP). The ‘Tell Us Once’ service allows a person registering a death to request that the DWP pass on the deceased’s information to other government departments and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, the Fund will identify this on a weekly basis by reviewing notifications on the data portal.

ii). Target Professional Services Ltd

Target Professional Services Ltd enables officers amongst other services to find the most recent postal address of a member to whom contact has been lost and, where requested, provide next of kin details and death certificates. For addresses, the loss of contact will normally occur when a deferred or pensioner member fails to notify the Fund of a change of address.

iii). Mortality Screening Services

Provided commercially, the Fund periodically engages in comparing its deferred and pensioner memberships against the national death register as administered by the General Register Office which is part of Her Majesty's Passport Office.

iv). National Fraud Initiative (NFI)

Administered by the Cabinet Office, the NFI programme is a biennial exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. As a participant, the Fund receives a report of 'matches' to investigate, to take remedial actions and update records accordingly.

c). Member self-checking

The Fund always encourages member to review the data provided on communications sent to them on the communication itself and, once rolled out to members, as shown on Member Self Service. The Fund will also continue to develop its standard letters and templates to make it clear what data it has relied upon to perform calculations. Examples of relevant communications are Annual Benefit Statements & statutory notifications.

d). Adoption of an integration pensioner payroll and immediate payment system

In late 2022, the Fund will bring its pensioner payroll and immediate payment system in-house in order to improve data quality through simplicity and to reduce the amounts of checks and controls currently needed amongst other non-data related benefits. It is anticipated that this will have a large number of long-term benefits, although in the short-term this will create additional work for the Fund to undertake this transition.

6. Measuring success

The Fund's key measures of success are the following outcomes:

a). **tPR's common and conditional (scheme specific) data targets:** The Pension Regulator set targets of 100% for both common and conditional (scheme specific) data. Therefore, the Fund uses these measurements as benchmarks to measure its data quality.

b). **Percentage of active Annual Benefit Statement produced on time:** The percentage produced by 31 August of each year. The regulatory target is officially 100% and the Fund's target is to be as close to 100% as reasonably possible.

c). **Key Performance Indicators (KPIs):** As referred to earlier within this plan, these are higher priority performance targets outlined in the Pension Administration Strategy which will be updated from time to time. Performance against these KPIs is reported to the Local Pension Board and Wiltshire Pension Fund Committee on a quarterly basis where specific actions may be decided upon.

d). **Processing backlogs:** The Fund will maintain workloads of no greater than 200 cases for any specific process (in addition to working within its KPIs). Performance against these measures is also reported to the Local Pension Board and Wiltshire Pension Fund Committee.

e). **Data consistency between the pensioner payroll and administration systems:** All pay figures reconcile within suitable thresholds (including key component parts) as well as all other supporting data such as personal data.

f). **Data consistency between employer and Fund data:** All key pension related data to reconcile, after allowing for time required to process work in line with the Administration Strategy.

A self-assessment of the Fund's performance against these measures is shown in Appendix 1, and this table will be maintained and updated periodically, even where the strategy remains unchanged.

7. Improving current data quality

Following a further review of the Fund's performance against the measures set out in section 6, the Fund has identified the actions outlined in Appendix 1 as the key priorities for data quality improvement. Appendix 2 outlines the key preventative strategies which are taken.

Fund officers will take appropriate action against the points outlined in Appendix 1, while appropriate plans and strategies will be maintained in internal documents and updated to the Local Pension Board and Committee as required as part of the KPI paper.

8. Plan review and monitoring

The Fund will review this policy document periodically, and as required, to reflect changes in regulations and Fund working practices. Scrutiny and oversight will be provided as and when is required by the Local Pension Board, the Pension Fund Committee, the Pension Regulator and internal and external auditors.

9. Related Policy Statements

The following related documents can be found on the Fund's website:

- Pension Administration Strategy (including escalation policy); and
- Fund Business Plan 2019-2022

This document has been presented, considered and approved by the Pensions Committee on 30 September 2021

This page is intentionally left blank

Appendix 1: Self-assessment against the measures of success and actions taken (where necessary)

The Fund self-assessment below took place in September 2021. The RAG (red, amber, green) status assigned represent the service priority.

Measurement and targets	Current assessment (at September 2021)	Commentary	Actions
a). tPR Common and Condition data (target of 99%)	tPR Common data measurement = 99.2% tPR Conditional data measurement = 94.9%	Whilst the Fund's conditional data score is below target, the reasons are mainly technical failures related to the member data views of historic records which do not impact the payment of benefits (but they still fail the tPR test). The Fund scores above industry averages in relation to both measures.	No specific additional actions are required at this time although further organic improvement is expected.
b). Active Annual Benefit Statements (target of 99%)	99.5% of 2021 statements were produced by the deadline of 31 August 2021	The Fund has met its target in this area, and it scores above industry averages.	No specific additional action required at this time although further improvement is expected organically through greater onboarding of employers on to i-Connect.
c). Benefits Key Performance Indicators (various targets)	Deferred and starter notifications are below the disclosure regulations target (although strictly speaking these are not data quality issues). In addition, the processing of retirement (from active status) and death benefits are also below target.	The notifications scores are lower than expected due to some issues imbedding a new process. Whilst there have been recent improvements in the processing delays, further work is required.	<u>Notifications</u> : A change of process has already occurred, and the improvement should be visible in future quarters through implementation of the revised process. <u>Processing</u> : Both processes are currently being reformed using Systems Thinking techniques and with greater staff numbers are being assigned. Officers anticipate targets being met during 2022 for this processes.

d). Processing backlogs (under 200 cases per process)	Two areas of processing backlogs currently exist which exceed this target: a). The award of deferred benefits. b). The aggregation of records	Both of these processes are treated as being lower priority in comparison to processes which result in payments (such as retirements and death benefits) although of course all process remain important. However, both process improvements and significant allocation of resource is needed to improve this area.	Additional staff have already been appointed as well as a small number of staff being assigned to work overtime. In addition, the processes related to these areas have been reviewed to make efficiency improvements. Currently, there are month on month improvements visible which should bring down these figures during 2022 and 2023.
e). Data consistency between the pensioner payroll and administration systems (various targets)	A recent reconciliation has identified issues for a minority of pensioner records related to: a). The annual payment amount stated and used on each system and its component breakdown. b). Some other inconsistencies in the supporting data.	In light of these findings, the Fund is currently undertaking a project in 2021 and 2022 to correct all material discrepancies and to move towards an integrated pension payroll system.	Complete rectification project and transition to integrated payroll (and immediate payments) system by autumn 2022.
f). Data consistency between employer and Fund data	High levels of data consistency exist between employers currently using i-Connect. Data consistency is more variable amongst employer not currently using i-Connect.	The current assessment reflects the Fund's data strategy of onboarding all employers onto the i-Connect platform.	The Fund will continue to work closely with employers during 2021 and 2022 to support them to transition to i-Connect new platform, using its escalation policy where employer non-compliance with the Fund's administration strategy exists.

Appendix 2: Process and control strengthening – preventative approaches already used in relation to data quality issues (section 4)

Ref & Priority	Data Area	Potential Impact	Mitigation	Review Frequency
DP1 i-Connect and Year end	<p>Monthly and year-end processes and controls:</p> <p>a). Correct allocation of CARE pay & full-time equivalent (FTE) pay data to member accounts (where members have multiple accounts)</p> <p>b). All CARE, FTE pay and other supporting data is correct and received in a timely manner for all records.</p> <p>c). Authorisation process for employers and any differences in contribution and membership data are fully reconciled.</p>	<p>Failure of Fund to fulfil its statutory requirement to ensure accurate payment of benefits within prescribed timescales.</p> <p>Impact on annual allowance calculation for members.</p> <p>Failure to comply with the requirements of the rates and adjustment certificate.</p> <p>Risk of fraudulent activity.</p>	<p>a). Transition of employers to i-connect.</p> <p>b). Continued development of controls checks on pay data submitted</p> <p>c). Regular revision and improvement of Fund pay tolerance levels</p> <p>d). Descriptive feedback to employers where anomalies are highlighted</p> <p>e). Robust authorisation controls including sign off by key employer contacts.</p> <p>f). Regular gap analysis of FTE Pay figures and CARE Data.</p>	<p>Monthly – i-Connect</p> <p>Annually – End of year before commencement of year end contribution exercise</p>
DP2 PENSIONER PAYROLL	<p>Verification and authorisation of payroll data between the Pension Administration database and the Pension Payroll database</p>	<p>Non-verification and authorisation payroll data could result in failure to identify fraudulent activity that may have financial consequences</p> <p>Failure to reconcile members & their pensions could lead to maladministration</p>	<p>a). Robust authorisation controls – Covering both financial & data transfers between databases</p> <p>b). Incorporate a series of annual pre-pension increase checks to ensure both databases mirror each other.</p> <p>c). Initiate a programme of data quality reporting & reconciliation</p>	<p>Annually – Financial reconciliation of the payroll before & after each pension increase exercise.</p> <p>Monthly – Data reporting & reconciliations to be undertaken</p>

DP3 CONSISTENCY ERRORS	Data entered on the pension administration system needs to be entered consistently and checked as part of the process.	Non-verification of data from 3 rd parties such as other LGPSs may have financial or data quality consequences	Ensure that all transfer value data is verified on Altair, by reviewing their documentation & update each member's records as required. Run consistency check routines	Ongoing
---------------------------------------	--	---	---	---------

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

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

Key Considerations for Committee

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

2. Actions from the recent Committee meetings are as follows:

Recommendation	Action
Members agreed...	
That the Fund should adopt the recommendations of the Task force on Climate related Financial Disclosures (TCFD)	The TCFD reporting has been published online and in the Fund's Annual Report for 2020/21. The TCFD reporting can be found here: https://www.wiltshirepensionfund.org.uk/Responsible-investment
That the Fund should aim to sign up to the 2020 Stewardship Code during 2021	Fund officers have reviewed a gap analysis report prepared by Minerva, which looks at the current Fund publications and highlights the additional reporting which is required by the 2020 Stewardship Code. Officers are preparing a plan and will be reporting against the requirements of the code via a Stewardship Policy and Outcomes report in early 2022.
That officers will further explore commissioning Mercer to advise on a road map for the Fund to achieve net zero by 2050	Mercer's work is well underway. The findings will form part of the Fund's Responsible Investment Policy. Both the policy and Mercer's full report will be presented to the Committee at this meeting.
To make a strategic allocation to sustainable equities, of 8% of the Fund in the interim, and 5% long term, to approve that this allocation is implemented via the Brunel sustainable equities portfolio, and to approve that the sustainable equities portfolio is funded by transferring funds from the Brunel Global High Alpha portfolio.	The transition to sustainable equities took place during September 2021. A report on outcomes and costs is expected in due course.

Recommendation	Action
Members agreed...	
To approve the Responsible Investment Plan 2021/22, and the actions and costs noted therein.	Progress against the actions in the Responsible Investment Plan is shown below.

3. The road map from the Responsible Investment Plan 2021/22 is shown on the following page. Progress against actions for Q2 & Q3 2021 is as follows:
4. **Investments and strategy:**
- The decision on sustainable equities has been made, and the transition is underway.
 - Proposals for protection assets were considered at the 2 September 2021 Investment Sub-Committee.
 - The Responsible Investment Policy elsewhere on this agenda for approval.
 - Mercer’s work on a net zero by 2050 road map has been completed, and is included in a climate statement and action plan as part of the Responsible Investment Policy. Mercer’s report is attached as Appendix 1, and Mercer will attend this meeting to present their report and answer the members’ questions. A summary of Mercer’s findings is detailed later in this report.
5. **Reporting and disclosure:**
- The TCFD reporting has been published online and in the Annual Report 2020/21. This sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and metrics.
 - Officers are developing plans for reporting in line with the 2020 Stewardship Code. This requirement will be met by an annual Stewardship Policy and Outcomes Report, which will be published for the first time in early 2022.
6. **Training and engagement:**
- A Committee training session on impact investing and affordable housing was held on 8 July 2021. Officers have collected feedback from attendees via an online survey. Feedback was positive – members reported that they found the training very useful, particularly on impact investing, and that both sessions were pitched at the right level.
 - One attendee fed back that they felt the Committee would benefit from the follow-on session on impact investing which had been mentioned in the training. This was supported at the Investment Sub-Committee on 2 September 2021, and the training has been scheduled for 29 November 2021.
 - A Committee training session was held on 14 September 2021, for Mercer to represent their climate scenario modelling findings. Feedback is currently being collected.
7. **Responsible Investment Plan 2021/22 progress summary:** The Plan is on track to be achieved – all actions scheduled for Q2 & Q3 2021 have been completed. Some preparatory work has begun on actions for Q4 2021.

Responsible Investment Road Map

Q2 2021 -

Investments and strategy: decision on sustainable equities

Reporting and disclosure: TCFD reporting

Training and engagement: Training on impact investing and affordable housing

Q3 2021 -

Investments and strategy: proposals for protection assets, develop and publish Responsible Investment Policy, including climate statement and action plan

Reporting and disclosure: Develop plan for Stewardship Code reporting

Q4 2021 -

Investments and strategy: begin work to implement proposals for protection assets, begin reviewing potential work on other asset classes with respect to climate change and sustainability

Reporting and disclosure: sign up to wider initiatives

Training and engagement: hold membership webinars and develop the information shared on the Fund's website

Q1 2022 -

Investments and strategy: update Investment Strategy Statement

Reporting and disclosure: develop plans for reporting the year's progress in the Annual Report

Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report

8. The IPCC report, published on 9 August, was widely reported and commented on by the international, national and pension press and media. The full report could be summarised by the following points:
 - Global surface temperature was 1.09°C higher in the decade between 2011-2020 than between 1850-1900.
 - The past five years have been the hottest on record since 1850
 - The recent rate of sea level rise has nearly tripled compared with 1901-1971
 - Human influence is "very likely" (90%) the main driver of the global retreat of glaciers since the 1990s and the decrease in Arctic sea-ice
 - It is "virtually certain" that hot extremes including heatwaves have become more frequent and more intense since the 1950s, while cold events have become less frequent and less severe
9. **How is this report different from previous reports (1 to 5)?**

One of the key differences is the increased certainty and understanding of climate change compared with when the IPCC started. The first IPCC report, published in 1990, concluded that human-caused climate change would soon become evident, but could not confirm that it was already happening. Today, the evidence is overwhelming that the climate has indeed changed since the pre-industrial era and that human activities are the principal cause of that change.
10. With the approach of COP26 and increasing government, investor and consumer impetus to take action, it is possible that political action and more aggressive steps to combat emissions will be taken, with the associated financial risks to markets and corporations.
11. **What does this mean for pension funds and institutional investors?**

Earlier this year, the Department for Business, Energy & Industrial Strategy reported that [a third of the UK's biggest companies have made commitments to net zero](#) and according to the Energy & Climate Intelligence Unit, [a fifth of the world's largest companies have committed to net zero targets](#).
12. As major shareholders of public companies, pension funds can exert pressure, via the development of policies and net zero targets, to influence transition plans and monitor progress against them.
13. **What does this mean for Wiltshire Pension Fund?**

In any scenario of the report, temperatures will rise by 1.5°C in the 2030s. The result of lag between emissions and temperature rises mean action now will only be apparent in the later part of this century.
14. Following on from the modelling work, the Committee debated and agreed the new investment belief: "In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net zero carbon emissions across all investment portfolios by 2050."
15. In order to achieve this target, the objective must carry through the investment chain and across the portfolio. As progress against this is regularly monitored, there may be scope to review these targets.

Mercer's Analytics for Climate Transition (ACT) Report

16. As a reminder, the Committee approved a budget for a piece of work from Mercer to help the Fund set a pathway to net zero. This piece of work looks at the following areas:
- Setting interim decarbonisation targets
 - Setting a target for investments in sustainable/low carbon assets
 - Transition alignment – analysis of where the current portfolio sits, by exposure to assets that are well aligned or not well aligned with the low carbon transition
 - Information on setting a baseline
 - Next steps
17. The Mercer report is attached as Appendix 2 to this paper. Mercer will be attending the meeting to present on their report, and answer members' questions.

Property portfolio – sustainability review

18. During September 2021, the Fund's property manager, CBRE, performed a sustainability review on the Fund's property portfolio. This report looked at the portfolio from multiple different angles, including:
- Whether the underlying funds had made net zero commitments
 - Were the funds reporting in line with TCFD recommendations (Task Force on Climate-related Financial Disclosures)
 - Engagement examples
 - ESG scores
 - Metrics around energy efficiency, emissions, water consumption and waste management
 - Physical risks by exposure to different types of natural hazard
19. Officers will be meeting with CBRE shortly to discuss the findings and how they can be used to protect the portfolio from the identified risks. A verbal update can be provided at the meeting.

Training

20. The next training session will be held in person on 29 November 2021. Officers will circulate details of timings and venue. This training will include a follow-on session on impact investing with Pensions for Purpose, at an additional cost of £1,700, which was supported by the Investment Sub-Committee at the meeting on 2 September 2021. This session will take the format of an investment beliefs workshop, to review the UN sustainable development goals (SDGs) in more detail, and focus on SDGs which the Fund could incorporate in the investment strategy.
21. There will also be a session with Brunel on the new Paris-aligned benchmarks, which will explain more about how they are constructed, with examples. All members are strongly encouraged to attend the training. Local Pension Board members will also be invited.

Member and Employer Engagement Activity

Annual Report

22. Following the publication of the Annual Report 2020/21, officers publicised the report in a variety of different ways:
- Producing a one-page summary of the Annual Report, “Our Year in Review”, which contains key facts and figures about the Fund. This can be found on the Fund’s website: <https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts>
 - Circulating the Annual Report to all employers, along with the one-page summary, for onward distribution to scheme members.
 - Creating a publicity campaign to email all members who have signed up to MSS (the online self-service tool), as well as all pensioners who have signed up for e-payslips. This reached 17.7k individuals, and generated 1.5k clicks through to download the Annual Report or one-page summary.

Employer engagement survey

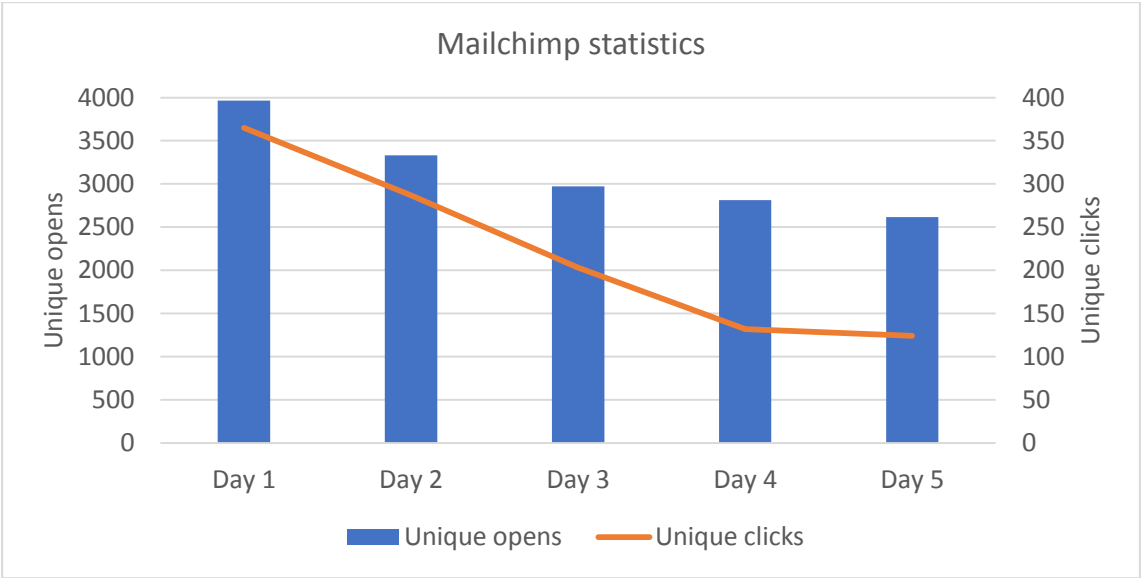
23. Officers have been working with the scheme employer representatives on the Pension Fund Committee to begin improving the way that strategic issues (including responsible investment) are communicated to employers, as well as how their views are fed back to the Committee. There is already a very active engagement with employers on more operational issues.
24. The first step has been an employer survey, which has been targeted at heads of finance or heads of the organisation. The survey recently closed, and the results are available in Appendix 1. Officers and the employer representatives on the Committee will talk through the findings at the meeting, but a brief summary of the results follows:
- Responses were received from 62 employer organisations (of approx. 180 total), representing just under 80% of all employers in terms of the value of employer contributions received. This shows a really strong level of engagement.
 - Employers showed a strong interest in how the Fund is run, and gave a clear indication of the sorts of topics they would like to know more about, and how they would like to receive information.
 - 23 respondents said that they would be interested in being part of an employer focus group, so officers and the employer representatives will be looking into establishing this. This focus group will discuss and provide feedback on key relevant strategic and policy topics, such as the communication strategy, the investment strategy, and the actuarial valuation.
 - Officers will be working alongside the employer representatives on the Committee to help facilitate the dialogue.

Pension Awareness Week (PAW)

25. 15 September 2021 was Pension Awareness Day. Officers developed a plan to use PAW to inform members about key facts on the benefits of the Pension Fund, how the money is managed, and to encourage members to visit our website and sign up to member self-service (MSS). A mini-factsheet was designed for each day of the week, as well as a single factsheet for employers who only wanted to send out a single communication to their eligible members of staff.

26. The factsheets were sent out to active members for whom we already hold email addresses via Mailchimp (7.7k members), and to all employers for onward distribution to eligible staff. A dedicated web page was also set up: <https://member.wiltshirepensionfund.org.uk/article/4608/Pension-Awareness-Week-13-17-September-2021>

27. In order to monitor the success of the PAW campaign, officers measured the number of visits to the dedicated webpage, clicks and opens through the Mailchimp mailing, and the increase in sign-ups to MSS. This data is not fully available at the current time, but some early measures are as follows:



28. The link within the Mailchimp email went through to the website where all the factsheets were stored, so it makes sense that clicks through to this page would decline over the week. The number of opens and clicks shows a high level of engagement.

29. From monitoring the number of members registered on MSS, a modest increase in sign-ups was noted across this week, but the full effect of this will take a while to filter through. Activity levels were also monitored, and these were up across the week by 58%, showing that more members were engaging with their pension.

30. Website stats have also shown an encouraging picture. Over the week the PAW page was the most popular on the website, and received 2,086 visits from 1,743 individuals. This represents over 1,000 extra visits than those generated from the Mailchimp campaign, so the majority of these are likely to have come from the emails sent out by the employers.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

32. There are no known implications at this time.

Proposals

33. The Committee is asked to

- use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
- note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;
- approve the Investment Sub-Committee's recommendation that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget);

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

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

Appendices:

Appendix 1 – Employer survey report

Exempt Appendix 2 – Mercer's report on analytics for climate transition (contains proprietary information)

Wiltshire Pension Fund
Scheme Employer
Strategic Engagement Survey
Results
August 2021

Introduction

- In August 2021, Wiltshire Pension Fund conducted a survey of the scheme employers about engagement on strategic issues.
- This survey was launched for the following reasons:
 1. To find out what issues were most important to employers;
 2. To find out how employers wanted to be engaged with - both in terms of receiving the most relevant info, and in terms of getting their voices heard on the Committee;
 3. To introduce the potential idea of setting up an employer focus group, and to gauge interest;
 4. To find out about employers' stance on climate change, and whether they felt that their wider goals and philosophy should be reflected in the way the Fund is run (after other considerations have been met – which was explained).

Who was surveyed and who responded

Total responses: 62

- The Fund approached heads of finance at all employer organisations, requesting that they and/or the head of the organisation completed the survey.
- This was because there is already an active program of engagement on more operational issues, and this survey was targeting strategic issues.
- Heads of the organisation/finance are the budget holders, and therefore hold an interest in how the Fund is managed.
- Employers representing **just under 80%** in terms of contributions received responded to the survey.

Who was surveyed and who responded cont'd

Type of employer	Number of responses
Large scheduled body	4*
Town & Parish Council	21
School/college	29
Other admitted body	8
Total	62

* Wiltshire Council, Swindon Borough Council, Salisbury City Council, Wiltshire Police

What questions were asked?

1. Name and job title
2. Organisation
3. Are you aware that there are two employer representatives who sit on the Pension Fund Committee, to represent the views of employers?
4. What is your level of interest in how the Pension Fund is run? 1-10 (not interested at all – very interested)
5. What sorts of topics would you be interested in learning more about? (participants could select as many topics as they liked from a list, including “other”)
6. How would you prefer to receive information about the Pension Fund? (participants could select as many options as they liked from a list, including “other”)

What questions were asked? Cont'd

7. We are considering establishing employer focus groups to discuss strategic and policy issues (such as investments, communications etc). Would you be interested in participating in an employer focus group?

8. Do you feel that the Fund's investment strategy, which is set in the best financial interests of the Fund, should also try to reflect where possible the wider goals and philosophy of the employer organisations (for example, reflecting a climate-related goal), or do you feel that this is not a concern for employers? 0-10 (not a concern for employers – goals should be reflected where possible)

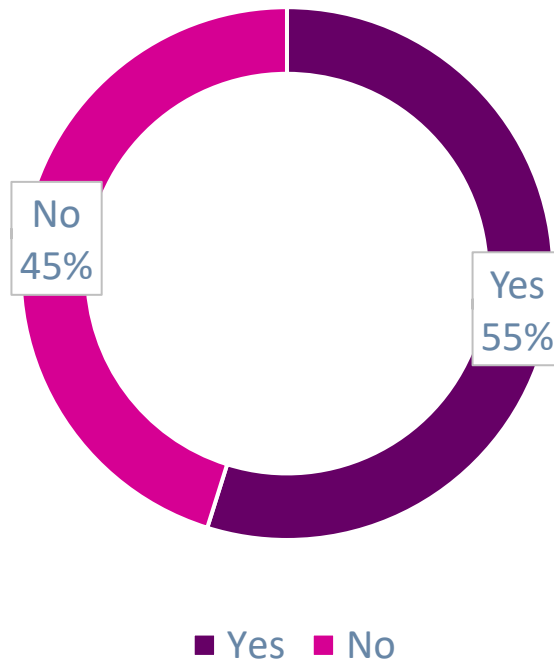
9. Does your organisation have a climate change statement or policy? Please provide a link if possible.

10. Do you have any further comments about the topic of employer engagement?

Awareness of Employer Reps on the Committee

Are you aware of the employer
representatives on the Committee?

Only 55% of respondents were aware of the employer
representatives on the Committee.

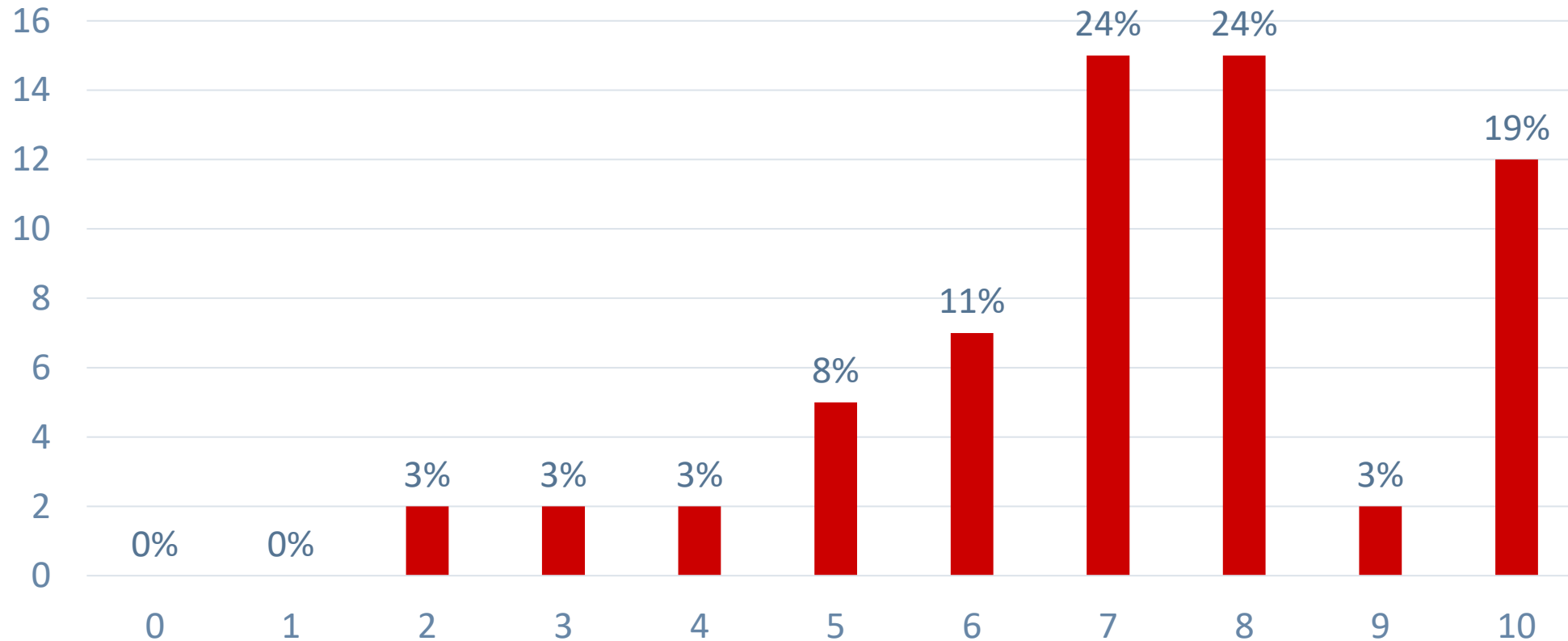


Response:

- We will email out details of the employers reps and how to contact them to all employers, and put the details on the website.
- We will take an active role in facilitating the flow of information between the employers and the employer reps.
- We will develop reporting in the Annual Report 2021/22, so that the employer reps can share with employers what topics have been raised at Committee on behalf of employers.
- We will involve the employer reps in planning our engagement strategy with employers, including organising focus groups.

Level of interest

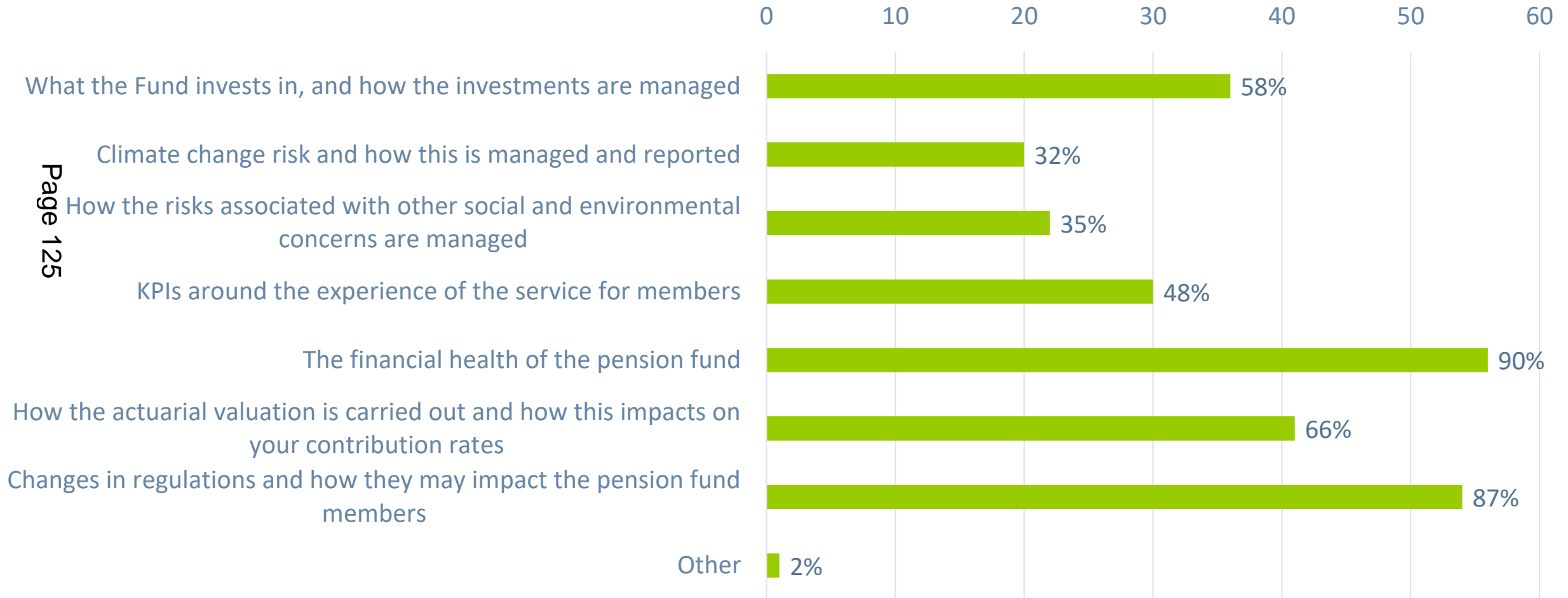
What is your level of interest in how the Pension Fund is run?



- Employers ranked their level of interest from 0 (no interest) to 10 (highly interested).
- The average score was 7.2, representing a strong level of interest. 71% of respondents were “interested” or “highly interested”.

Topics

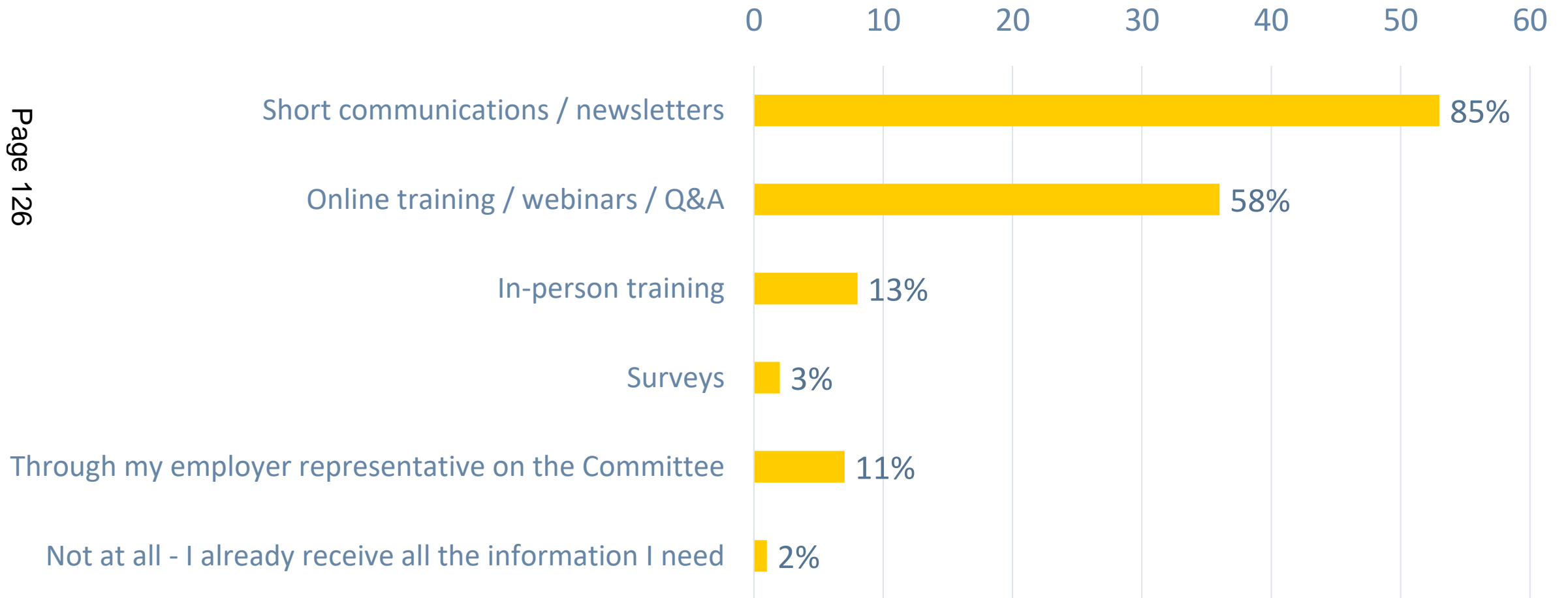
What sorts of topics would you be interested in learning more about?



Preferences on how to receive info

How would you prefer to receive information about the Pension Fund?

Page 126



Topics/Info preferences

- Employers were most interested in the financial health of the Fund (90%), closely followed by changes in regulations and how these might impact the members (87%).

Response:

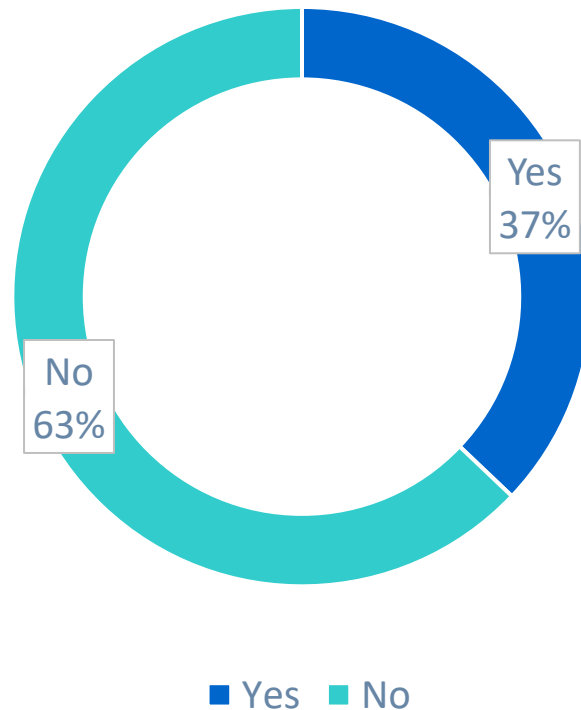
- We will focus our communications on the topics of most interest.
- We hope that our publicity campaign this year for the annual report has helped connect employers (and members) with the info they need on the financial health of the scheme.
- Employers expressed a strong preference for short communications/newsletters as a means of communication (85%), followed by online sessions (58%).

Response

- We will include more information on the priority topics in our newsletters, and consider focussed newsletters and/or webinars.

Employer focus groups

Would you be interested in participating in an employer focus group?



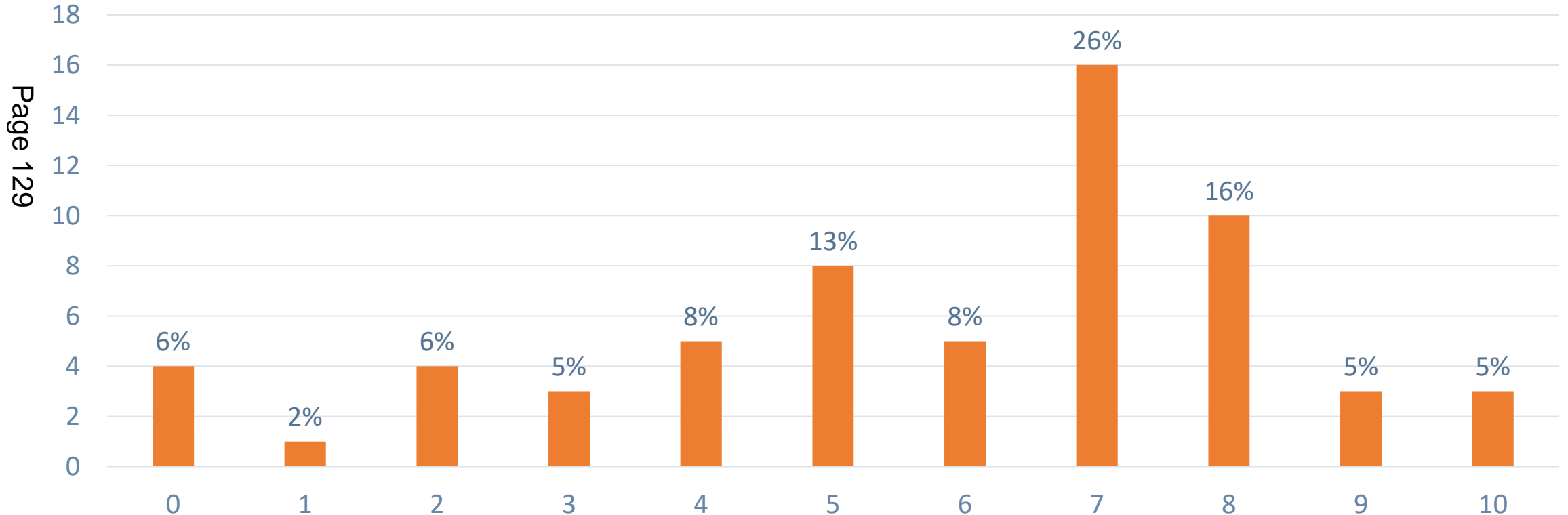
The survey explained that we are considering employer focus groups to discuss strategic issues. 37% (23 individuals) were interested in participating.

Response:

- 23 individuals represents sufficient interest to proceed with this idea.
- We will begin work with the employer reps to set up a focus group.
- Focus groups will review items like relevant new strategies and policies, the actuarial valuation etc.
- The groups can be used to inform employers of our proposals, and gain their input. This will help increase engagement with the consultation process. Employer reps can bring feedback from focus group sessions to the Committee.

Employers wider goals

Should the investment strategy try to reflect employers' wider goals and philosophy?



Employers wider goals

- The full question text explained the context, i.e. that the investment strategy is set in the best financial interests of the Fund.

“Do you feel that the Fund’s investment strategy, which is set in the best financial interests of the Fund, should also try to reflect where possible the wider goals and philosophy of the employer organisations (for example, reflecting a climate-related goal), or do you feel that this is not a concern for employers?”

Page 130

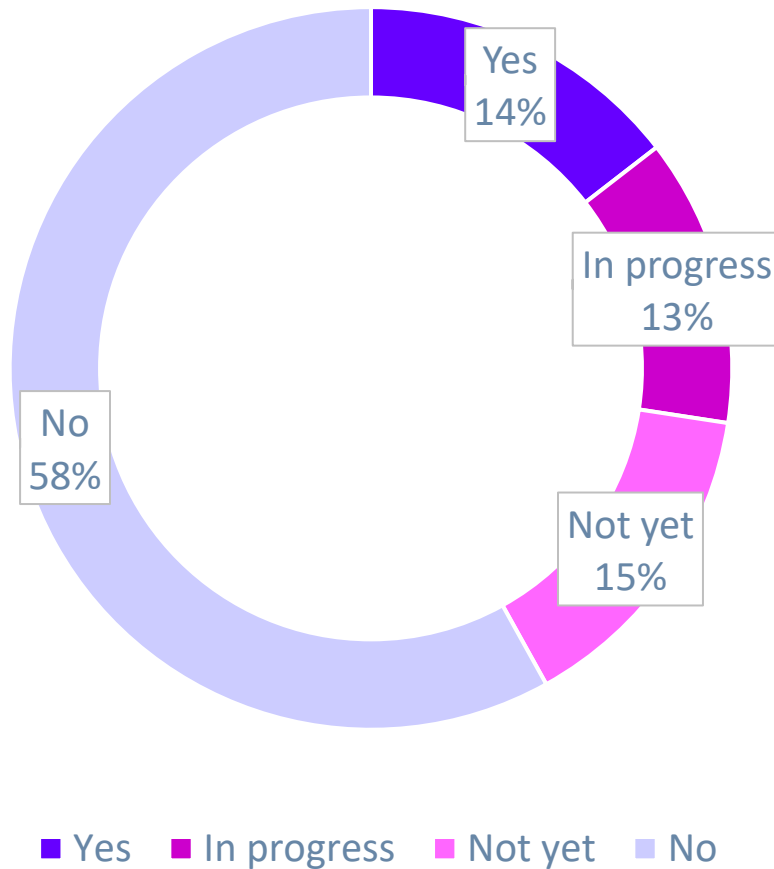
- Employers ranked how they felt about this issue from 0 (this is not a concern for employers) to 10 (employers’ goals should be reflected where possible).
- The average score was 5.8, reflecting that on average, employers feel that this is moderately important.
- However, the distribution was quite uneven. The mode (i.e. the most common score) was 7, which is equivalent to “important”. 52% of responses were scored 7 or higher.

Response

- We will continue to consult with employers on changes to the Investment Strategy Statement, and will inform employers of the publication of our Responsible Investment Policy and Stewardship Report. Investment strategy will also be a topic at the employer focus groups, so views can be taken and fed back to the Committee

Climate Change Policies

Do you have a climate change policy?



- The survey asked if employers had a climate change policy or statement, and to provide a link if there was one available.
- The majority (58%) did not have a policy/statement. Other respondents stated that they did already have a policy/statement, or that this was current work in progress.

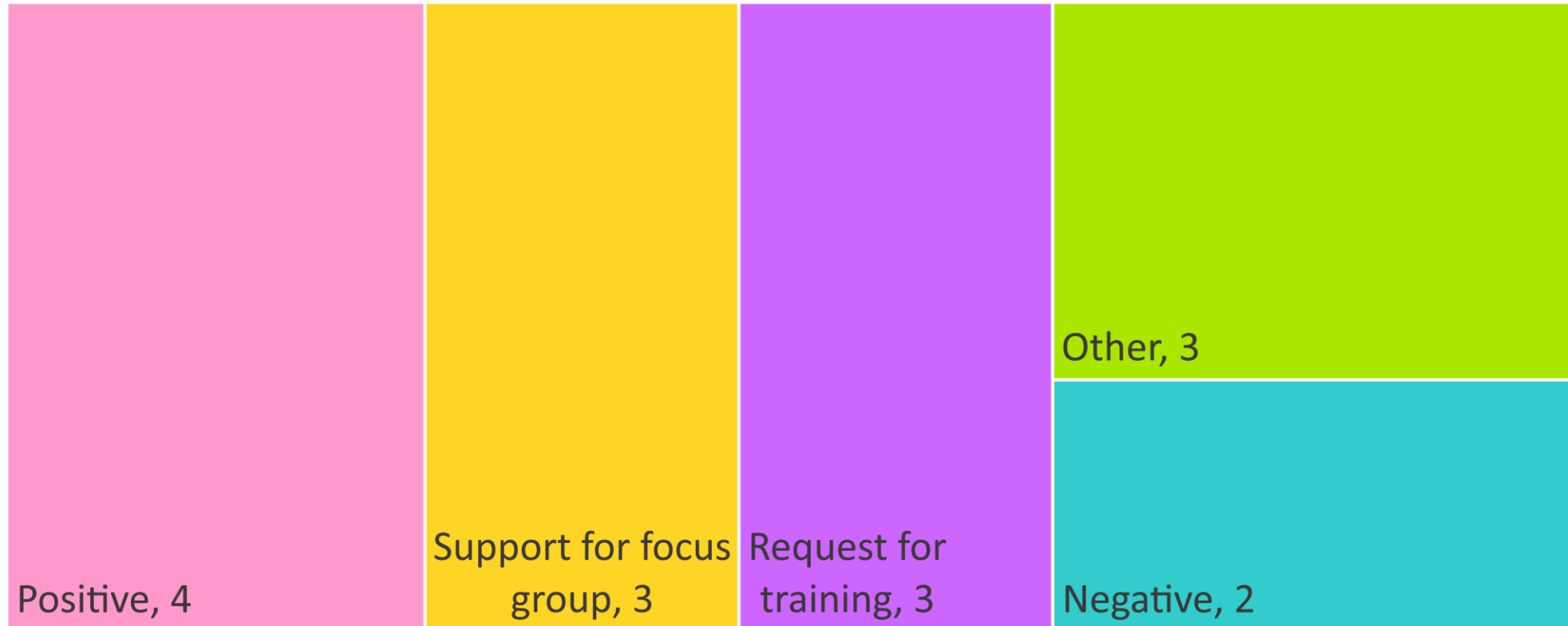
Response

- We will continue to monitor the situation with employers, and our communications (through the annual report, newsletters, Investment Strategy Statement reviews etc.) will inform employers about the level of alignment we have with their own policies.

Comments

- The final question was a free text box inviting any further comments on employer engagement.
- The responses have been analysed into the following broad categories:

Comments by Theme



Comments

Response

- There were 6 comments on the engagement framework which is already in place (4 positive and 2 negative). We have reviewed the negative comments and will respond accordingly.
- There were 3 comments supporting the creation of a focus group, as mentioned on an earlier page, we feel that there is sufficient interest to pursue this, so will be putting plans in place to set this up shortly, alongside the employer reps.
- There were 3 comments requesting more training, mentioning that pensions can be a challenging topic. We will keep this in mind and the comments will help to inform our training program for employers.

Thank you to all scheme employers for participating in the survey, we appreciate your engagement and feedback

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

Document is Restricted

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
30 September 2021

RESPONSIBLE INVESTMENT POLICY

Purpose of the Report

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

Key Considerations for Committee

Responsible Investment Plan 2021/22

2. As part of the Responsible Investment Plan 2021/22, approved by the Committee in June 2021, an action for Q3 2021 was to "develop and publish a Responsible Investment Policy, including climate statement and action plan". The Responsible Investment Policy has now been drafted in line with this approved action, and is attached as Appendix 1.

Business plan and risk register

3. Developing the Fund's approach to responsible investment is set out as a "High Priority" action in the Fund's Business Plan for 2021/22. This will have the expected service benefit of helping the Committee to understand and incorporate risks which could have a material financial impact on the Fund's future investment returns. This high priority action shows the strong commitment which the Committee has towards responsible investment, and the high importance of this area of work.
4. Climate change risk is included in the Pension Fund's risk register (risk PEN041) as a "High" priority risk ("Medium" residual risk after the controls in place to manage the risk are considered). Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed and monitored as part of the Committee's fiduciary duty, to protect the investment returns of the Fund. Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.

Background

5. 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 extract the relevant information into a separate document, which is to be considered as an integral part of the ISS, in order to improve transparency.
6. The Responsible Investment Policy has been drafted based on:
 - Existing information within the ISS
 - Existing information within the Responsible Investment Plan 2021/22
 - Information from Mercer's Analytics for Climate Transition report

- Other new information as appropriate.

Highlights of new information which wasn't sourced from already approved material (i.e. the ISS and RI Plan 2021/22)

7. Investment beliefs – this section has been updated to include some new beliefs, which reflect recent developments. The new beliefs cover:
 - Member and employer engagement
 - Impact investing
 - Working with other investors
8. Strategic Asset Allocation (SAA) section – this has been added to reflect the decisions which the Investment Sub-Committee is recommending to the full Committee today. This section includes a donut chart which shows which parts of the SAA are already sustainable/low carbon.
9. Climate change section – this includes information on climate scenario modelling, setting a baseline, implementing a transition plan, and interim targets (to 2025 and 2030). This information has come in part from the most recent Mercer report, which is elsewhere on this agenda, and from updating existing information to reflect the current situation.
10. Reporting and accountability – this section is new, and is based on a factual list of all the relevant Fund reports and publications, how often they are produced and where to find them.

Environmental Impacts of the Proposals

11. This report includes information on a new Responsible Investment Policy which includes specific plans and targets to address climate change risk in the investment portfolios.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

13. The Committee is asked to approve the Responsible Investment Policy.

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

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

Appendices:

Appendix 1 – Draft Responsible Investment Policy

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. In June 2021, the Committee approved a **Responsible Investment Plan for 2021/22** setting out commitments and actions for the year ahead, which included the development of a dedicated Responsible Investment Policy. The Responsible Investment Policy will be 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. A new Responsible Investment Plan will be produced each year for review and approval by the Committee.

Examples of recent actions and developments are as follows:

- Setting a target of net zero by 2050 for the Fund's investment portfolios.
- Making a specific strategic allocation to sustainable equities.
- Reporting against the Task Force for Climate-related Financial Disclosures (TCFD) requirements in the Annual Report for 2020/21.
- Developing a programme of engagement with the scheme membership and employers.
- 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.

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 emissions across all investment portfolios by 2050	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. 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 disclose how the Fund manages climate change risk.

<p>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</p>	<p>The ISS 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?"</p>
<p>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</p>	<p>Impact investing is a rapidly growing area and the Fund has recently made a dedicated strategic allocation to Impact Affordable Housing, as part of the protection assets allocation. 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.</p>
<p>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.</p>	<p>As part of the Responsible Investment Plan 2021/22, the Fund committed to becoming a signatory of the 2020 Stewardship Code, and in early 2022 will publish a Stewardship Policy and Outcomes Report. Additionally, as part of the Responsible Investment Plan 2021/22, the Committee agreed to develop the Fund's relationships with other investors via wider initiatives, in order to achieve better outcomes.</p>

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 will develop a Stewardship Policy and Outcomes Report, which will be published annually and will include reporting in line with the 2020 Stewardship Code
- 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, and TCFD 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 scheme membership and employers

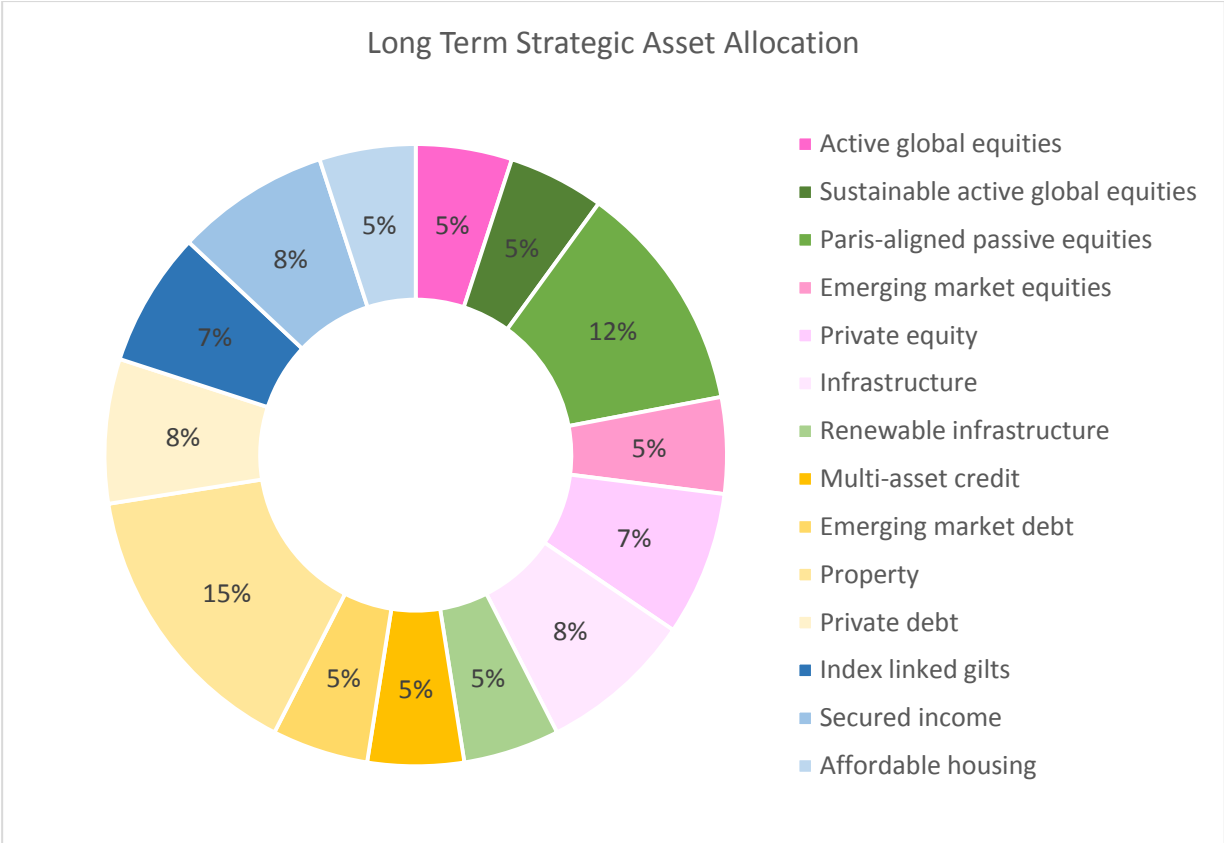
These points are all dealt with in more detail within the appropriate section of this policy.

Strategic Asset Allocation (SAA)

Following on from climate change scenario modelling which was carried out in late 2020, the Committee has made changes to the SAA, reflecting the results of the modelling, in order to ensure the best possible financial returns for the Fund's investments, and to mitigate risks. The Fund will continue to work to review all asset classes to ensure that climate risk and sustainability are being fully considered.

The SAA contains specific allocations to Paris-aligned passive equities, and sustainable active equities. A recent review of the protection assets has resulted in a decision to make specific allocations to renewable infrastructure, and impact affordable housing. The allocation to impact affordable housing was made as this asset class provided the desired risk/return drivers, with the additional benefit that it will generate a measurable positive social impact, and also provides the possibility for local investments (once all risk and return objectives have been satisfied).

The Fund has collaborated with the Brunel pool and the other client Funds who are part of the Brunel pool in developing a Paris-aligned passive benchmark, which will help enable the Fund to deliver the net zero by 2050 objective.



The total amount currently allocated to sustainable/low carbon assets over the long term is 22% of the Fund (sustainable active global equities (5%), Paris-aligned passive equities (12%), and renewable infrastructure (5%)).

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, responsible investment is a standing item on the agenda for all quarterly monitoring meetings.

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 deficit and minimise the on-going cost of pension provision to its 170+ 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. Any policies once developed would be available on the Fund's website.

Social Investment

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.

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.

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.

Scenario modelling

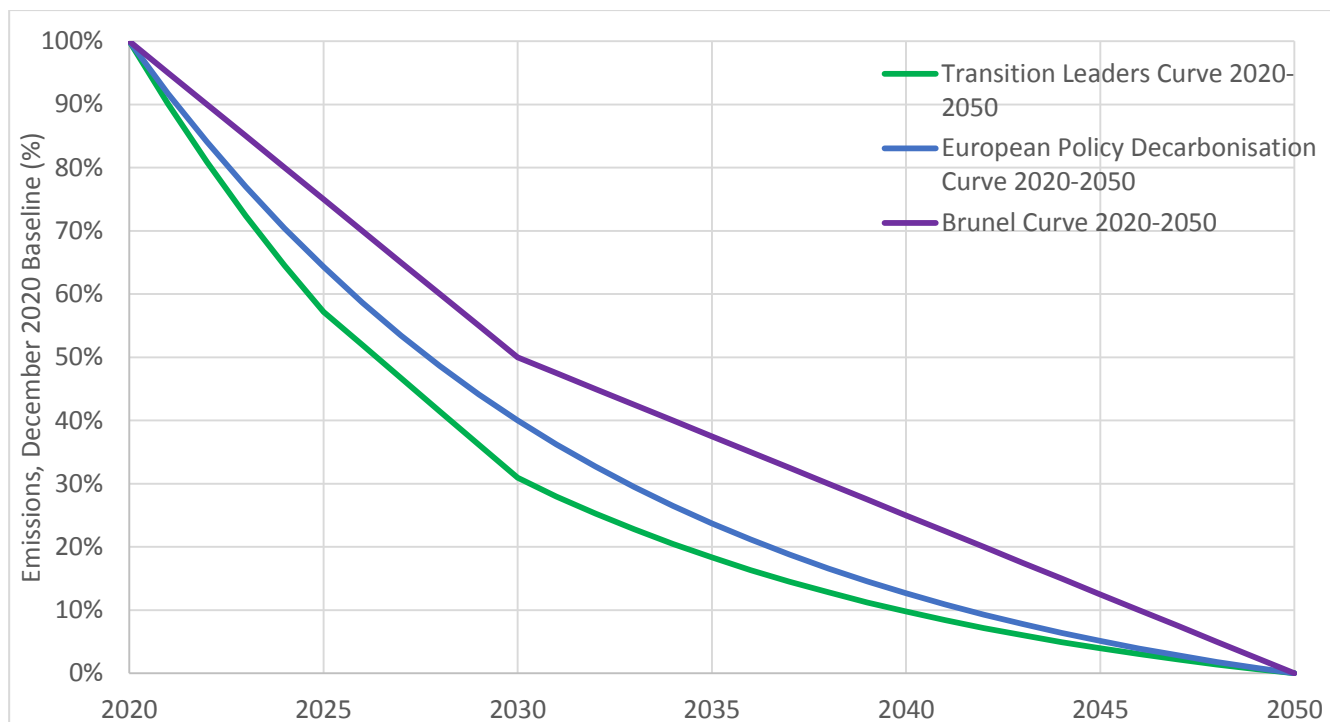
In order to properly assess the potential financial implications of the risk, and to help identify ways to mitigate the risks and take advantage of opportunities, the Committee commissioned scenario modelling from both Mercer, the Fund's investment consultants, and Hymans, the Fund's actuary. The modelling 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 be repeated at regular intervals, and at least once every 3 years, to monitor the dynamic situation.

Setting a baseline

The Fund has monitored the exposure to fossil fuel companies and renewable energy since 2010, and will continue to do so. This is a broad sectoral measure which does not consider the revenue split or the emissions of the individual companies. Since March 2019, the Fund also monitors the carbon footprint of the Fund's equity investments (as measured by the WACI – the weighted average carbon intensity), compared to the benchmark index. Work is being done to expand metrics across other asset classes.

Implementing a transition plan

The Fund has engaged Mercer to provide support in setting a pathway to net zero by 2050. The results of this work have led to the following specific carbon reduction targets, compared to a baseline position of 31 December 2020. 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 sub-2°C warming scenario. The decarbonisation curve is illustrated below:



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 will expand specific net zero target setting and monitoring of metrics for other asset classes over 2022, starting with property and infrastructure.

As part of this overall plan, the Fund is in the process of setting a more detailed, bottom-up implementation plan.

Climate risk monitoring and reporting

The Fund has adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and includes this information in a separate report and as part of the annual report. This reporting sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and carbon metrics. The Fund will continue to work to expand this reporting to cover more asset classes and metrics, and to monitor progress against the targets set out above.

Brunel Pension Partnership

Brunel's Climate Change Policy set's 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 2020-2022 policy objectives on climate change which are set out in their Climate Change Policy below. 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.

Further details of Brunel's Climate Change policy are set out on its website.

Alongside Brunel and the partner funds, the Fund will look to undertake a full review of our climate change policy approach in late 2022 to early 2023 to provide us with the opportunity to reflect on progress, the effectiveness of our approach, and potentially to raise our ambitions.

One of the key questions the Fund will be answering as part of this review is whether Brunel's decision to engage with investment managers has been effective. Specifically, whether it has been effective in delivering change in the way investment managers work and in their ongoing engagement with companies to drive improvements in corporate strategies on climate change, so that these companies are on a trajectory to be aligned with the transition to a 2°C economy. If the answer is no, the Fund will be expecting Brunel to consider whether they need to change investment managers and/or introduce selective divestment requirements for companies.

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.

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 global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure the level management quality and carbon performance, to aid in risk assessment. More information can be found here: <https://www.transitionpathwayinitiative.org/>
- iv. **PRI (UN supported Principles for Responsible Investment)** - the Fund became a signatory to the PRI in 2021. Asset managers and asset owners who are signatories to PRI support the six Principles for Responsible Investment, which are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. More information can be found here: <https://www.unpri.org/>. There are numerous benefits including access to resources and guidance, and the ability to engage in collective action with other signatories.

- v. **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.
- vi. **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/>
- vii. **Just Transition** – a just transition means not transitioning to a low carbon economy at any cost, but doing so whilst also ensuring that this is done in a socially responsible way. The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science have put together a comprehensive guide as to what this means for investors, and what action can be taken. The Fund has signed a statement of support, and uses the guide to help embed this goal within the Fund's policies, and help hold 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 regarded as being market leading. This resource is a real benefit of pooling, as the Fund would be unable to carry out this level of work independently.

Clients engage with Brunel on responsible investment issues regularly – one of the ways this takes place is through the responsible investment sub-group, which Wiltshire officers regularly attend. This group learns about engagement case studies, helps to develop reporting, and sets the responsible investment agenda at the pool in line with client 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 Scheme Advisory Board has recently launched a website resource on responsible investment, which is being further developed over time to add relevant case studies. This is available via the following link: <https://ri.lgpsboard.org/items>

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

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

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.

DRAFT

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 and Investment Sub-Committee responsible investment progress reports	Quarterly	https://cms.wiltshire.gov.uk/ieListMeetings.aspx?Committeed=142 https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1281&Year=0
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 and one-page summary "Our Year in Review"	Annual	https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts
Task Force on Climate-Related Financial Disclosures (TCFD) Report	Annual	https://www.wiltshirepensionfund.org.uk/Responsible-investment
Voting records and Engagement reports	Quarterly	https://www.wiltshirepensionfund.org.uk/article/3759/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/article/3801/Investments
Responsible Investment Policy	Updated annually	https://www.wiltshirepensionfund.org.uk/article/3801/Investments
Responsible Investment Plan	Annual	https://www.wiltshirepensionfund.org.uk/Responsible-investment
Stewardship Policy and Outcomes Report	Annual	To be published for the first time in early 2022

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 was a signatory to the original Stewardship Code, which was introduced in 2010 by the Financial Reporting Council (FRC). The FRC has now published a revised 2020 Code, to which the Fund plans to become a signatory. The 2020 Code is ambitious and has a focus on outcomes, not just policy statements. The Fund is working on developing reporting plans during 2021, so that the Fund can become a signatory in 2022. This will be done by producing an annual Stewardship Policy and Outcomes Report. This will be appended to the ISS, along with the Responsible Investment Policy, so that all investment-related policies and strategies can be read as one document. Highlights from the Stewardship Policy and Outcomes Report will be included in the Annual Report, to bring the policies to life for the readership.

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.

Full information on the Fund’s stewardship, engagement and voting activities are currently included within the ISS, and will be included in the Stewardship Policy and Outcomes Report going forward.

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 a section of the Annual Report which reports on climate change risk and actions. From 2022 onwards the Fund will publish a Stewardship Policy and Outcomes Report, and highlights from this (focussed on outcomes and case studies) will be 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, 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

ESG (Environmental, Social and Governance) – 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

Impact investing – investing to generate a positive measurable environmental or social impact in addition to earning competitive market returns

Investment Strategy Statement (ISS) – a key document of the Fund, which sets out the Fund’s investment strategy.

Local Pension Board - The Pension Board is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator.

Officers – Internal Wiltshire staff that manage the investment arrangements of the Fund and support and assist the Committee with their role.

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.

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

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.

Wiltshire Pension Fund (the “Fund”) – Wiltshire Pension Fund is part of the national Local Government Pension Scheme (LGPS). Wiltshire Council is the Administering Authority for the Wiltshire Pension Fund. Membership includes people who work for Wiltshire Council, and a range of other employers such as Town and Parish Councils, local Colleges and other organisations admitted to the Fund.

This page is intentionally left blank

Wiltshire Pension Fund Committee - 2021/22

Meeting:	24/06/21	30/09/21	16/12/21	24/03/22	No expected review in 2021/22	Q2 2022	Guidance comments
GOVERNANCE - Committee Specific							Comments
Confirmation of annual election of Chair & Vice Chair	✓					✓	Annual appointments made by Full Council
Review Committee's Terms of Reference (if and as required)				✓			This review should be in conjunction with the Board & ISC's ToR review to ensure continuity. Lasted reviewed in July 2020 and a 3 year cycle may be viewed as good governance
Fund's annual budget setting				✓			Prior to 31st March each year
Budget Monitoring	✓	✓	✓	✓		✓	Quarterly spend & allocation of costs review against budget
Budget Outturn	✓					✓	Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update				✓			To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓		✓	To be consistent with Members training & development strategy
Members Hand Book	✓						Hyman's standard adopted in preference of WPF specific Hand Book
Committee effectiveness review						✓	3 year plan last raised with the Committee on 12/12/2018. The Committee should also compare itself against its own core functions.
Forward Work Plan Review	✓	✓	✓	✓		✓	Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in calendar Q1
GOVERNANCE - Fund Specific							Comments
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓		✓	Quarterly update by the Head of Pension Administration & Relations

Review of Risk Register	✓	✓	✓	✓		✓	Quarterly review. Request risks to be added & changes to be made by officers after approval. Review recommendations made by the LPB
Fund update & comments on minutes of ISC & Board	✓	✓	✓	✓		✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
LPB Annual Report - Review recommendations	✓					✓	Ensure that Committee minutes during the past year have either actioned the recommendations, or commented on why the recommendations were not accepted
Review Governance Compliance Statement				✓			4 year plan last approved on 30/03/2021.
Review tPR Code of Practice 14 annual internal assessment	✓					✓	Expected to become a single tPR Code of Practice during 2021
Review Fund Training Programme			✓				Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year
Actuarial Valuation			✓	✓			Next valuation currently due 31/03/2022
Club Vita update			✓				As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts	✓					✓	Annual Report & Accounts to be completed by 30th September & published by statutory deadline of 1st December
Approve Internal Audit Report scope			✓				Annually covers Key Controls & Pension Fund Transfers. Every two years tPR Code of Practice 14 also included
Monitor Internal Audit Report			✓				Audit recommendations actioned
Monitor External Audit Report			✓				Audit recommendations actioned
Input to Annual External Audit Plan			✓				Committee to liaise with the Audit Committee concerning the scope of Deloitte's audit
Input to Annual Internal Audit Plan			✓				Committee to commission its own internal audit plan & liaise with the CLT/Audit Committee concerning the scope of SWAP audit

Treasury Strategy				✓			Annual review of strategy. To include performance report of short-term cash investments & setting of preferred bank account balance to maintain business cashflow needs
Review external advisor appointments effectiveness, processes & controls			✓				Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review internal SLA effectiveness, processes & controls				✓			Covers services connected with the Wiltshire Council recharge. Namely, Legal, Procurement, IG, Payroll, Treasury Management, Internal & External Audit, Democratic Services, FM, ICT, HR & Communications
Review Actions from previous meetings	✓	✓	✓	✓		✓	Address primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies							Comments
Review Business Plan				✓			3 year plan last approved on 24/03/2019 Interim review 30/03/2021
Review Pension Administration Strategy			✓			✓	3 year plan last approved on 17/12/2019
Review Communication strategy			✓				3 year plan last approved on 17/12/2019
Review Data Improvement Plan		✓					3 year plan last approved on 24/03/2019. To include a Data Retention Strategy update
Review Admin Charging Policy				✓			2 year plan last approved on 17/12/2019
Review Admin Authority Discretions					Not expected		3 year plan last approved in 30/03/2021
Review Cessations policy					Not expected		3 year plan last approved in 17/12/2020
Review Funding Strategy Statement					Not expected	✓	3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code			✓				Annually reviewed - Updated Stewardship Code released in May 2020 & consider TCFD requirements as part of the process
Review Investment Strategy Statement				✓			3 year plan last approved on 30/03/2021 (Ensure inclusion of MiFID II arrangements)
Approve Responsible Investment Plan	✓			✓			Done in Jun-21 initially, but should be in March going forward

Review Fund "Responsible Investment Strategy"		✓					To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
ADMINISTRATION							Comments
Review employers compliance (data)			✓				Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan.
Review Fund fraud risk prevention and mitigation measures					Not expected		Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Last reviewed April 2020. To include Whistleblowing policy in 2022
Review Fund website contents/resilience		✓					To also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 24/09/2020
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures					Not expected		Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review Fund Communications (employers/members)					Not expected		To provide templates of key Fund documentation & evidence its compliance. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery		✓					Report set out the arrangements in place & when they were last tested
Review GMP Rectification	✓	✓	✓	✓		✓	Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.
Committee KPIs to monitor	✓	✓	✓	✓		✓	Quarterly Administration performance reporting
Benchmark KPIs in Annual Report & Accounts information with other Funds				✓			Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process		✓					Percentage issued, action plan to issue outstanding ABSs & process improvement review

Members Self-service update	✓						Present as part of a Fund digital partform update. Progress report on take up and functional developments
INVESTMENT PERFORMANCE & RISK							Comments
Investment Quarterly Progress Report	✓	✓	✓	✓		✓	Provided by each Investment Manager & the Investment Mercer Adviser who summaries the information and offers an independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria		✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Investment Strategy Review / Asset Allocation Review	✓						Annual review of strategy document last updated in December 2019. To cover topical changes relating to BPP & ESG
Review individual employer investment strategies			✓				Monitoring the alternative investment strategy for certain employer, not covered by the main strategy
Governance update relating to BPP	✓	✓	✓	✓		✓	Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian	✓						To be presented in conjunction with the draft Annual Report & Accounts
Total number of Agenda Items:	21	18	26	23		20	

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank