



# ANNUAL REPORT **2022**



# REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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## CHAIR'S FOREWORD

This Annual Report marks my first full year as Chair of the Wiltshire Pension Fund Committee, and it has been an eventful year, both globally and here, locally, for the Fund.

The value of the Fund's investments at the end of the year to 31 March 2022 had risen to £3.2bn, representing an investment return of 8.5% for the year, 0.4% ahead of our investment managers' combined benchmarks. During the first half of the year we saw strong investment growth due to continued post-lockdown re-opening as the vaccine was rolled out and covid restrictions were gradually eased. During September 2021 we experienced a set-back, as news emerged of the Omicron variant, however the investments swiftly recovered. Again, in January and February 2022 the investments suffered negative returns, due to concerns around mounting tensions and the eventual invasion of Ukraine, as well as a rotation away from growth stocks to which the Fund has a bias in its portfolios, in part due to rising interest rates. More information on the investment performance can be found in the Investment Report, on page 56.

The humanitarian situation in Ukraine is deeply saddening and concerning to all across the world. We were swift to assess the impact on our investments, and made an immediate statement that our investment managers minimal Russian holdings would be divested as and when practical, in line with their views on what was best for the investment portfolios.

The Fund has continued its evolution in developing a robust approach to responsible investment, with the Committee assessing progress in this area on a quarterly basis. We have maintained a focus on protecting the Fund's assets, and taking advantage of opportunities, to prioritise the delivery of sustainable risk-adjusted investment returns. This year the Committee approved the Fund's first Responsible Investment Policy, which includes a climate action plan. We also published our first Stewardship Report so that we could make a submission for signatory status of the 2020 Stewardship Code. The icing on the cake was having our approach nationally recognised at the 2021 LAPF Investment Awards, when Wiltshire Pension Fund took home the trophy for "Best Approach to Responsible Investment"! I congratulate everyone concerned in this achievement.

Major investment decisions taken by the Committee during the year included making (and implementing via the Brunel pool) a dedicated allocation to sustainable equities, and setting allocations for affordable housing and renewable infrastructure. We collaborated with the other funds in the Brunel pool to develop a Paris-aligned index, and invested £600m in a portfolio tracking this benchmark. We are now embarking on a full review of our strategic asset allocation, alongside the triennial actuarial valuation. These important pieces of work go hand-in-hand, and will determine how we will fund the scheme for the next three years through a balanced combination of contributions and investment returns.

During the year we have carried out several activities to engage with our scheme employers and members. There are too many to list here but you can find full detail in the Engagement Report on page 33. Some examples include a survey of our employers, which resulted in a new Strategic Employer Focus Group being set up, and our campaign around COP26, the UN's climate conference in November 2021, where we wrote to all of our scheme members to explain how we are taking action in this important area in order to protect the investments and take advantage of the opportunities which arise from a transition to a low carbon economy.

We have continued to work to deliver investment pooling alongside nine other shareholder funds as part of the Brunel Pension Partnership pool. Brunel has now set up all the originally planned portfolios and is moving into a new phase, which will focus on delivering the intended fee savings, and achieving strong investment performance for the client funds. Over the coming year we will work with Brunel to set the direction of travel for the pool, and engage fully in a climate stocktake. You can read more about this area in the Pooling Report on page 86.

There are now 189 employers within the Wiltshire Pension Fund with approximately 84,438 members (20,288 pensioners, 23,324 current employees and 40,826 deferred members). The average pension paid in 2021/22 was £5,021.

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

At the end of the year, the Committee met to discuss plans for 2022/23, and to approve a new budget and business plan recognising that there is a lot of work to do to drive through improvements in administration for our scheme members. We have set a new vision for the Fund: "Our vision is to deliver an outstanding service to our scheme employers and members", and to demonstrate the Committee's commitment to delivering against this vision we have approved additional budget for the coming year to support projects to improve the quality of our administration service and set us up for success into the future.

Many thanks for taking the time to read this report. I look forward to updating you on where we are in a year's time and in the meantime don't hesitate to contact me with any questions.

### **Richard Britton, Chair**

On behalf of the Wiltshire Pension Fund Committee  
28 July 2022

# OFFICERS' FOREWORD

The year to 31 March 2022 has been another eventful year for the Fund, across the whole piece from investments to admin. Global events over the year continued to take our investments on a bumpy ride. Following strong performance during the first half of the financial year, carried along by post-pandemic re-opening, returns then faltered with news of the omicron variant, inflation concerns, the invasion of Ukraine, and several base rate rises. In spite of this, we finished the year up 8.5%, safely ahead of the actuarial expected return of 3.8%.

As in recent years, we have devoted significant time to working with the Brunel pool. We are keen to help define the direction of travel for the pool as we move out of the first phase of setting up and transitioning to the core portfolios, and through this work we aim to ensure that Brunel delivers the intended fee savings and investment performance in a cost-efficient way, evidenced through meaningful reporting in line with client requirements, and retains a focus on ensuring that all activities deliver value and map to positive outcomes for the partner funds. Following a transition on 1 April 2022 of the Fund's property portfolio to Brunel, over 70% of the Fund's assets are now managed through Brunel. We will always put what's best for the Fund at the heart of everything we do, and wherever possible, we will work with the pool to achieve this. In our 2022/23 Business Plan, we have dedicated actions to engaging with Brunel – firstly as mentioned on the direction of travel, and also participating in a climate stocktake, to ensure that Brunel is well positioned to deliver our objectives in this area.

In the responsible investment space, we have achieved several milestones for the Fund, including our first report in line with the requirements of the Task-Force on Climate-Related Financial Disclosures (TCFD), setting (and achieving against) a Responsible Investment Plan, and publishing the Fund's first Responsible Investment Policy, which includes a climate action plan. We also published our first Stewardship Report, which has been submitted to the Financial Reporting Council in order to obtain signatory status of the 2020 Stewardship Code. We are aware that this is a very comprehensive document, so we also published a mini-magazine to sit alongside it, containing highlights and case studies from the year, and we hope that this is an interesting and enjoyable read for our wider stakeholder group: <https://www.wiltshirepensionfund.org.uk/article/6176/Summary>

We were proud to achieve national recognition for our work in this area at the 2021 LAPF Investment Awards, where the team took home the award for "Best Approach to Responsible Investment". Work never stops in this area, and we will continue to do our best to stay ahead of the curve.

LAPF  
INVESTMENTS  
AWARDS  
\*\*\*\*\*  
2021

WINNER OF  
BEST APPROACH TO  
RESPONSIBLE INVESTMENT

We have continued to make improvements to our comms and engagement activities this year, evaluating new methods to engage with a wider audience. Our website has undergone several upgrades, with completely new investments and "about us" sections. We actively promote transparency on our activities, and work to encourage a two-way dialogue with our employers and members, this year setting up a new focus group which consults with employers on strategic issues, and enables their views to be fed back to the Pension Fund Committee via the employer representatives.

In the world of pensions admin, we have continued to push forward developments to make it easier for our employers and members to self-serve. For our employers this is via i-Connect, which enables member data to be uploaded to our systems on a monthly basis. We can carry out checks and ensure better quality data, making year end much simpler. For our members, we continue to roll out tools via My Wiltshire Pension, our online platform. Deferred members are now able to retire online, and we are developing new tools to further streamline and expand this process.

We acknowledge that we still need to make significant progress in the way that we deliver our admin service. We take this seriously, and in late 2021 we commissioned an independent review into the admin function, to identify areas where we need to prioritise and deliver improvements. This led us to set a new vision for the Fund, focussing the team on delivering outcomes for our employers and members. This work also supported the development of an ambitious Business Plan and Budget for 2022/23. A leadership restructure took place in late 2021, and this will help to bring the Fund together, and enable the Fund's managers to adopt a "whole Fund" approach. Looking ahead to the next year, we will undertake large projects to outsource the backlogs of work and resolve the legacy issues with the pensioner payroll. We will also be looking more closely at our admin KPIs, using a new reporting tool on our admin system, to analyse what we need to do to get our performance on track.

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



**Andy Brown,**  
Treasurer to  
the Fund  
28 July 2022



**Jennifer Devine,**  
Head of Wiltshire  
Pension Fund  
28 July 2022

# INTRODUCTION

## WHO WE ARE AND WHAT WE DO

### ABOUT US

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

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

Members of the Fund include people who work for Wiltshire Council, and a whole range other organisations such as local Colleges or Town and Parish Councils. Around 189 employers allow their employees to join the Fund. We currently have over 80,000 members.

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

Members' pensions are funded in part by contributions paid into the scheme by the employers and the members, and in part by the returns earned on the Fund's investments, which are held in investment portfolios valued at >£3.2bn.

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

### WHO'S WHO

#### Wiltshire Council members

Councillor Richard Britton (Chair)  
Councillor Gordon King  
Councillor Elizabeth Threlfall  
Councillor Christopher Newbury  
Councillor Jonathan Seed

#### Swindon Borough Council members

Councillor Steve Heyes (Vice Chair)  
Councillor Vijay Manro

#### Employer representatives

Tracy Adams  
Claire Anthony

#### Employee observers

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

#### Officers, advisors and managers at 31 March 2022

##### Wiltshire Council officers

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

##### Investment managers in place at 31 March 2022

Brunel Pension Partnership  
CBRE Global Multi Manager  
Legal & General  
Magellan Group  
Ninety One  
Partners Group  
Pinebridge

##### AVC providers

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

**Investment consultant:** Mercer

**Actuary:** Hymans Robertson

**Independent adviser:** Anthony Fletcher, MJ Hudson

**Auditor:** Deloitte LLP

**Custodian:** State Street

**Bankers of the Fund:** HSBC

# OUR VISION, GOALS AND VALUES

Wiltshire Pension Fund administers the pensions for the >80,000 members of our scheme, for our 189 employers. It is our responsibility to ensure that the members' records are kept accurate and up to date, and that the correct benefits are paid on time. We need to responsibly manage the Fund's investments in order to ensure that we generate sufficient investment returns to help maintain the employers' contributions rates at stable and affordable levels. For our members, their pension represents a significant asset, which will help secure their financial future into retirement.

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

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

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

## STRATEGIC VISION GOALS

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



**1**

Stable and affordable contributions



**2**

Straight-forward administration



**3**

Clear service measures and responsibilities



**4**

Employers are advocates for the scheme



**5**

Correct pension, paid timely



**6**

Accurate, up-to-date records



**7**

Service administered effectively and cost-efficiently



**8**

Members understand their benefits



**9**

Safeguard the assets



**10**

Strong, risk-adjusted returns



**11**

Responsible ownership and stewardship



**12**

Positive impact



**13**

Robust processes, controls and risk management



**14**

Widely adopted self-service solutions



**15**

Transparency and information sharing



**16**

Compliance and best practice

## OUR CULTURE

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



### WORKING TOGETHER AS ONE FUND

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



### HIGH PERFORMING TEAMS

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



### DATA DRIVEN DECISIONS

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



### EFFICIENCY THROUGH TECHNOLOGY

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



### LONG TERM THINKING

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



### CLEAR COMMUNICATIONS

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



### SMARTER WORKING

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

## WILTSHIRE PENSION FUND BUSINESS PLAN 2022/23

Our Business Plan sets out our planned actions and improvements for the coming year, mapped to which of our strategic goals each action is aiming to deliver. The full Business Plan can be found here:

[https://wiltshirepensionfund.org.uk/media/9115/WPF-Business-Plan-2022-23/pdf/Wiltshire\\_Pension\\_Fund\\_Business\\_Plan\\_22-23.pdf?m=637866471508230000](https://wiltshirepensionfund.org.uk/media/9115/WPF-Business-Plan-2022-23/pdf/Wiltshire_Pension_Fund_Business_Plan_22-23.pdf?m=637866471508230000)

The Fund has undertaken many improvements over the last 3-year business planning cycle, prioritising process improvement and efficiency, and promoting the use of self-service options for both scheme employers and members. In the next phase, the Fund needs to focus on further improving service delivery, by clearing backlogs of work and achieving service standards. Over the next three years, the Fund needs to build on previous improvements, and achieve the following key deliverables:

- Resolve the differences in the pensioner payroll reconciliation (i.e., the differences between the pension payable on the administration system, and the payroll system)
- Completely remove the backlogs of work
- To be reliably delivering against the legal requirements and service level targets (KPIs)
- Complete the on-boarding of all employers onto the i-Connect system
- Fully implement integrated payment systems, for the pensioner payroll and other one-off payments (for example lump sums, refunds etc), to realise stronger controls and efficiencies
- Improved governance around the Fund's relationship with the administering authority

## CUSTOMER MISSION

The customer experience is important to us, and we aim to consistently deliver an effective service. We want to empower our members by offering self-service solutions, to enable easy access to their pension information, and useful guides online. Our customer mission is as follows:

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

# HOW WE RUN THE FUND

The decision-making body responsible for running the Fund is the Wiltshire Pension Fund Committee, which meets around 8 times per year. You can read more about the scope and membership of the Committee below. The Local Pension Board oversees the management of the Fund, to ensure that the Fund is operating in line with all strategies, policies, and legislative requirements.

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

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

## MANAGEMENT OF THE SCHEME

The members who served on the Wiltshire Pension Fund committee during the year are shown in the Who's Who on page 5. Changes to the Committee's membership during the year arose in relation to representatives from Swindon Borough Council with the appointment of Cllr Vijay Manro, in addition to Cllr Steve Heyes. A further new appointment, Claire Anthony has also been made to the Committee in respect of a recent vacancy for the post of Educational Scheduled body.

## WILTSHIRE PENSION FUND COMMITTEE

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

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

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

The Wiltshire Pension Committee meets at regular intervals throughout the year to review the affairs of the Fund. Following the cessation of the Investment sub-Committee, full Committee meetings alternative, typically in an investment and non-Investment focused format. All members are encouraged to attend all meetings. The role of the pension board is to ensure that the management of fund administration and investments complies with the relevant regulations and legislation and that the Fund is managed in the best interests of its stakeholders.

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

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

## INVESTMENT SUB-COMMITTEE

The Investment Sub-Committee (ISC) met twice during the first half of the scheme year.

The minutes and any recommendations made were reported back to the next available main committee meeting. Details of the final ISC meetings and minutes can be found at the following link:

<https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1281&Year=0>

## LOCAL PENSION BOARD (LPB)

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

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

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

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

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

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

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

Governance arrangements concerning Wiltshire's involvement in the Brunel Pension Partnership are covered in detail in the Pooling Report on page 86.

## PENSIONS TEAM OVERVIEW

The Pensions team comprises the following teams and roles:

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

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

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

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

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

**Fund Communications** are handled by the Fund Communications, Customer Service and Training Manager who deals with all aspects of scheme members' communications and is responsible for the development and implementation of the Fund's Communications Strategy. This includes areas such as scheme members newsletters, issuing of Annual Benefit Statements, delivery of presentations, road shows, the Fund's website and the marketing of the Fund. This role also supports employer communications and helps ensure that all team members are trained accordingly.

**Technical and Compliance Manager** provides the technical support to the Fund in respect of interpretation of the Scheme Regulations and associated legislations. The Technical and Compliance Manager is also responsible for ensuring the process and procedures are compliant with all the relevant regulations.

**Business Analyst & Project Manager** is responsible for project managing larger projects from the planning, design, execution, monitoring and control of the project as well as generally helping and supporting development of the administration function.

**Employer Relationships** are handled by the Employer Relationship Manager. This role acts as a conduit between the employers and the Fund to address any issues or problems that may arise. This person is also responsible for and providing advice on new admission, transfers, employers ceasing membership and any other pension related issues facing employers.

**The Fund Governance and Performance Manager** is responsible for supporting the Wiltshire Pension Fund Committee and Local Pension Board, including with overseeing governance training and supporting governance recruitment. The role is also responsible for overseeing Fund administration and service performance, including the performance of various service providers.

# ADMINISTRATION REPORT

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

## LEGAL FRAMEWORK

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

Wiltshire Council is responsible for administering Wiltshire Pension Fund for the benefits of employees of Wiltshire Council and the employees of scheme employers and admissions bodies. A list of participating scheme employers is shown on page 135.

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

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

Employer contribution rates are set by the Fund's Actuary every 3 years following a valuation of the Fund, this ensures the solvency of the Fund. The most recent triennial valuation took valuation in 2019 with new employer contribution rates applying from 1 April 2020.

## SCHEME BENEFITS

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

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

For leavers not entitled to the immediate payment of benefits.

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

The ability to increase personal benefits is available as follows:

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

## HOW THE SERVICE IS DELIVERED

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

### Accuracy and Confidentiality

All pension administration staff are trained on their area of work before they begin to work independently, either internally or externally as appropriate for their role and needs. Work is logged on the pension administration software using workflows which outline the process to be followed and contain checklist items. All work which results in a payment out of the Fund is peer checked and approved before payment is made unless the values and risks associated with the task are deemed small and in such cases only approvals occur (no peer checking). The Fund also employs a team of data and systems officers whose responsibility includes undertaking reconciliations, improving and maintaining high data quality standards. Internal and external audits also take place each year to test controls.

To help ensure confidentiality is maintained, staff are trained on data protection and procedures integrate with policies on data protection.

## Key staffing indicators for the year to 31 March 2022

### Staff to fund-member ratios:

#### Average case per member of staff

Ratio to Fund	All Staff (FTE: 38.6)	Processing related staff* (FTE: 22.1)
Active	1:604	1:1,055
Pensioner (& Dependant)	1:525	1:918
Deferred	1:1,057	1:1,847
<b>Total</b>	<b>1:2,187</b>	<b>1:3,820</b>

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

### Average cases per member of staff

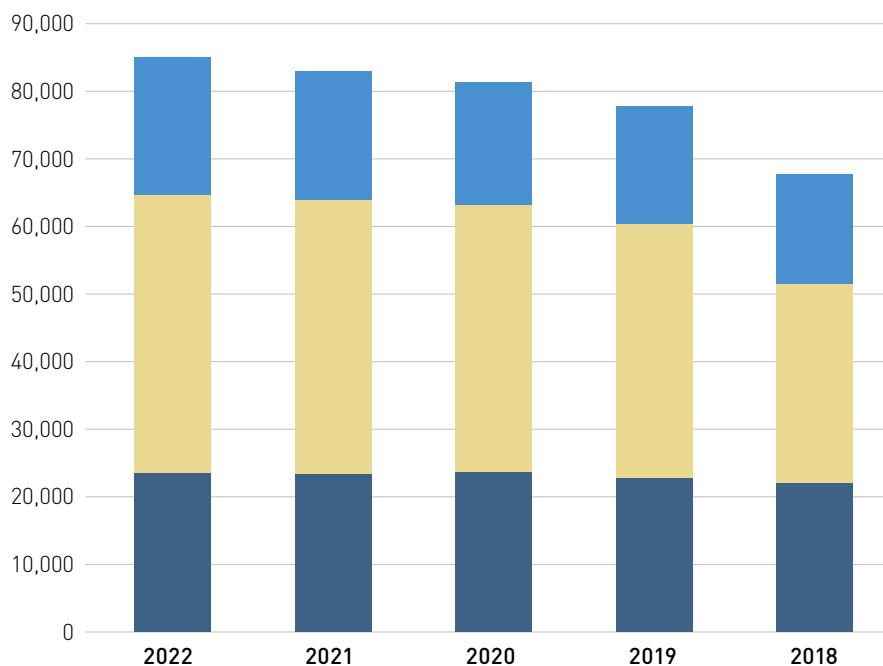
Average (completed) cases per member of staff	All Staff (FTE: 38.6)	Processing related staff* (FTE: 22.1)
Total cases completed	22,270	22,270
<b>Average per member of staff</b>	<b>663</b>	<b>1,086</b>

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

## SCHEME MEMBERSHIP

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

### 5-year analysis of fund membership



	2022	2021	2020	2019	2018
Active members	23,324	23,131	23,487	22,541	21,781
Deferred members	40,826	40,287	39,187	37,417	29,253
Pensions in payment	20,288	19,036	18,150	17,222	16,273
<b>Total membership</b>	<b>84,438</b>	<b>82,454</b>	<b>80,824</b>	<b>77,180</b>	<b>67,307</b>

In 2019 for the first time, members categorised as undecided leavers and frozen refunds have been included in the membership numbers, under deferred members.

New retirements during the year are analysed as follows:

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

	No. of cases
Ill Health Retirements	53
Early Retirements (Under 65)	1015
Normal Retirements and others	384
<b>Total</b>	<b>1,452</b>

## EMPLOYER ACTIVITY

The number of employers has increased this year. Two Academies have merged into larger Multi Academy Trusts and a one new Academy was set up. Two Town and Parish councils have joined the fund, but the largest increase has been the Admitted Bodies, with School and Academies outsourcing their catering and cleaning services the Admitted Bodies have increased by fifteen.

	Active 2021	New	Merged	Ceased	Total 2022
Scheduled Body – Includes Academies, Town and Parish Councils and Wiltshire, Swindon, and Salisbury Councils	109	3	2	0	110
Admitted Body	70	15	0	6	79
<b>Total</b>	<b>179</b>	<b>18</b>	<b>2</b>	<b>6</b>	<b>189</b>

## MEMBER SCHEME CONTRIBUTIONS

The following pay bands and contribution rates will apply in the main and 50/50 sections of the LGPS from 1 April 2022 to 31 March 2023 (inclusive)

Band	Salary range	Main section Contribution %	50/50 section Contribution %
1	£0 to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

Further information on the LGPS 2014 scheme can be found at <https://www.lgpsmember.org/your-pension/the-essentials/your-contributions/#the-cost-to-you>

## AVC PROVIDER

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

## PENSION INCREASE

Public Service Pensions which have been in payment for at least one year will have received a 3.1% increase effective from 11 April 2022. This is based on the Consumer Price Index (CPI) as at September of the previous year. Pensions which have been in payment for less than one year will receive a proportionate increase based on the amount of time they have been in payment.

## DISCRETIONS POLICIES

Under the LGPS Regulations, the Fund has a certain number of discretions as the Administering Authority in the administration of benefits. Its current policy was reviewed and approved by the Committee on 24 September 2020 which can be viewed at the following link:

[https://wiltshirepensionfund.org.uk/media/6143/Administering-authority-discretions-policy/pdf/Administering\\_authority\\_discretions\\_policy.pdf?m=637506307793100000](https://wiltshirepensionfund.org.uk/media/6143/Administering-authority-discretions-policy/pdf/Administering_authority_discretions_policy.pdf?m=637506307793100000)

Each employer in the Fund must have completed their own discretions policy which guides the Fund as to how to process their employee benefits. This must be approved by the appropriate people within their organisation and is "published" and made available to its employees. Copies of these policies must be submitted to the Fund on approval along with any changes within one month of them becoming active.

# HOW ARE WE DOING?

CUSTOMER SERVICE  
**MEASURES**  
EXTERNAL  
**AUDIT**  
KEY PERFORMANCE  
INDICATORS  
**(KPIs)**  
**BREACHES**  
EMPLOYER PERFORMANCE  
**BENCHMARKING**

INTERNAL AUDIT COMPLAINTS SPECIALIST REVIEWS

## INTRODUCTION

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

- External audit
- Internal audit
- Specialist reviews
- Investment performance (covered in the Investment Performance Report on page 56)
- Administration Key Performance Indicators (KPIs)
- Customer service measures
- The volume and nature of complaints
- Breaches
- Statistics related to employer performance
- Benchmarking our performance compared to other Funds.

## EXTERNAL AUDIT

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

## INTERNAL AUDIT AND IMPROVEMENT PLAN

The Fund is subject to an annual internal audit review which is undertaken by South West Audit Partnership (SWAP). An annual audit plan is agreed with the Wiltshire Pension Fund looking to provide assurances over key controls and the systems being used. The outcomes of these audits are reported to the Pension Fund Committee, as well as progress against action plans resulting from these audits.

As part of SWAP's most recent audit into the Fund's key controls, several new areas were tested, leading to numerous new recommendations. In addition, some recommendations had carried over for an extended period of time, relating to the reconciliation of the pensioner payroll between the administration system and the payroll system, and the ongoing administration backlogs. In combination, this led to an audit rating of "No Assurance".

Officers and the Committee take this rating very seriously, and have developed an improvement plan to implement all of SWAP's recommendations. The Committee have approved a Business Plan for 2022/23 and a budget which includes additional funding to tackle the necessary improvements.

## SPECIALIST REVIEWS

Occasionally, when a high-risk area is identified as needing a review, and the subject area requires technical specialism, the Fund will appoint external specialists to perform a review. An example of this would be cyber security, where the Committee has commissioned a specialist review which will take place during 2022/23.

### ADMINISTRATION REVIEW

CASE STUDY

During late 2021, following a staffing restructure, the Head of Wiltshire Pension Fund commissioned Aon to carry out a detailed review into the administration function, in order to identify key areas for focus, and to assess resourcing levels. This review provided valuable recommendations around the resourcing of the team, identified key areas for focus and improvement with regard to the administration KPIs, and an assessment of the large ongoing issues, i.e. the pensioner payroll reconciliation and the administration backlogs. These findings enabled the Committee to assess whether to provide additional internal resource to tackle the problem areas, or to outsource to a third party. Following consideration, the Committee decided to outsource the backlogs and the correction of the larger value differences on the payroll reconciliation, by approving one-off spend in the 2022/23 budget. This work will commence during 2022/23.

## HISTORICAL ADMINISTRATION ISSUES

During 2020/21, officers identified a number of discrepancies between the pension administration system records and those on the pensioner payroll system. Some of these differences related to Guaranteed Minimum Pension (GMP), and others related to other historical administrative issues. Information on the background to the GMP aspect of this issue, and the accounting implications, can be found in Note 22 to the Accounts, on page 131. The historical differences include both under and over payments of pensions. As the exercise to correct records is still in progress, the Fund has calculated a provision to make good on underpayments, which has been included in the 2021/22 accounts – please refer to Note 18 on page 130. This provision is valued at £8.25m, and includes the maximum possible underpayment adding in potential interest and compensation costs. The internal project to resolve the differences has not been progressing as fast as desired, and as part of the 2022/23 Business Plan and Budget, the Committee has approved an action and dedicated spend to outsource part of this work, in order to resolve the matter in a reasonable timeframe.

## ADMINISTRATION KEY PERFORMANCE INDICATORS (KPIs)

The Fund monitors performance against internally set KPIs as well as the legal requirements. The Fund also monitors cases outstanding at the beginning and end of the period, as shown in the following two tables. Of particular note in the tables below are deferments. This is the area with the largest backlogs, which remain at a high level of 3,040 cases, as can be seen in Table 1 below. The Fund also has a similarly sized backlog of aggregation cases (not included in the table below). Other areas to note are deferments and joiners in Table 2, both of which are significantly below meeting the legal requirements (quantified as <90%).

Improving service standards is a key focus for the Fund. The Fund has a Data Improvement Plan in place, which outlines the overall strategy to improve data quality. As mentioned above, the Fund's Business Plan and Budget for 2022/23 contain specific actions and one-off spend to work towards the goal of zero backlogs, and achieving as close as possible to 100% on all KPIs.

**Table 1**

Process		No. cases outstanding at start of period	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year end	% completed in year	Notes
Deaths – initial letter acknowledging death of active/deferred/pensioner member		110	642	595	157	79.1%	See note 1a
Deaths – letter notifying amount of dependant's pension		9	129	111	27	80.4%	See note 1a
Retirements – letter notifying estimate of retirement benefits (including all retirement types: normal, ill health, early, later etc)	Active						See notes 1a & 3
	Deferred						
	Total	189	1345	1471	63	95.9%	
Retirements – letter notifying actual retirement benefits (including all retirement types: normal, ill health, early, later etc)	Active	54	1042	1021	75	93.2%	See notes 1a, 2 & 3
	Deferred	22	889	896	25	98.4%	
	Total	76	1931	1917	100	95.5%	See note 1a
Retirements – process and pay benefits on time	Active	54	1042	1021	75	93.2%	See notes 1a, 2 & 3
	Deferred	22	889	896	25	98.4%	
	Total	76	1931	1917	100	95.5%	
Deferment – calculate and notify deferred benefits		3412	4465	4837	3040	61.4%	See notes 1b, 4 & 6.
Transfers in – letter detailing transfer in quote		9	51	51	9	85.0%	See note 1a
Transfers in – letter detailing transfer in		0	32	32	0	100.0%	See note 1a
Transfers out – letter detailing transfer out quote		65	517	431	151	74.1%	See note 1a
Transfers out – letter detailing transfer out		0	434	434	0	100%	See note 1a
Refund – process and pay a refund		2	517	517	2	99.6%	See notes 1b & 4

**Table 1** (continued)

Process		No. cases outstanding at start of period	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year end	% completed in year	Notes
<b>Divorce quote</b> – letter detailing cash equivalent value and other benefits		28	194	202	20	91.0%	See note 1a
<b>Divorce settlements</b> – letter detailing implementation of pension sharing order		5	10	8	7	53.3%	See note 1a
<b>Member estimates/projections</b>		28	412	427	13	97.0%	See note 1a
<b>Joiners</b> – Send notification of joining the LGPS to scheme member		0	5789	5751	38	99.3%	See note 5

#### Notes and Assumptions

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

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

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

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

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

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

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

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

**Table 2**

Process		KPI (WPF) (Working days)	% met target	No. cases completed within KPI	Legal Requirement (Calendar days)	% met target	No. cases within Legal Requirements
<b>Deaths</b> – initial letter acknowledging death of active/deferred/pensioner member		5 days	86.2%	372	2 months	97.8%	422
<b>Deaths</b> – letter notifying amount of dependant's pension		5 days	56.9%	64	2 months	98.0%	109
<b>Retirements</b> – letter notifying estimate of retirement benefits (including all retirement types: normal, ill health, early, late etc)	<b>Active</b>	10 days	n/a		2 months	n/a	
	<b>Deferred</b>		n/a			n/a	
	<b>Total</b>		46.4%	683		98.30%	1446
<b>Retirements</b> – letter notifying actual retirement benefits (including all retirement types: normal, ill health, early, late etc)/process and pay benefits on time	<b>Active</b>	10 days	83.7%	855	2 months	97.8%	999
	<b>Deferred</b>	10 days	87.2%	782		99.3%	890
	<b>Total</b>		85.5%	1640		98.6%	1891
<b>Deferment</b> – calculate and notify deferred benefits		20 days	79.0%	3821	2 months	89.7%	4340
<b>Transfers in</b> – letter detailing transfer in quote		15 days	47.1%	25	2 months	98.0%	50
<b>Transfers out</b> – letter detailing transfer out quote		15 days	43.2%	187	2 months	91.9%	397
<b>Refund</b> – process and pay a refund		10 days	97.7%	506	2 months	99.2%	513
<b>Divorce quote</b> – letter detailing cash equivalent value and other benefits		46 days	97.0%	196	3 months	98.0%	198
<b>Divorce settlements</b> – letter detailing implementation of cash equivalent value and application of pension sharing order		46 days	25.0%	2	3 months	37.5%	3
<b>Joiners</b> – Send notification of joining the LGPS to scheme member		46 days	87.0%	5004	2 months	87.0%	5004

**Notes and Assumptions**

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

## CUSTOMER SERVICE MEASURES

The Fund has reviewed its Customer Service Policy leading to the introduction of customer KPIs. This data will facilitate improvements in the way The Fund communicates and delivers change to its members, ensuring straightforward and effective administration of their benefits.

KPI targets will be established based on averages taken over a period collected via phone data, surveys, quality of responses and timeframes as set out in the Funds administration strategy.

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

Customer KPI	Target	Information source
<b>Timely responses to Customers</b>	<b>Phone calls:</b> calls to x13613 to have an average waiting time based on periodic averages	Phone Statistics from Central IT
	<b>Email enquiries:</b> 90% of enquiries to be responded to according to the timeframes detailed in the admin strategy	Samples to be taken periodically
<b>Timely Resolution of queries</b>	80% of resolutions to be within the average expected for that type of query	Data taken from workflows and customer feedback surveys.
<b>First Contact Resolution to provide indication on efficiency and clarity of responses.</b>	90% of enquiries to be resolved upon first contact and not be bounced around	Samples to be taken periodically
<b>Customers to be satisfied with our overall level of service</b>	To score 3 stars overall or higher on customer surveys	Customer Surveys; included in customer facing email signatures, website footers and sent to customers following the close of a transaction.
<b>Customer effort score</b>	To score 3 starts or higher on customer effort score	Post transactional Customer satisfaction surveys

In addition to customer KPIs the Fund is introducing tailored customer feedback surveys to gain feedback in relation to our processes, website and customer service. These are being created to be inserted into Customer Facing teams email signatures, at the bottom of web pages and to be generated to members once a process has been completed e.g aggregation of benefits.

### Comments from the customer service survey introduced in email signatures:

My request was dealt with within 1 hour, excellent service

Simple to sort, so thank you

Very helpful and efficient members of staff. Excellent customer service

All in all an excellent service with the information I requested

## CUSTOMER SERVICE EXCELLENCE PLANS

During 2022/23, the Fund plans to commission a customer service excellence review. This is included as an action in the Business Plan and budget for 2022/23. An independent customer service assessment will provide evidence of good practice and recommendations for improvement. This review will contribute towards the following strategic goals:



**2**

Straight-forward administration



**3**

Clear service measures and responsibilities



**4**

Employers are advocates for the scheme



**5**

Correct pension, paid timely



**6**

Accurate, up-to-date records



**7**

Service administered effectively and cost-efficiently



**16**

Compliance and best practice

## COMPLAINTS

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

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

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

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

During 2021/22 year, the Fund received seven applications under the Stage 1 IDRP process and two under the Stage 2 IDRP process. One of these applications is still awaiting determination, one other was partially upheld and the remaining ones were not upheld.

## BREACHES

The Fund maintains separate Information Commissioner's Office (ICO) data breach and Pensions Regulator (TPR) breach reporting logs, subdivided into each Scheme Year. Throughout each year, breaches, particularly where they may be materially significant are reported to the Local Pension Board and Pension Fund Committee. Additionally, following the end of each year a summary report is prepared, detailing the total number of breaches which have occurred along with analysis focused on any themes or patterns which have been identified. Where required, a root cause analysis of any findings takes place and the Fund's internal controls are updated, aimed at mitigating the recurrence of similar breaches going forward.

During the 2021/22 Scheme Year the Fund recorded only 5 minor data breaches, however the total number of TPR breaches was higher at 108. The vast majority of these TPR breaches related to the late payment of scheme employer contributions & scheme employers not paying contributions in accordance with the rate set in the Actuary's rates and adjustments certificate. In response to this pattern, officers have initiated a new contribution monitoring process which is intended to actively manage such breaches. No breaches, including systemic breaches relating to the Fund's sign off of its Annual Report & Accounts and payroll were reported to the Pension Regulator during 2021/22. This was due to the recognition that all reasonable steps had been taken, or project plans put in place to address those breaches.

## EMPLOYER PERFORMANCE MEASURES

Current statistics which are monitored by the Fund officers, and reported to the Committee, are contributions payments, i-Connect sign-ups, and quality of data received via i-Connect. More metrics will be developed and monitored in the future.

The table below shows the value of contributions received on time and late.

Quarter	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
	Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Received	Days Overdue	On time	Late	Not Received
<b>Q1</b>	–	22,143	819	3.7%	22.2	–	493	35	–
<b>Q2</b>	22,751	20,784	1,664	8.0%	11.0	–	495	28	–
<b>Q3</b>	22,883	21,243	1,640	7.7%	9.4	–	498	29	–
<b>Q4</b>	24,502	19,891	4,610	23.2%	10.4	66.0	488	37	4
<b>Total</b>	<b>120,097</b>	<b>84,061</b>	<b>8,733</b>	<b>10.4%</b>	<b>13.2</b>	<b>16.5</b>	<b>1,974</b>	<b>129</b>	<b>4</b>

In total 129 monthly contribution payments of 2,107 (6.3%) were received late, the average number of days late payments were received within was 13.2 days. In terms of value 10.4% of contributions were received late, this number was exacerbated by a large employer paying late in quarter 4. As at the year end four employer contributions remained outstanding. No interest was charged on any of the late payments. The contributions working group of the fund reviews late payments and promptly chases any outstanding amounts each month.

### CONTRIBUTIONS WORKING GROUP

To ensure contributions are paid correctly and on time the fund has established a contributions working group. This group reviews employer data provided via i-Connect and contributions payments each month, ensuring payments made are timely and match contribution rates and data submissions. The group is comprised of staff from across the fund including employer relations, accounting and data teams to ensure all factors relating to employers are considered.



**13**

Robust processes, controls and risk management

**CASE STUDY**

## i-CONNECT

Throughout the year the Fund has continued to onboard its employers to the i-Connect portal. The i-Connect portal has many benefits to the Fund, our employers and our members.

i-Connect is a secure portal that allows employers to submit their monthly payroll data securely to the Fund's database. This includes all starters and leavers which has removed the need for manual forms to be created by the employer and helped to ensure members are receiving communications about their benefits in a more timely manner.

Receiving monthly payroll data removes the need for year-end returns and the time required by both the employer and the Fund to reconcile these.

The i-Connect portal also continues the Fund's vision to be more transparent with its members by holding up-to-date information on the 'My Wiltshire Pension portal' allowing members to run more accurate pension calculations.

The Fund will continue to support its employers to ensure that monthly payroll submissions are being submitted correctly by the 19th of the following payroll month via i-Connect.

### i-Connect Onboarding Progress

69% of the Funds employers are onboarded to i-Connect	
Employers Onboarded	125
Employers Onboarded & Ceased	4
Active Employer Membership	182

Employers Onboarded	57
Payrolls to Onboard	24

59% active membership is submitted via i-Connect	
Members submitted through i-Connect	13793
Total Active Members	23407

### What's next?

i-Connect has new functionality allowing us to hold employer contribution rates. We are therefore able to perform a check when the monthly payroll has been submitted to highlight to an employer whether there is a need to re-check the payroll before making a final submission. The Fund will be adding the rates within i-Connect for the new 2022-23 financial year and rolling out this additional check shortly after.

## PLANS TO LAUNCH EMPLOYER REPORT CARDS

For a member, their customer experience is in part defined by how quickly and accurately the Fund processes their case. In relevant case types, it is also partly defined by whether their employer provides accurate and complete information in a timely manner. In order to help ensure that members receive the best service, the Fund also measures, where possible, how employers are performing, and can provide support and education to improve this performance if necessary.

As part of the Business Plan 2022/23, in order to communicate performance to employers, the Fund has plans to launch employer "report cards" during 2022/23, which will be valuable tools to communicate with employers about timeliness and accuracy of contributions, and data quality. Alongside this, the Fund has plans to improve proactive engagement with employers, and to further develop the support and resources available to employers online.

The aim of these plans is to provide more clarity around roles and responsibilities, and to support employers to make the administration as straightforward as possible. These plans are targeting the following strategic goals:



**2**

Straight-forward  
administration



**3**

Clear service measures  
and responsibilities



**5**

Correct pension,  
paid timely



**6**

Accurate,  
up-to-date records



**15**

Transparency and  
information sharing



**16**

Compliance and best  
practice

# BENCHMARKING

## VALUE FOR MONEY

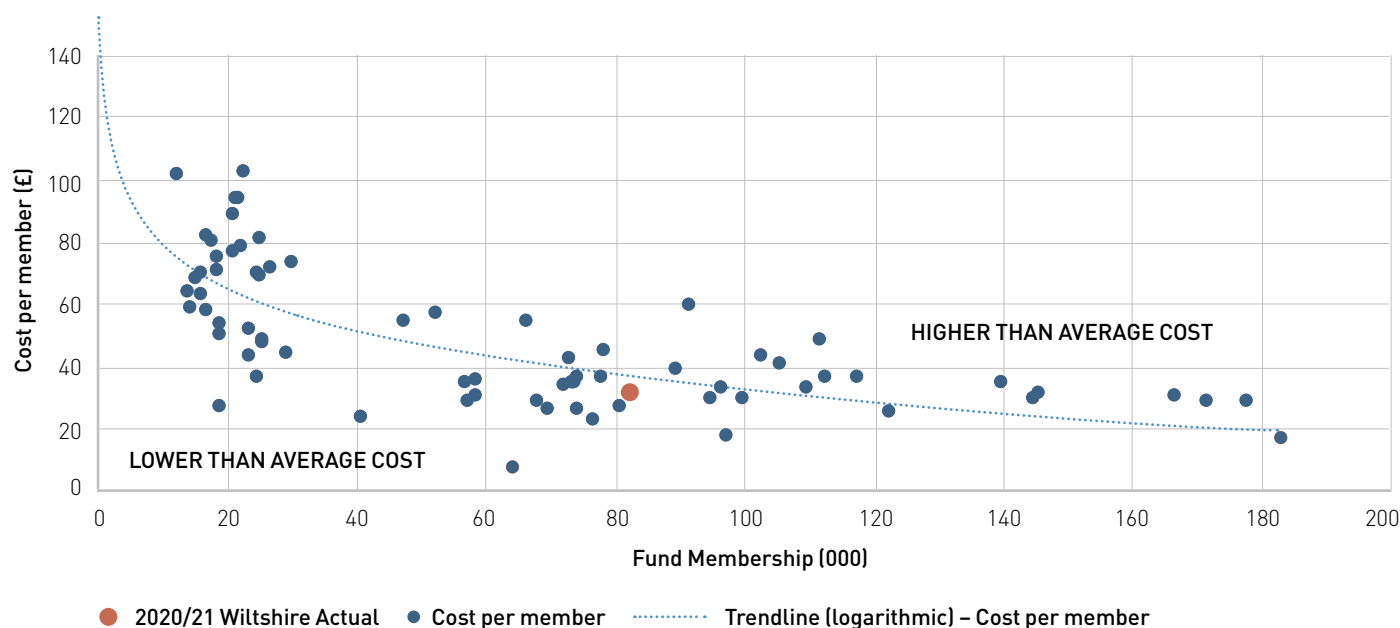
The Fund is committed to providing an outstanding service to our scheme employers and members, which will include providing value for money. The Fund's Business Plan for 2022/23 sets out how we intend to achieve this goal. Actions related to the Business Plan are updated annually and subject to approval by the Wiltshire Pension Fund Committee alongside approval of the Fund's budget. The Fund is overseen by both a Local Pension Board and the Wiltshire Pension Fund Committee and is subject to internal and external audit reviews which assess its efficiency and effectiveness amongst other matters. Benchmarking can be challenging due to the lack of availability of consistent data between LGPS funds. However, it is possible to use various data sources to enable a comparison of economies of scale, the costs of delivering the service, measures of funding, and responsible investment progress.

## COST BENCHMARKING

The Local Government Pension Scheme funds account return (SF3) provides a useful dataset that can be analysed by fund membership (size) and administrative cost (investment costs are accounted for separately) the ratio gives cost per member and can be charted to show that in very general terms, there is some evidence that theories of economies of scale may play out in practice.

Wiltshire Pension Fund's (administration) cost per member was £31 p.a. (£48 for all LGPS E&W all sizes), which compares favourably with, and is below the<sup>1</sup> trendline for LGPS funds of similar membership size:

### Cost per member (2021)



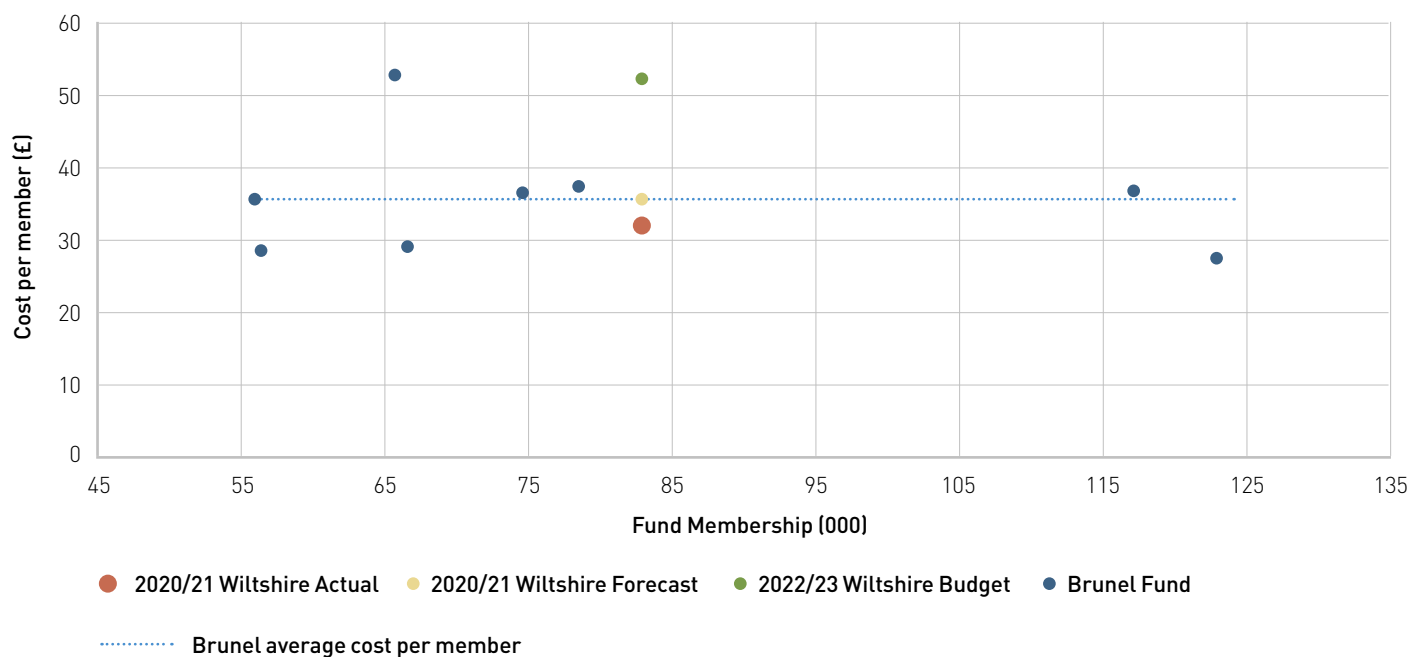
Source: Local government pension scheme funds for England and Wales: 2020 to 2021

<sup>1</sup> Simple logarithmic scale applied to approximate external economies of scale, no uptick on long-run average cost has been assumed.

## ADMINISTRATION BUDGET 2022/23

As covered elsewhere in the report, there are a number of administration projects planned for 2022/23, the cost of which represent a significant increase to the budget. This increase, even without adjusting for inflation, is within the range of cost per member of the group of LGPS funds in the Brunel Pension Partnership (selected as a meaningful peer-group from the full dataset).

### Cost per member (2021), Brunel funds



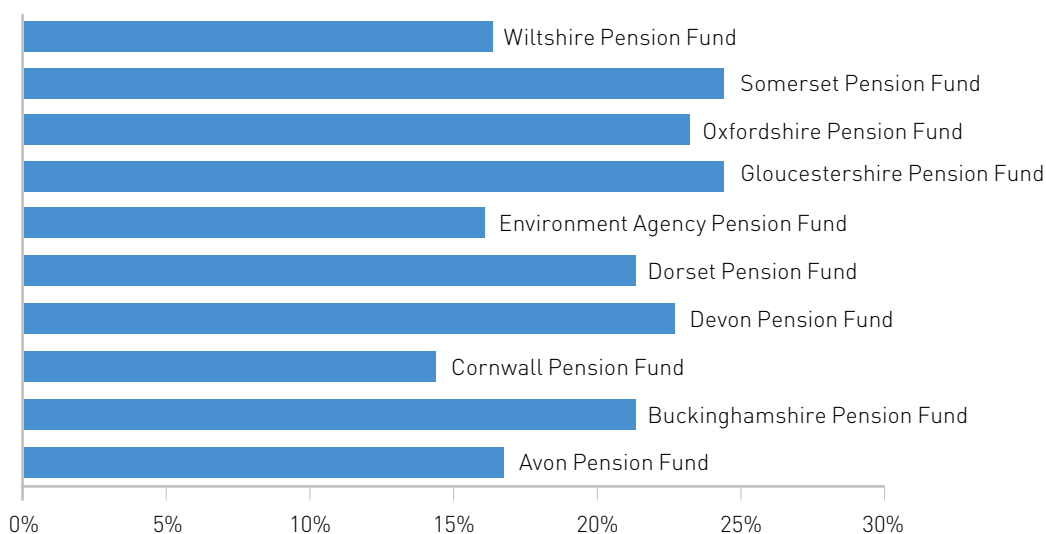
Source: [Local government pension scheme funds for England and Wales: 2020 to 2021](#)

## RETURN ON INVESTMENTS

The return on investments shown in the table below is based on Fund Report and Accounts year to 31 March 2021 and serves as an approximation for investment performance.

This is calculated by dividing the return on investment (which is the changes in value of investments and investment income) by the average value of the fund over the year. This differs from investment performance which is most often time weighted. Both methods of calculation focus on investment cashflow rather than operational and the return on investment is the best approximation for performance using information available.

### Return on investment to 31 March 2021



Source: Fund Report and Accounts 2021

The average return on investment for Brunel Funds to 31 March 2021 ranged from 15.0% to 24.1% and averaged 20.2%. At time of publishing, the total for all LGPS (England & Wales) was not available, but is expected to be published in the Scheme Advisory Board Report and Accounts. It should be noted that each fund will have different risk profiles, cashflow requirements and costs, therefore these statistics should only be used as a starting point for discussion, not a basis for decisions.

## GAD SECTION 13 - FUNDING LEVELS

Section 13 (of the public service pensions act 2013) requires the Government Actuary Department (GAD) to report on whether the aims of Compliance, Consistency, Solvency and Long-term cost efficiency are achieved in the LGPS.

The second formal section 13 report was completed using fund valuations as at 31 March 2019 and was published December 2021. Funding levels of differing LGPS are difficult to compare on a like for like as fund maturity, demographics and local assumptions can vary considerably. Other factors that drive funding and investment strategy include the range of employer profiles, financial circumstances, risk tolerances and levels of prudence that are adopted.

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It is interesting to compare the LGPS funds within the Brunel pool, as there are enough similarities i.e. geographical location, authority tier levels (county council/unitary, exc EA) and fund size (between £2bn and £5bn assets) to make this meaningful:

Local Valuation Funding Level (%)		SAB Funding Level (%)	
Environment Agency Pension Fund	106	133	Environment Agency Pension Fund
Gloucestershire Pension Fund	102	112	Wiltshire Pension Fund
Oxfordshire Pension Fund	99	110	Gloucestershire Pension Fund
Wiltshire Pension Fund	97	106	Avon Pension Fund
Avon Pension Fund	94	105	Oxfordshire Pension Fund
Buckinghamshire Pension Fund	94	102	Buckinghamshire Pension Fund
Dorset Pension Fund	92	99	Cornwall Pension Fund
Devon Pension Fund	91	97	Dorset Pension Fund
Cornwall Pension Fund	90	95	Devon Pension Fund
Somerset Pension Fund	86	92	Somerset Pension Fund

Source: LGPS: Review of the actuarial valuations of funds as at 31 March 2019 – GOV.UK

The table above shows how the local fund valuations compare when calculated on the Scheme Advisory Board (SAB) basis. The SAB basis attempts to bring a relative metric that does not account for local assumptions or variations in levels of prudence adopted that occur in the local fund valuations.

The SAB standard basis is not useful for assessing liabilities for funding purposes. However, this analysis illustrates the range of difference in liability values, and it is not clear the extent to which these are local differences which makes valuation reports difficult to compare directly. The variation in range and ranking within the Brunel group of funds is lower than that of the LGPS as a whole, which would be as expected.

## RESPONSIBLE INVESTMENT PROGRESS OVER THREE YEARS

In 2019, ShareAction together with UNISON, completed analysis of the investment strategies of LGPS administration authorities.

The review highlighted a number of steps selected funds had taken which may be considered as good practice. In assessing each fund, a number of statements within their scheme documents were checked against a central list in order to come up with a score between 0 to 20.

### LGPS funds with a voting policy and a published voting record (2019)

Fund	Voting Policy	Voting Record
Wiltshire Pension Fund	*	YES

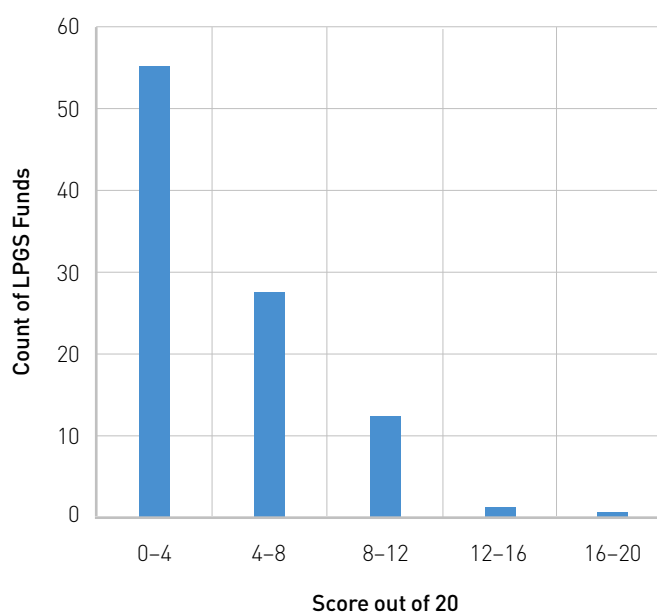
Wiltshire had published voting records at the time of the survey, and \*as part of the Brunel Pension Partnership, have a voting policy at the pool level which is implemented via an engagement specialist Hermes EOS.

### LGPS fund Research scores on Investment Strategy

#### Statement disclosures (2019)

Category	Factors	Score	Count of Score
A	Progressing across all areas	>12-18	56
B	Action being taken in at least one area	>8-12	27
C	Starting to take action	>4-8	13
D	Limited disclosure	>0-4	2
E	No disclosure	0	1
Grand Total			99

### Distribution of ISS climate disclosures (2019)



Source: *ShareAction/ UNISON Analysis of the Investment Strategy Statements of the LGPS Administration Authorities*

Wiltshire Pension Fund achieved a score of seven (Starting to take action), which was ranked 18 overall. Only three funds gained a score of over 12, with more than half scoring four or lower.

In the Brunel group of Funds, Wiltshire was ranked third behind the Environment Agency Pension Fund and Avon Pension Fund.

Significant progress has continued to be made in this area, as detailed elsewhere in this Annual Report.

## SETTING NET ZERO TARGETS

In March 2021, the Pension Fund Committee set a goal for the Pension Fund to have net zero carbon emissions across all investment portfolios by 2050.

In March 2022, the Local Government Chronicle surveyed the 86 LGPS funds (England and Wales) on their net zero targets (72% response rate). The results showed that Wiltshire was in a group of 26 funds that had set a net-zero date (42% of respondents). Of the 33 funds that had not, eight indicated they were planning to set a target date within the next 12 months, and three were waiting for the LGPS consultation (expected late summer 2022) before doing so:

2030	Two funds
2037	One fund
2040	Two funds
2045	Three funds
2050 (or 2050 or earlier)	18 funds, including Wiltshire

Source: *LGC research, Revealed: the council pension funds with net-zero target dates*

As part of the work done to set a net zero target, the Committee looked at climate scenario modelling data, from both investment advisers and the Fund's actuary. This strongly indicated that the Fund would be financially better off in a sub-2°C warming scenario, which is consistent with the goals of the Paris agreement, and setting a goal of net zero by 2050. We consulted with our employers as part of setting this target, and some questioned whether the date should be brought earlier. On taking professional advice, the Committee concluded that to set an earlier target could cause the Fund to suffer financially, and so it was decided to set on a target date of 2050.

## WILTSHIRE PENSION FUND EMPLOYEE SURVEY

A survey of WPF employees was conducted in 2022 and some of the positive feedback is provided below. This was the first survey of this type and was conducted by Aon as part of a wider review. In terms of benchmark, this could be set against a similar Wiltshire Council survey (Employee wellbeing and engagement survey 2021) which resulted in a Net Promoter Score NPS of 84<sup>2</sup>.

The WPF results show 87% "Employees are proud to work for Wiltshire Pension Fund" and 87% "Would recommend it as a great place to work". These statistics are not directly comparable, but do suggest that the results of the same NPS determining questions would be as high or higher than those for Wiltshire Council.

However, the WPF employee survey may be repeated (annually) to provide relational comparison to measure changes over time. Other work is being carried out over the coming year to take account of the feedback received.

<sup>2</sup> NPS score shows the net difference between whether staff would recommend (promoters) or deter others (detractors) from working for Wiltshire Council. The scale for this runs from -100 (all detractors) to +100 (all promoters), therefore any score greater than 0 means there are more promoters than detractors.

## WHAT OUR EMPLOYEES SAY



“ We have solid aspirations, investing in a more digital approach allowing us to keep ahead of other Funds. The Heads of department are knowledgeable and inspirational. Career progression through the Fund is possible and development is readily available. ”

### WHAT IS IT LIKE Working at WPF?

See what our employees say...



Employees are  
proud to work  
for WPF

9 OUT OF  
10  
Feel colleagues  
collaborate well  
together



Think their manager  
is great role model



Would recommend it as a  
great place to work!

“ There is a really great culture at WPF, managers are open to new ideas, teams are so helpful across departments and I have found it to be such a positive welcoming place to work. The Managers are open to flexible working, creating a work life balance and as a result productive happy employees ”



## EFFICIENCY THROUGH TECHNOLOGY

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

## IMPROVEMENTS

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

CASE STUDY

### ADMINISTRATION IMPROVEMENTS

The Fund is continuously working hard to ensure that improvements are a key part of the administration processes. As work comes in, it is managed using turnaround times set out by the Fund Administration Strategy. The allocation of work with a manageable task list for each team member means work is already prioritised for the team and the team can also arrange their work and deal with it in priority order. Each process has a priority order which helps the team to see what needs to be dealt with first. That way, a manageable task list has helped the team to focus.

Further improvements are being made to workflows that are used with the team to ensure other elements that can't be dealt with do not stop other processes from happening i.e. if we can't establish whom to pay a death grant to, it should not stop the Fund putting dependent pensions into payment.

The team (Member Services Team) – has a rota in place to ensure there is focus time so that more time is spent processing. The team has allocated days to spend on telephone and emails and more time is spent processing. The aim is that these improvements will result in more work being processed and more cases completed in line with the Administration Strategy.

CASE STUDY

### OUR DIGITAL OFFERING

**My Wiltshire Pension** is our online pension portal. We currently have 44% of our active membership and 35% of our deferred membership signed up to the portal enabling them to see their pension benefits, update their personal details, nominate beneficiaries in the event of their death and contact the Fund through an intelligent contact us section. Utilising My Wiltshire Pension improves the speed that we are able to provide members with the information they require, reduces the administrative costs involved in providing manual quotations and allows us to communicate digitally in a more individual and personal way.

With the introduction of **i-Connect**, employers are providing us with monthly pension data within days of the end of the month. Members are now able to see accurate values of the pension they have accrued, in addition to running much more accurate retirement calculations.

As a result of this improved accuracy the Fund has introduced an online retirement process for members that have left the scheme and are now wanting to claim their pension benefits. One of the principles of the Fund is to develop our digital offering and this ensures members have both the option to claim their pension independently on their online My Wiltshire Pension portal or request for a more traditional paper pension quotation. Once this process has been in situ and established by our deferred membership, we will look to roll this additional functionality out to our active membership.

**In April 2022\* 28% of all our retirements were made through the online My Wiltshire Pension portal.**

We have been offering transfer values to members that have left the scheme and are interesting in transferring their benefits to another scheme. This is a quick and easy way for a member to obtain transfer values.

**In April 2022\* 28% of all our retirements and 33% of our transfer requests were made through the online My Wiltshire Pension portal.**

Members have the opportunity of updating the Fund with who they wish to nominate to receive a lump sum benefit in the event of their death.

**In the previous 12 months, 1873 members have used this facility and updated us with their nominations.**

\*Post year end (i.e. April 2022) data used in order to demonstrate an up-to-date position, as this functionality was rolled out towards the end of the financial year.

# ENGAGEMENT WITH OUR SCHEME EMPLOYERS AND MEMBERS

**80%**

**OF EMPLOYERS**

(by value of contributions)  
participated in our survey



Employers are  
advocates for the  
scheme

We have set up an  
**EMPLOYER  
STRATEGIC  
FOCUS  
GROUP**



Transparency  
and information  
sharing

**OVER  
7,000  
MEMBERS**

read our campaign  
on climate risk



Members  
understand  
their benefits

Our Pension Awareness Week  
website received over

**2,000  
VISITS**

**35%**  
**OF OUR MEMBERS**

are signed up to our  
online portal



Widely adopted  
self-service  
solutions



**CLEAR  
COMMUNICATIONS**

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

# INTRODUCTION

Engagement with our scheme employers and members is an important issue for the Fund, and is an area with constant improvements and developments. We quantify and review the effectiveness of our communications and engagement in order to inform our activities in this area going forward. This can come from a range of metrics, including statistics such as open and click rates on email campaigns, to feedback surveys after webinars.

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



## Employers are advocates for the scheme

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



## Members understand their benefits

The Pension Fund represents a major benefit for our members. Some of our work here includes our campaign in September 2021 for Pension Awareness Week. You can read more about this as a short case study below.



## Widely adopted self-service solutions

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



## Transparency and information sharing

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

## ENGAGEMENT IN THE BUSINESS PLAN

Our Business Plan for 2022/23 contains several actions which will promote engagement with employers and members:

- **Complete i-Connect onboarding** – Onboarding of all employers onto i-Connect was targeted to be complete by 31 March 2022, but there are still several employers outstanding. Although the Fund does not have full influence over this, we will work collaboratively with employers to ensure all are onboarded by 31 March 2023 and that we can realise the control and data benefits of i-Connect.
- **Employer report cards** – As described in the case study on page 24.
- **Complete MSS sign-up campaign** – The Fund's strategy is to write out to members who have not signed up to MSS every 3 years. We will complete this campaign, and investigate options to further promote MSS through use of email signatures, the website, and campaigns through the scheme employers.
- **Employer training and engagement**  
We will develop the training materials on the employer website, including videos, simple guides etc. We will expand the approach to direct interaction with employers, to proactively address issues with fulfilling requirements, welcome new contacts, and help with any i-Connect issues.

## ENGAGEMENT IN THE RESPONSIBLE INVESTMENT POLICY

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

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

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

Why might the Fund engage with employers and members?

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

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

- i. Informing** – The Fund seeks to keep members and the general public informed via a section of the Annual Report which reports on climate change risk and actions. From 2022 onwards the Fund 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 Investment Strategy Statement. There are two employer representatives on the Committee, who are actively involved in promoting employer engagement. The Fund will be establishing employer focus groups.
- iv. Actively seeking views** – The Fund has used surveys to collect the views of employers and members, and has used the results of these surveys to develop the approach to member and employer engagement. Although the views of members and employers alone would not be used to drive the strategy, they would be considered by the Committee alongside other information as part of a full picture. The Fund's investment strategy is set in the best financial interests of the Fund, but can also, where possible, reflect the wider goals and philosophy of the employer organisations and Fund membership.

## THE FUND'S COMMUNICATIONS STRATEGY

During 2021 the Fund reviewed its Communications Strategy ([Policies and strategies – Wiltshire Pension Fund](#)) with a strong focus on delivering targeted, bespoke and engaging communications to Employers and Members moving away from a 'one size fits all' approach. This is in line with the Fund's value of "Clear communications".

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

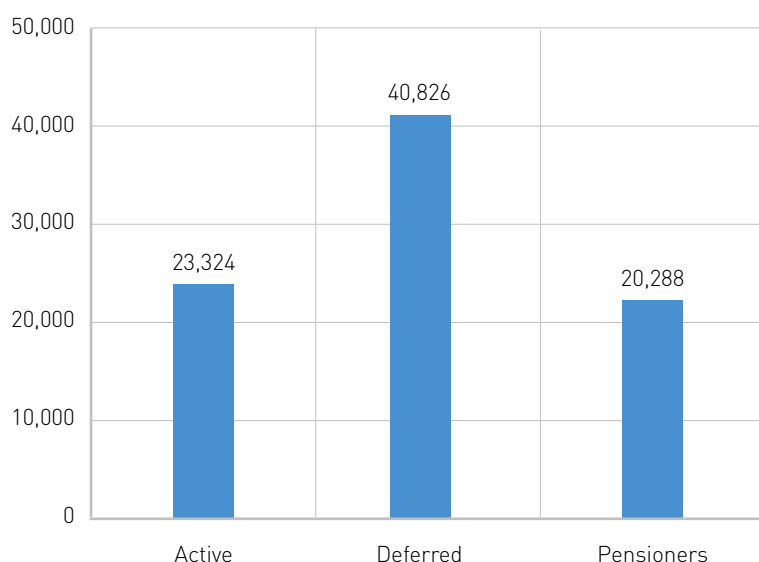
The data shown below reflects work to date The Fund has completed in a move to increase engagement, by capturing and analysing data more proactively and productively.



### CLEAR COMMUNICATIONS

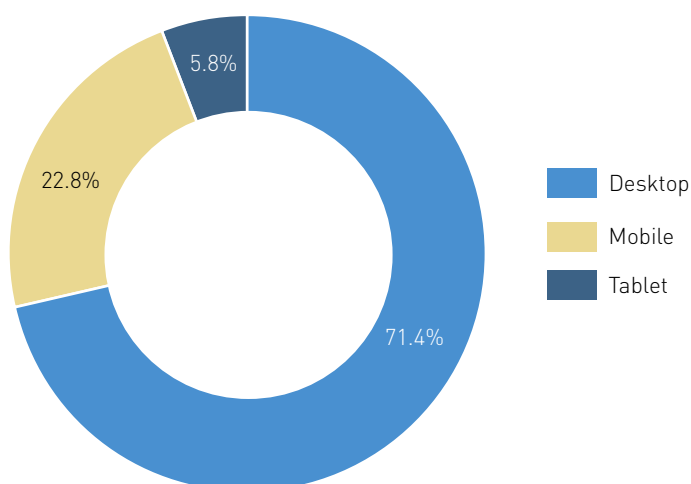
We communicate with all our stakeholders in a clear, concise, relevant and effective way

## DEMOGRAPHICS – WHO ARE OUR MEMBERS?



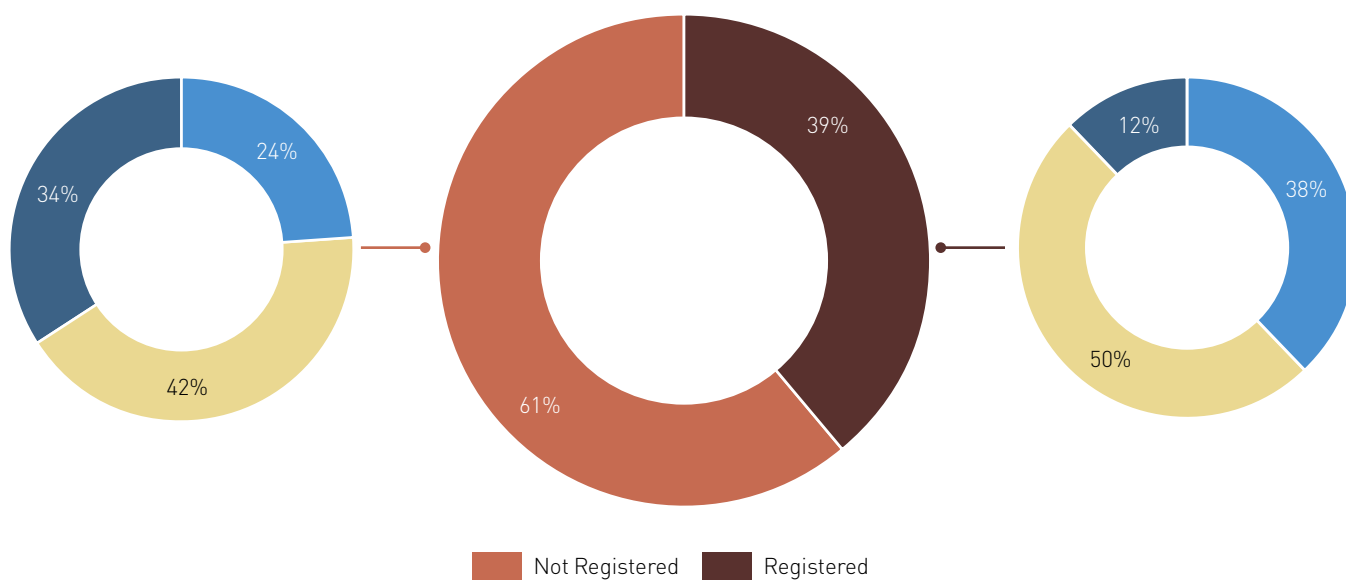
## HOW ARE THEY INTERACTING WITH US ON OUR WEBSITE?

### Users by Device Category



Data taken over 6 month period via Google Analytics for the period Nov 21 – April 22

## HOW ARE THEY INTERACTING WITH US ON OUR MEMBER WEBSITE (MY WILTSHIRE PENSION)?



	Not Registered	Registered
Active members	11,477	11,877
Deferred members	20,186	15,509
Pensioners	16,917	3,704
<b>Total</b>	<b>48,580</b>	<b>31,090</b>

As there are fewer benefits to pensioner members to registering than there are for active and deferred members (transfer values and retirement quotations), pensioner members account for a significant percentage of those not registered.

## ENGAGEMENT LEVELS

Type	Email Open Rate	Website Visits
Member	▲ 27%	▲ 1,671
Pensioner	▲ 10%	▲ 540
Employer	▲ 13.5%	▲ 210

\*email data taken from mailchimp based on a 5 campaign average pre and post introduction of targeted communications

\*\* website data taken from Google Analytics bases on an average across three months vs introduction of content / campaign activity

## MY WILTSHIRE PENSION (MSS)

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

The Fund is committed to ensuring members are aware and have access to this valuable resource and as such has launched a campaign digitally as well as via post to increase awareness and registrations. Currently 35% of members (correct as of April 2022) are registered on the portal.



Widely adopted  
self-service  
solutions

### January 2022 Digital Mailer

Mailchimp	Deferred	Active	Pensioner – ePayslips
Sent	9,416	9,181	4,491
Opened	67%	58%	77%

## COMMUNICATIONS HIGHLIGHTS THROUGHOUT THE YEAR

The Fund continues to keep employers and employees updated with the latest changes affecting the scheme, options to increase pension entitlements through the purchase of additional pensions and notifying members of changes to legislation, particularly the tax implications from the new thresholds to Annual and Lifetime Allowances. This is communicated via email and the Fund has created mailing lists for employer contacts and members who have signed up to My Wiltshire Pension (MSS).

The Fund's standard publications to members include the online Annual Benefits Statements for active and deferred members; Annual Allowances statements to those who breach the limits, letters and presentations to high earners informing them of changes to the pension tax relief regimes, annual active members and pensioners' newsletters, induction presentations, pre-retirement presentations and early retirement seminars, and presentations including training to employers.

The Fund launched a new website in March 2021, which includes subsites for members, pensioners and employers, as well as an overall About Us section. Over the year to 31 March 2022, work has gone into developing the website, with the addition of more resources and information for members and employers, and a significant upgrade to the About Us section, particularly involving the investments pages. One noteworthy addition to the website was a page specifically focused on member and employer engagement, which can be found here: <https://wiltshirepensionfund.org.uk/Engagement>

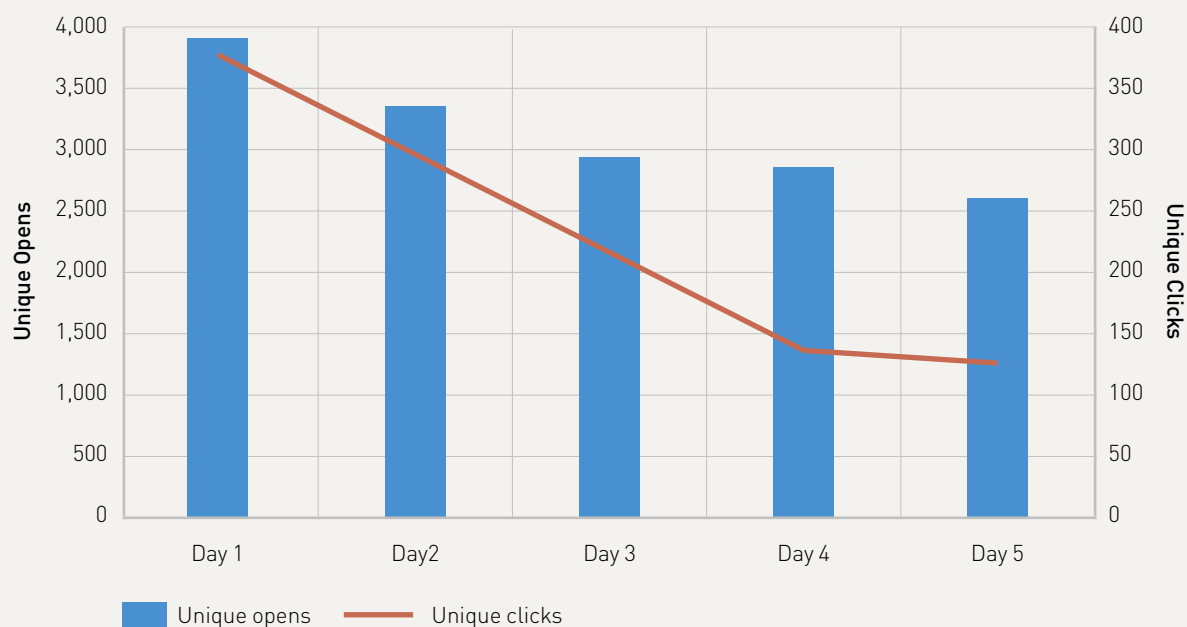
## PENSION AWARENESS WEEK (PAW)

15 September 2021 was Pension Awareness Day. We decided 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.

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>

In order to monitor the success of the PAW campaign, we measured the number of visits to the dedicated webpage, clicks and opens through the Mailchimp mailing, and the increase in sign-ups to MSS.

### Mailchimp Statistics



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.

Activity levels on MSS were monitored, and these were up across the week by 58%, showing that more members were engaging with their pension.

Website stats also showed 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.

## CLIMATE AWARENESS

In the run-up to COP26, the 2021 UN Climate Change Conference, we launched a campaign to engage with the scheme membership. This involved the following:

- Producing a one-page factsheet with key facts and figures on how the Fund is responding to climate change risk.
- Using this factsheet as part of an email campaign to alert the scheme members to what action is being taken.
- Developing a webpage to contain all the climate information in one place, so members can follow the link through from the one-page factsheet to learn more.
- Working with Wiltshire comms and our employers, as well as using Mailchimp to send out the campaign.
- Working with Wiltshire comms externally to ensure that we tie in our work with the Council's carbon reduction team, by putting out a press release and social media posts.
- Joining in with Brunel's publicity work, specifically around our collaborative work to develop a new Paris-aligned benchmark, and invest £600m in this passive portfolio at its launch.

The factsheet and climate webpage can be found here: <https://www.wiltshirepensionfund.org.uk/climate>

This was a successful campaign, with just under 14k recipients via Mailchimp, and more members were reached through the comms sent out by employers. On mailchimp alone, 7,268 members read the email, which contained the climate factsheet. The climate webpage received just under 1k visits, almost all of which were new visitors to the website.

## EMPLOYER ENGAGEMENT

The Wiltshire Pension Fund employs an Employer Relationship Manager whose role is to act as an advocate for employers, help foster relationships and assist employers with any pension specific queries.

There is also an Employers' Guide available, including details of the Fund's discretions policy which can be found on the Fund's website. The website is used as a substantive source of employer information, along with the regular technical newsletters and Employer Forums meetings. The Fund works alongside Employer organisations to assist and provide training on their pension responsibilities and undertakes site visits to guide teams through the process and forms when required. This is particularly useful where changes in key staff at an employer have recently occurred.

Further information specific to employers can be found on the website at the following web addresses:

**[Employer guide – Wiltshire Pension Fund Employer Area](#)**

**[Monthly and End of Year Returns – Wiltshire Pension Fund Employer Area](#)**

The Fund's Employer Relationship Manager is Denise Robinson and her contact details are:

**[Denise.Robinson@Wiltshire.gov.uk](mailto:Denise.Robinson@Wiltshire.gov.uk)** (01225 713505).

## EMPLOYER SURVEY

Over the Summer of 2021, we carried out a survey of our employers, targeting head of finance and heads of the organisation, as the survey was focussed on strategic matters.

The full results of the survey can be found here:

**<https://wiltshirepensionfund.org.uk/media/7377/Employer-survey/pdf/Employer-Strategic-Engagement-Survey-Report.pdf?m=637702624465670000>**

We received 62 responses to the survey, which represented just under 80% of employers, in terms of the value of contributions paid.

The survey responses showed a strong interest in how the Pension Fund is run, with 71% of respondents being "interested" or "highly interested". The survey illustrated the types of topics which employers are interested in, and clearly showed a strong preference for short communications/newsletters, or online training/webinars. We have used this information to tailor our communications.

We also asked employers if they felt that the Fund's investment strategy (which is set in the best financial interests of the Fund) should also try to reflect employers' wider goals where possible. On average, employers felt this was moderately important, but scores were quite uneven. The most common score was 7 out of 10, equivalent to "important", and 52% of responses scored 7 or higher. We responded to this by creating a new investment belief: "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".

Finally, the survey also provided us with lots of free-text feedback, which we have discussed and taken on board. Thank you to our employers for engaging with the survey and sharing your views.

## REPORT FROM THE EMPLOYER REPRESENTATIVES ON THE WILTSHIRE PENSION FUND COMMITTEE

During 2021/22, we have been working alongside the Fund's officers to help improve representation for employers, at a strategic level, as well as helping the Fund to focus on providing employers with the information they need, in the format that works best for them.

In the summer of 2021, we worked with the Fund's officers to help design a survey, which was sent to the heads of all the employer organisations, to gather info and opinions on strategic issues. You can read more about the results of this survey elsewhere in this section of the annual report. We achieved a really good response rate representing just under 80% of all employers by value of contributions. One thing we asked was whether the employers knew about our roles, as their representatives on the Committee. We learned that roughly half of the respondents were not aware. To address this, our details have been circulated via email, and this short report is a new initiative to also help raise awareness.

Through the survey, we learned that employers are most interested in the financial health of the Fund, which makes logical sense as this could have an impact on employer contribution rates. The second most in-demand topic was changes in regulations, and how they may impact the Pension Fund members – this has a clear link to the Pension Fund being a key benefit which employers offer to their employees. There was strong demand for info to be received via short comms/ newsletters, and online events. We have ensured that these findings have been taken into account in the way that the Fund communicates with its employers.

We also asked if employers would be interested in joining a focus group, and received enough positive responses to move forward and set one up. As part of its engagement framework with employers, the Fund has now launched the Employer Strategic Focus Group. This is an informal way for the employers to engage with the Fund (via the officers and us) on strategic issues. The group will facilitate a 2-way dialogue, and to enable us to feedback employers' views to the Committee. The group discusses strategic issues which affect the employers, and allows us (and the officers) to take informal soundings from employers on these issues. These views may then be incorporated into draft strategies, for example, before consultation with the full employer body. Or we might feed the views back to the Committee, to contribute to the decision-making process.

The focus group meets quarterly, and we would always be keen to welcome new members – if you would like to learn more, and sign up, please visit the Fund's website:

<https://employer.wiltshirepensionfund.org.uk/article/4679/Employer-Strategic-Focus-Group>

31 March 2022 marks a key date for the Fund's employers, as this is another actuarial valuation year. Work is ongoing, and the results of the valuation will set employers' contribution rates for the three years from 1 April 2023 onwards. We will be strongly representing the employers' interests at the Committee meetings where this is on the agenda. The Fund also has a dedicated webpage where you can learn more:

<https://employer.wiltshirepensionfund.org.uk/article/3290/Triennial-valuations>

At Committee, we recently reviewed an item to set a new business plan and budget for the Fund, for 22/23. At this time there are lots of improvements to be made to the Fund's administration function, and we were keenly involved in looking over the supporting reports, from internal audit and an external consultant, and held officers to account to ensure that an appropriate improvement plan was put in place. We understand that these issues are important to employers in order to ensure that the scheme is administered in a straight-forward way, and that your employees' benefits are accurate and up-to-date. We were pleased that the Committee unanimously supported additional one-off spend in this area to ensure that the Fund can make the required changes.

We look forward to continuing to represent the employers over the year ahead! Please contact us if you have any questions, or have a matter you would like to raise.

Tracy Adams and Clare Anthony, the employer representatives on the Wiltshire Pension Fund Committee

28 July 2022

### About Tracy

I work for Salisbury City Council as HR Manager. I am keen to ensure I represent employers in my role so looking forward to hearing from more of you in our Employer Focus Group (or happy to get in touch directly).



Tracy Adams, HR Manager, Salisbury City Council  
Contact Tracy: [tadams@salisburycitycouncil.gov.uk](mailto:tadams@salisburycitycouncil.gov.uk)

### About Clare

I am a Fellow of ICAEW, with a background in financial audit and the not-for-profit sector. My employer is a multi-academy trust and a fairly large employer in Wiltshire with over 500 staff, around half of which are active members of the Wiltshire Pension Scheme. As a member of the committee, I hope to influence the management of the fund in the best interests of our employees and wider stakeholders.



Claire Anthony, Director of Finance & Business,  
Magna Learning Partnership

Contact Clare: [canthony@magnalearningpartnership.org.uk](mailto:canthony@magnalearningpartnership.org.uk)

## FURTHER INFORMATION AND RESOURCES

The Council produces many other publications to support its role as administering authority of the Wiltshire Pension Fund. You can request these from the Wiltshire Pension Fund at County Hall, Trowbridge, from our Website at [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk) or by emailing [pensionenquiries@wiltshire.gov.uk](mailto:pensionenquiries@wiltshire.gov.uk).

### GUIDE TO THE LOCALGOVERNMENT PENSION SCHEME

This booklet explains the benefits available to employees and their dependants of being in the Fund.

#### Employers website

As part of the Fund's main website there is a separate site devoted to the Fund's sponsoring employers. The latest version of the employer website was rolled out in March 2021 and seeks to provide guidance & supporting documentation specifically aimed at staff within employer bodies with responsibility for providing information to the Pensions Section, in respect of Fund administration. The site will provide Scheme Employers with all the information they need to fulfil their pension responsibilities correctly.

#### Information to scheme members

With the rollout of the Fund's digital strategy all the communications specified below will be mitigated to an electronic format. Where requested by scheme members they can continue to receive paper versions of the information.

#### Starter packs

These contain information that must be made available to new employees on their pension entitlements, together with supporting information.

#### Retirement packs

These contain information for every new pensioner about their pension and other supporting information.

#### Newsletters

Occasional newsletters are produced, both for participating Fund members and for pensioners, containing information of interest.

#### Annual benefit statements

Statements are automatically available for all full-time Fund members and those working regular part time hours, and for deferred pensioners. Statements are also available on request for any Fund member at any time.

#### Other information

Various leaflets, posters and fact sheets explaining the Fund and highlighting its benefits are produced. The Pensions Section also has booklets available produced by Prudential on Additional Voluntary Contributions.

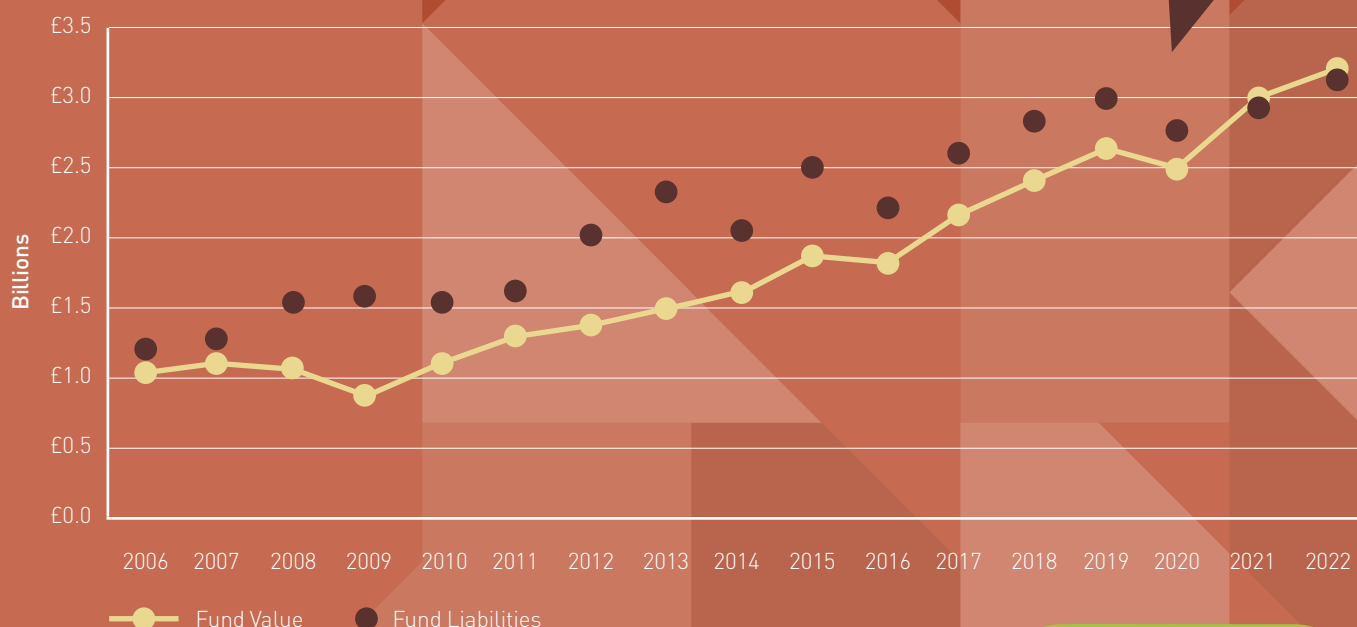
# THE FINANCIAL HEALTH OF THE FUND

FUNDING LEVEL

**103%**

(based on roll-forward of 2019 valuation)

Fund Value vs Liabilities for years ending 31 March



We currently have

**>84,000**  
MEMBERS

We received contributions of

**£125m**  
and paid out benefits of  
**£102m**  
during the year

IT COSTS US

**£3m**

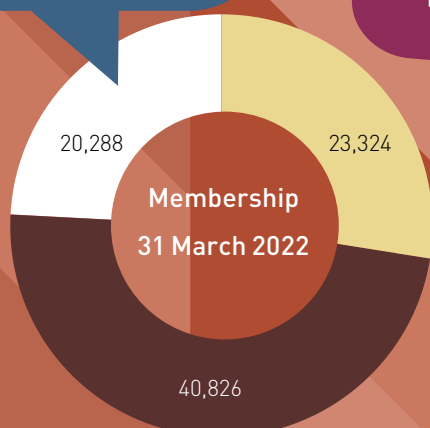
to run the fund (admin, oversight and governance costs), equivalent to

**£33**

PER MEMBER

- Active
- Deferred
- Pensioners

Total number of members in the pension scheme –  
**84,438**



**£3.2bn**  
(current value of the Fund)

**189**

Number of employers in the Fund

## ANALYTICAL REVIEW

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

### Major movements in Fund Account and the Net Asset Statement for the financial year

Fund Account	2021/22 £'000	2020/21 £'000	Notes
<b>Contributions</b>	132,804	118,611	Contributions received in year are higher than the prior year, largely due to an increase in transfer's in of assets from other funds. Contributions from employers and employees have also been higher during the year. Increases in active members, employer contribution rates and salaries will have contributed to this change.
<b>Benefits</b>	(110,183)	(112,267)	Benefits paid have decreased compared to the prior year, this is due to a one off provision being made in the prior year to estimate pension underpayments covering several years. Excluding this one off item benefits paid have increased due to inflationary increases and a rise in the number of members receiving their pension.
<b>Management expenses</b>	(33,016)	(29,164)	Management expenses have increased compared to the prior year. The primary cause of the increase are higher transition costs incurred in year for assets transfers to meet the strategic asset allocation.
<b>Return on Investments</b>	280,797	478,927	The fund has exceeded the return target in year largely driven by positive growth in equities. The return has been less than 2020/21 which included the significant recovery in markets following the outbreak of Covid 19. See investment performance note for further details.
<b>Net increase in the Fund</b>	<b>270,402</b>	<b>456,107</b>	

Net Asset Statement	2021/22 £'000	2020/21 £'000	Notes
<b>Long Term Investments – Brunel</b>	838	768	This asset represents a 10% share of the equity of Brunel Pension Partnership.
<b>Investment Assets</b>	3,206,087	2,962,523	The detailed narrative for the increase in these asset values in year is included in the investments section
<b>Cash &amp; other current assets and liabilities</b>	23,462	-3,306	The increase in cash and other net assets is caused by the fund holding a higher cash balance at year end 2022 ahead of an expected large payment of funds to an investment manager.
<b>Total Net Assets of the Scheme</b>	<b>3,230,387</b>	<b>2,959,985</b>	

## MOVEMENT IN ASSETS AND LIABILITIES

The funding level (i.e. the ratio of the assets to liabilities) at 31 March 2019 (last valuation) was 97% being valued at £2.589 million. Hymans Robertson's previous valuation at 31 March 2016 was 82%. This means that the total of the Fund's assets were sufficient to meet 97% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £92 million.

As at 31 March 2020 the negative impact of Covid-19 on asset values had reduced the funding level to 88%. Since then the value of investments have improved throughout 2020 and early 2021, this brought the funding position to 100.2% on an ongoing basis as at 31 March 2021. The improvement in funding level has continued throughout 2021/22, buoyed by investment returns above the fund's target. This has brought the overall funding level at 31 March 2022 to 103.1% on an ongoing basis.

## FORECASTS

The following table shows the actual fund account performance for the last three years and a high level forecast for year ending March 2023 and March 2024.

	2023/24	2022/23	2021/22	2020/21	2019/20
Fund Account	Forecast £000	Forecast £000	Actual £000	Actual £000	Actual £000
Contributions	149,782	141,038	132,804	118,611	139,380
Benefits	(124,269)	(117,014)	(110,183)	(112,267)	(102,757)
Management expenses	(37,237)	(35,063)	(33,016)	(29,164)	(37,221)
Return on Investments	169,866	161,037	280,797	478,927	(115,445)
Net increase in the Fund	158,142	149,998	270,402	456,107	(116,043)

Contributions and payments are based on current expectations incorporating allowances for inflation, the administration and investment management expenses are based on current budgets and historic levels of investment fees with an allowance for inflation. The net return on investment is based on the long-term forecast returns for each asset class as set out in the next table.

Investment Portfolio £m	Asset Valuation March 2022	Long Term Asset Class Return Assumptions	Forecast Investment Return 2022/23	Forecast Asset Valuation March 2023	Forecast Investment Return 2023/24	Forecast Asset Valuation March 2024
Brunel – Paris Aligned Hedged Passive Equities	501,100	6.41%	32,210	533,220	34,179	567,400
Brunel – Gilts	462,211	6.41%	29,628	491,839	31,527	523,366
Brunel – Global High Alpha active global equities	255,033	6.41%	16,348	271,381	17,395	288,776
Brunel – Global Sustainable Equities active global equities	256,780	6.41%	16,460	273,240	17,515	290,755
Brunel – secured income	210,303	3.37%	7,087	217,391	7,326	224,717
Brunel – Multi Asset Credit	153,720	4.25%	6,533	160,253	6,811	167,063
Brunel – private debt	31,381	3.91%	1,227	32,608	1,275	33,883
Brunel – private equity	28,503	5.35%	1,525	30,028	1,606	31,634
Brunel – generalist infrastructure	14,748	4.42%	652	15,400	681	16,081
Brunel – renewable infrastructure	6,211	4.42%	275	6,485	287	6,772
Long-term investment – Brunel Pension Partnership	838	0.00%	–	838	–	838
CBRE Global Multi Manager – Property	408,775	3.31%	13,530	422,306	13,978	436,284
Pinebridge – Bank Loans	325,135	2.43%	7,901	333,035	8,093	341,128
Ninety One – Emerging Markets	291,990	4.43%	12,935	304,925	13,508	318,433
Magellan Select Infrastructure Fund	167,301	6.41%	10,724	178,025	11,411	189,437
Partners Group – Infrastructure	92,596	4.42%	4,093	96,689	4,274	100,963
Cash held at custodian	297	0.00%	–	297	–	297
M&G – Financing Fund	3	0.00%	–	3	–	3
<b>Total</b>	<b>3,206,925</b>		<b>161,037</b>	<b>3,367,962</b>	<b>169,866</b>	<b>3,537,828</b>

The forecasts for total investment assets are based on forecast long term return assumptions for each asset class. No future changes in asset allocation have been considered as the timings of these are not known with certainty.

## OPERATIONAL EXPENSES

The following table sets out the historic and forecast operational expenses of the pension fund by core reporting category. Investment management fees continue to be the largest part of the operational costs of the fund, further detail on these fees is included in the investments section of the report. Other operational expenses have remained largely static, a significant increase in administration costs is budgeted for in 2022/23 to address business plan objectives of reducing backlogs and system administration issues.

£000s	Actual 2020/21	Actual 2021/22	Forecast 2022/23
Investment Management Fee's	26,495	30,017	30,455
Staffing and other costs	116	230	206
<b>Fund Investment Costs</b>	<b>26,611</b>	<b>30,247</b>	<b>30,661</b>
Pension scheme administration staffing costs	1,036	1,168	1,267
Staff training	22	18	28
Corporate charges	311	311	311
Pension administration systems and data cleansing	354	328	622
Other administration costs	51	28	970
<b>Fund Administration Costs</b>	<b>1,775</b>	<b>1,854</b>	<b>3,199</b>
Oversight & governance staffing costs	180	209	238
Training and conferences	–	24	28
Subscriptions, memberships and levies	32	60	36
Actuarial services	154	131	319
Audit	37	27	83
Legal fees	11	28	49
Advisory fees	196	276	279
Corporate charges & other costs	165	144	146
Local Pension Board costs	14	15	25
<b>Fund Oversight &amp; Governance costs</b>	<b>788</b>	<b>915</b>	<b>1,203</b>
<b>Total Costs</b>	<b>29,174</b>	<b>33,016</b>	<b>35,063</b>

## CASHFLOW

Officers continue to monitor the cashflow position of the Fund to ensure sufficient resources are available to pay benefits as they fall due and meet investment calls in a timely manner. A summary of the principal locally held cashflow movements for 2021/22 is shown below.

### Summary Cashflow Statement for Wiltshire Pension Fund

£m equivalent		2021/22
	<b>Opening Cash Balance</b>	<b>6.8</b>
<b>Operating</b>	Income	136.5
<b>Operating</b>	Expenditure	(124.1)
<b>Investing</b>	Private Market – Capital Investment	(193.9)
<b>Investing</b>	Private Market –Capital Distribution	2.3
<b>Investing</b>	Listed Market –Capital Withdrawal	370.0
<b>Investing</b>	Listed Market –Capital Investment	(171.0)
<b>Investing</b>	Other	2.0
	<b>Closing Cash Balance</b>	<b>28.6</b>
<b>Net Cashflow from</b>	<b>Operating</b>	<b>12.4</b>
	<b>Investing</b>	<b>9.4</b>

The locally held cash balance increased during the year following a positive inflow of cash from operating activities (Employer contributions and pensions payments), and withdrawal from investments to ensure sufficient funds were available to meet capital calls for private markets investments.

## ANALYSIS OF PENSION OVERPAYMENTS

The table below shows an analysis of the pension benefits overpaid and recovered. These mainly relate to overpayment of pensioners between the date of their death and notification.

Analysis of Pension Overpayments	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
<b>Overpayments recovered</b>	27	34	27	19	29
<b>Overpayments not recovered</b>	13	12	11	14	12
<b>Total</b>	<b>40</b>	<b>46</b>	<b>38</b>	<b>33</b>	<b>41</b>
<b>Annual payroll</b>	83,955	89,019	77,241	72,224	68,165
<b>Write offs as a % of payroll</b>	0.01%	0.01%	0.01%	0.02%	0.02%
<b>No. of cases – not recovered</b>	196	173	157	167	185
<b>No. of cases – recovered</b>	41	44	24	31	52
<b>No. of cases – in process of recovery</b>	<b>18</b>	<b>20</b>	<b>9</b>	<b>7</b>	<b>9</b>

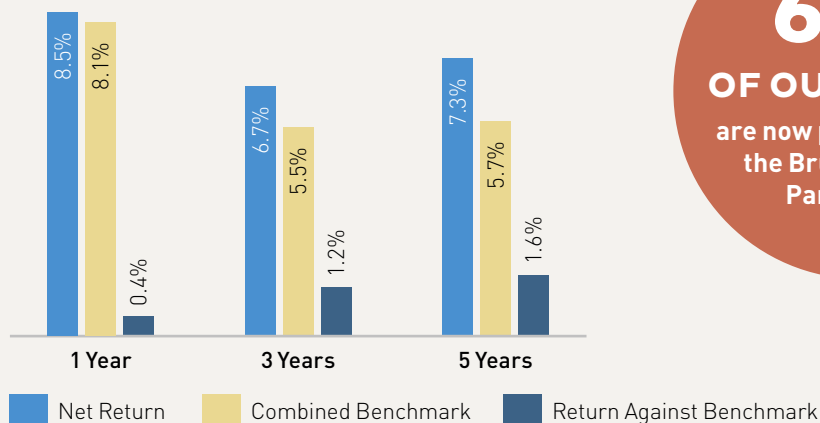
# INVESTMENTS SECTION

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# INVESTMENT HIGHLIGHTS

## WHOLE FUND RETURNS

to 31 March 2022

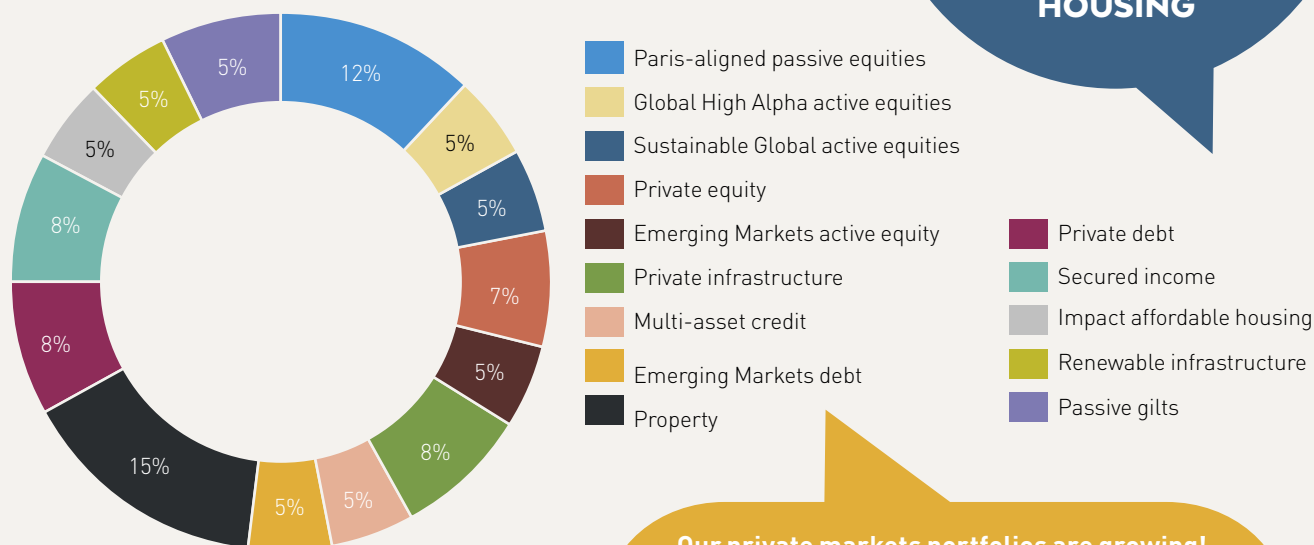


**£3.2bn**  
(CURRENT VALUE OF OUR INVESTMENTS)

**60%**  
**OF OUR ASSETS**  
are now pooled through  
the Brunel Pension  
Partnership

During the  
year, we made  
new allocations to  
**SUSTAINABLE  
EQUITIES,  
RENEWABLE  
INFRASTRUCTURE,  
and  
IMPACT AFFORDABLE  
HOUSING**

## LONG TERM STRATEGIC ASSET ALLOCATION



We have set  
**DECARBONISATION  
TARGETS**  
for our investment portfolios:

Our private markets portfolios are growing!  
During 2021/22, we funded  
**55 PRIVATE MARKET CAPITAL CALLS**  
at a value of

**£193.9M**

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.



Transparency  
and information  
sharing

## As part of our goal of **TRANSPARENCY AND INFORMATION SHARING**

we made a brand new investment area on our website:  
[https://www.wiltshirepensionfund.org.uk/  
investment-pages](https://www.wiltshirepensionfund.org.uk/investment-pages)

## We published a **RESPONSIBLE INVESTMENT AND STEWARDSHIP MINI-MAGAZINE:**

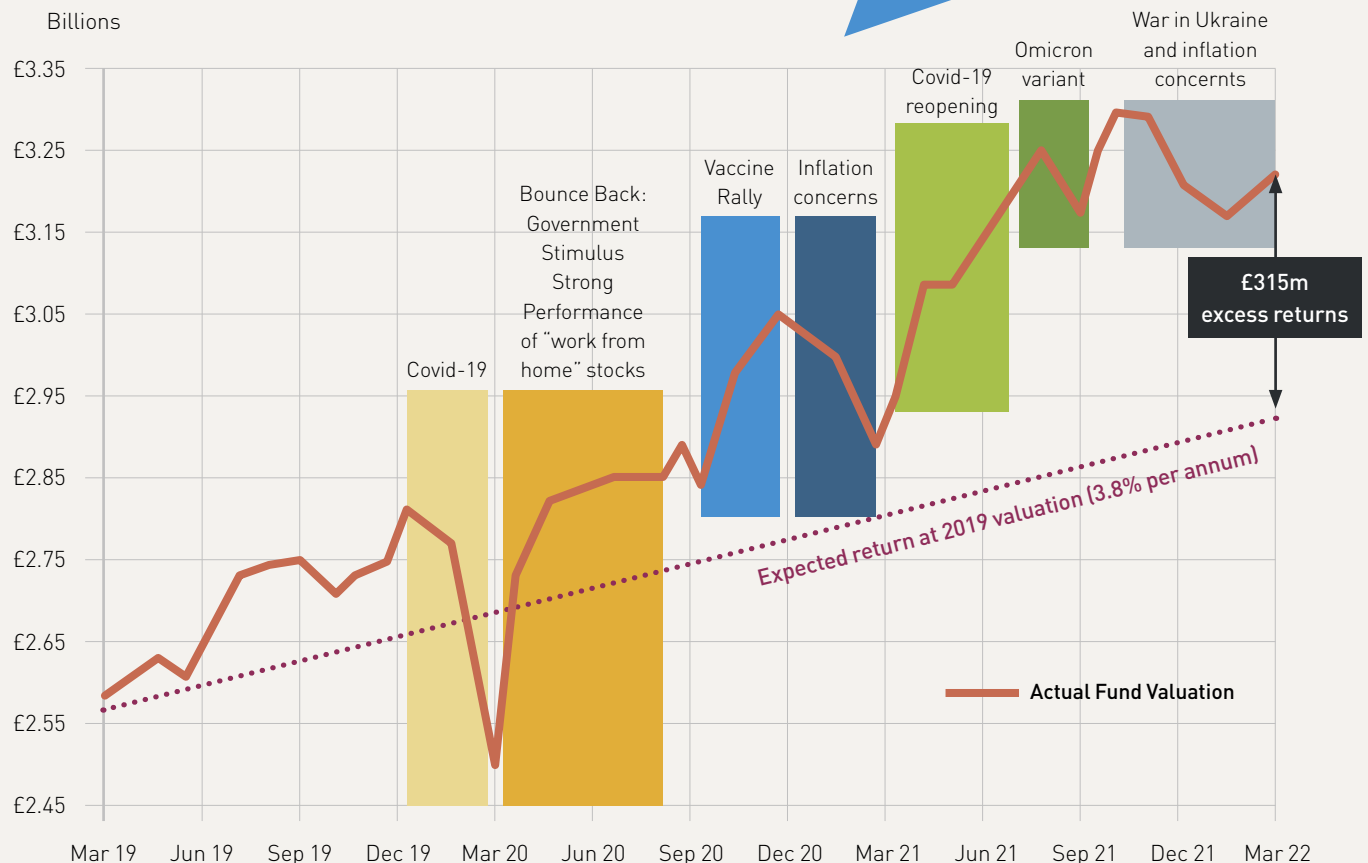
[https://www.wiltshirepensionfund.org.  
uk/article/6176/Summary](https://www.wiltshirepensionfund.org.uk/article/6176/Summary)



## We have reflected on our **INVESTMENT PERFORMANCE** over the last three years in the light of some very **SIGNIFICANT GLOBAL EVENTS**

### WILTSHIRE PENSION FUND VALUATION

March 2019 – March 2022



# INVESTMENT GOVERNANCE FRAMEWORK

## OBJECTIVES OF THE PENSION FUND

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations, whilst at the same time seeking to minimise the contributions that need to be paid into the Fund by employer bodies.

The level of employer contribution is assessed every three years through an actuarial valuation of the Fund. This valuation establishes the solvency position of the Fund, that is, the extent to which the assets of the Fund are sufficient to meet the Fund's pension liabilities accrued to date. The objective is that the Fund should be at least 100% funded on an ongoing basis, taking account of any additional contributions paid by employer bodies to cover any past service deficit. The projection is that full funding is achieved over a time frame agreed appropriate by the Actuary for each employer, as set out in the Funding Strategy Statement.

## INVESTMENT STRATEGY STATEMENT (ISS)

The ISS sets out the investment strategy of the Fund, based on its current policies and provides transparency in relation to how the Fund investments are managed. It also acts as a risk register for the strategy and has been kept short in order to be as user-friendly as possible. The Fund's ISS is a living document and an important governance tool for the Fund. Wiltshire's ISS was last reviewed in March 2021, and updated in November 2021, following the approval of the Responsible Investment Policy [which is to be considered as an integral part of the ISS]. The ISS can be found on the [Policies and strategies page](#) of the Wiltshire Pension Fund website.

A full review of the Investment Strategy will be completed as part of the Triennial Actuarial Valuation as at 31 March 2022, and an updated Statement will be published in Q4 2022.

## FUNDING STRATEGY STATEMENT (FSS)

All Local Government Pension Scheme (LGPS) funds must produce, consult on and publish a document called a "Funding Strategy Statement" (FSS). The purpose of the FSS is:

- a) to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- b) to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- c) to take a prudent longer-term view of funding those liabilities.

However, there will be conflicting objectives which need to be balanced and reconciled. For example, for most employers, objective a) implies low contribution rates, because they would see pension liabilities being "best met" by gaining as much help as possible from the investment strategy over the long term, which would lead you towards an equity-biased investment strategy. By contrast, objectives b) and c) imply stability and prudence of employer contribution rates, which would lead you towards a bond biased investment strategy.

Therefore, the best that can be achieved is a sensible balance between these different objectives, while considering the affordability of employer contributions.

The FSS and ISS are intrinsically linked and together aim to deliver stable contribution rates for employers and a reduced reliance on employer contributions over time.

The FSS can be found on the [Policies and strategies page](#) of the Wiltshire Pension Fund website.

## ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) POLICY

The Fund's approach to incorporating ESG factors into the investment approach, as well as wider responsible investment and stewardship issues, is set out in the Fund's Responsible Investment Policy which can be found on the [Policies and strategies page](#) of the Wiltshire Pension Fund website.

ESG factors are important for the sustainability of investment returns over the long term. The Fund seeks to use its position as a shareholder to actively encourage good corporate governance practice in those companies in which it invests. As part of owning publicly listed companies, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (Annual General Meetings and Extraordinary General Meetings AGM/EGMs). To provide guidance, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts. Brunel publish its voting policy and provide online voting records quarterly.

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

## CLIMATE CHANGE POLICY

The Fund has prepared reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD), which sets out the way that the Fund is responding to climate risk, from a perspective of governance, risk management, strategy and carbon metrics. This reporting can be found on page 70.

## RESPONSIBLE INVESTMENT INITIATIVES

To deliver the Fund's Responsible Investment policy the Fund is active in supporting a number of responsible investment initiatives.

The Fund supports the updated UK Stewardship Code 2020 (as signatory to the previous code), completed and published its **Stewardship report** in line with the new code in April 2022, and submitted the report to the Financial Reporting Council (FRC) in application to become a signatory. Feedback and confirmation of whether the Fund has achieved signatory status is expected in Q3/Q4 2022.

The Fund is also member of the Local Authorities Pension Fund Forum LAPFF and supports the Transition Pathway Initiative ("TPI"). In addition, the Fund supports Brunel as a signatory to the UN supported Principles for Responsible Investment ("PRI"). During the year, Wiltshire Pension Fund also signed up to the Institutional Investors Group on Climate Change (IIGCC). More information on this activity can be found on the **organisations and/or initiatives** webpages as detailed on pages 66 and 67.

## INVESTMENT BELIEFS AND OBJECTIVES

The investment objective is to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the Fund. Having a thorough understanding of the risks facing the Fund is crucial and these are covered within the ISS.

### The Fund has formed the following investment beliefs which inform the investment strategy.

- Funding, investment strategy and contribution rates are linked.
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments.
- Investing over the long term provides opportunities to improve returns.
- Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to avoid taking more risk than is necessary to achieve the Fund's objectives.
- Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term.
- In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C and states an ambition to achieve net zero carbon emissions across all investment portfolios by 2050.
- Value for money from investments is important, not just absolute costs. Asset pooling is expected to help reduce costs over the long-term, whilst providing more choice of investments, and therefore be additive to Fund returns.
- High conviction active management can add value to returns, albeit with higher short-term volatility.
- We seek to invest in a way that, where possible, aligns the interests of the Fund with those of the contributing employers and the Fund membership.
- Investing with a positive social and environmental impact is an increasingly important issue for investors and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment, and where possible, makes a positive contribution.
- Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.

## INVESTMENT POWERS

These are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which outline the wide investment powers allowing committees to invest in line with its ISS, with certain restrictions as long as proper advice has been obtained.

The Secretary of State also now has the power to direct should an authority fail to act in accordance with the guidance issued under these regulations.

## RESPONSIBILITY FOR DECISIONS

The Committee is responsible for overall investment policy and for the implementation of appropriate investment management arrangements. In carrying out this role, the Committee receives advice from independent external advisors (Mercer) and from the Head of Wiltshire Pension Fund and the Treasurer to the Pension Fund (Corporate Director Resources and Deputy Chief Executive of Wiltshire Council). The Committee is also supported by its Independent Adviser (Anthony Fletcher). It appoints external investment managers to implement investment policy, who are therefore responsible for day-to-day investment decisions. Increasingly, as implementation of pooling takes place, the Brunel Pension Partnership Limited ("the pool") will be responsible for the appointment of external investments managers to implement the Fund's investment policy.

The Committee believes these arrangements strike the right balance between their own overall responsibilities in acting in a quasi-trustee role and having decisions taken with the most appropriate level of expertise available.

## TYPES OF INVESTMENTS HELD

The Committee has freedom to operate within the Regulations and its policy is outlined below. Its expectation, however, is that the majority of assets are invested in major stock markets, where the underlying investments can be easily traded if required.

The Fund therefore invests in pooled funds managed by properly authorised organisations (equities, property, infrastructure and government bonds) and sterling and overseas cash deposits. The Fund also hedges a proportion of its overseas currency exposure to equities. It may also invest in futures and options, as well as limited investment in direct property. The Fund also invests and has commitments to private markets mandates, including Infrastructure, Private Equity, Private Lending & Secured Finance.

## EXPECTED RETURNS ON INVESTMENTS

The Committee recognises that the past is not a reliable guide to the future in respect of predicted returns on investment. In addition, it recognises that the range of expected returns is greater for some asset classes than others and that the prospect of higher returns is usually accompanied by higher levels of risk. The target return set by the actuary at the valuation is 1.6% per annum in excess of gilt yields. Based on the Actuarial valuation carried out by Hymans, this is currently estimated at 3.8% p.a.

## RISK CONTROL

The Committee regards the major control of risk to be required at the strategic asset allocation level and this has been taken into account in setting its overall investment strategy. The key themes for the Fund include equity risk, inflation and interest rate protection. All risks are continually monitored and a high-level asset allocation review is undertaken annually to check the appropriateness of the Fund's current strategy.

## SECURITIES LENDING

The Fund engages in securities lending in order to increase returns. This was previously done through the custodian but is now done through the pooled active equity portfolio held through Brunel.

## CUSTODIAL ARRANGEMENTS

Fund assets are held by State Street who handles all custodial arrangements of the Fund. The custodian is also able to carry out stock lending on behalf of the Fund. Fund assets are held under the legal name "*Wiltshire County Council Pension Fund*".

## MIFIDII (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE)

The introduction of MiFIDII brought the need for LGPS funds to be opted up from retail status to professional status in order to access institutional market investments since 2018. Due to changes to the Pension Fund Committee, both in terms of membership following May 2021 elections and the role in investment decisions previously delegated to the Investment sub-Committee, MiFIDII information was reviewed in 2021 to ensure continued compliance.

## CMA ORDER

During 2021, the Competition and Markets Order came into force as the **"Investment Consultancy and Fiduciary Management Market Investigation Order 2019"** and required pension funds to make annual statement confirming that their Investment Consultants were set strategic objectives (Part 7) by 7 January 2022.

Wiltshire Pension Fund complied with this and went further by adopting an undertaking to review performance against these objectives at least every 12 months.

## FUTURE DEVELOPMENTS

In February 2022, the Department for Levelling Up, Housing and Communities (DLUHC) published its 'Levelling up' white paper. The paper covered a wide range of policies for local government, included a request for LGPS funds to set out plans for investing up to 5% of assets in local projects.

It is understood that local is meant to mean UK, but geographically local investment may be made where there is no conflict of interest and fiduciary responsibilities are not compromised in doing so.

It is also expected that more details on the proposals will develop during the awaited LGPS consultation later in the year. This consultation should also include Task Force on Climate-related Financial Disclosures (TCFD) regulations for the LGPS, and pooling guidance.

## INVESTMENT MANAGEMENT COSTS

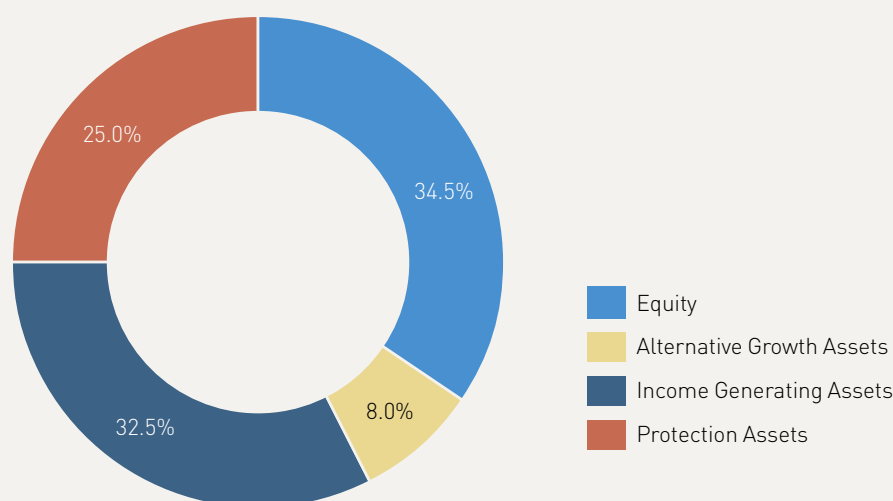
As set out in the Investment Strategy Statement, one of the Fund's core beliefs is that "Value for money from investments is important, not just absolute costs." This is reflected in the fact that the Fund expects to (and does) pay lower fees for passive mandates compared with active management. The Fund reviews the investment managers' performance on a net basis against an agreed benchmark (plus an outperformance target where appropriate). The Committee monitors costs on a quarterly basis as part of overall budget monitoring. The Fund is required to report in line with the CIPFA requirements under the Transparency Code and requires its investment managers to provide sufficient information to fulfil this requirement. An analysis of the total investment costs is provided in Note 9 to the Accounts, and a detailed analysis by portfolio is provided with the Pooling Report on page 86.

# INVESTMENT PERFORMANCE REPORT

## INVESTMENT MANAGEMENT ARRANGEMENTS

The Funds long term strategic asset allocation by asset class is summarised in the following pie chart.

### Long-Term Strategic Asset Allocations by Asset Class



The Fund's current asset allocation as at 31 March 2022 is shown in the following table. In 2021/22 a review was conducted of the protection assets group, resulting in two new 5% allocations being made to impact affordable housing and renewable infrastructure. Conversely the Fund's allocation to index linked Gilts was reduced from 15% to 7% and the allocation to Secured income was reduced from 10% to 8%.

Other updates to the strategic asset allocation have been made to improve alignment of the investment portfolios to meet the Funds net zero carbon goal. A new allocation was made to Global Sustainable Equities of 5%, offset by a 5% reduction in allocation to the Global High Alpha portfolio. The Funds passive equities transferred from the low carbon fund to a Paris Aligned Benchmark portfolio, this was a new product designed by Brunel and FTSE Russel.

**Brunel transitions £3bn+ of passive funds to new FTSE Russell Paris-aligned benchmarks - Brunel Pension Partnership**

## WILTSHIRE PENSION FUND STRATEGIC ASSET ALLOCATION

Manager	Mandate	Interim Range			Long Term Range		
		Interim Target	Lower	Higher	Long Term Target	Lower	Higher
Brunel	Paris Aligned Benchmark – Passive Equity	15.0%	11.4%	18.6%	12.0%	10.1%	13.9%
Brunel	Global High Alpha – Active Equity	8.0%	6.1%	9.9%	5.0%	4.2%	5.8%
Brunel	Global Sustainable – Active Equity	8.0%	6.1%	9.9%	5.0%	4.2%	5.8%
Brunel	Private Equity	–	–	–	7.5%	6.0%	9.0%
Ninety One	Emerging Markets – Active Equity	5.0%	3.0%	7.0%	5.0%	3.0%	7.0%
Equity		36.0%	26.5%	45.5%	34.5%	27.5%	41.5%
Partners	Partners Infrastructure (Unlisted)						
Brunel	Private Infrastructure						
Total Infrastructure (Unlisted)	UnListed Infrastructure	2.5%	2.0%	3.0%	8.0%	6.5%	9.5%
Magellan	Listed Infrastructure	5.5%	4.5%	6.5%	–	–	–
Alternative Growth Assets		8.0%	6.5%	9.5%	8.0%	6.5%	9.5%
Brunel MAC	Multi Asset Credit	5.0%	4.0%	6.0%	5.0%	4.0%	6.0%
Ninety One	Emerging Markets Debt	5.0%	4.0%	6.0%	5.0%	4.0%	6.0%
CBRE	Property	13.5%	11.5%	15.5%	15.0%	13.0%	17.0%
Brunel	Private Lending/Debt	–	–	–	7.5%	6.5%	8.5%
PineBridge	Bank loans	10.8%	9.8%	11.8%	–	–	–
Income Generating Assets		34.3%	29.3%	39.3%	32.5%	27.5%	37.5%
Brunel	Secured Income	–	–	–	8.0%	7.0%	9.0%
Multi Manager	Impact Affordable Housing	–	–	–	5.0%	4.0%	6.0%
Multi Manager	Renewable Infrastructure	–	–	–	5.0%	4.0%	6.0%
Brunel Gilts	Gilts	21.7%	16.7%	26.7%	7.0%	4.5%	9.5%
Protection Assets		21.7%	16.7%	26.7%	25.0%	19.5%	30.5%
Overall Total		100.0%	79.0%	121.0%	100.0%	81.0%	119.0%

The Fund has set both a long-term allocation and an interim allocation. This reflects the fact that private markets commitments will take several years to become full invested, and also the fact that any large movements between asset classes need to be considered in the light of the timetable of portfolio transitions agreed with the Brunel pool.

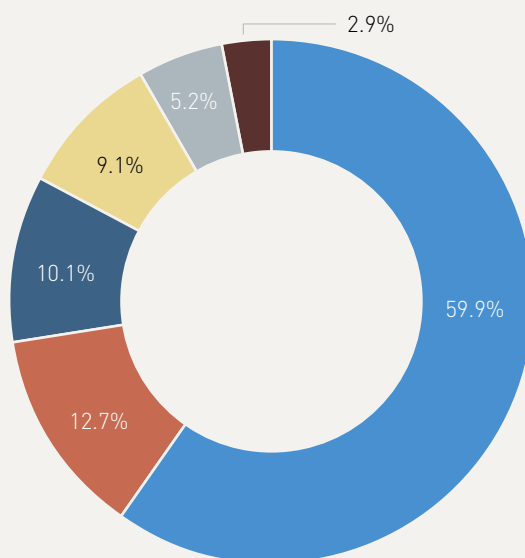
The strategic asset allocation will be reviewed during 2022/23 as part of the triennial valuation process, this could result in further changes depending on the outcome of this exercise.

## SPLIT OF ASSETS BY MANAGER

The following table and chart shows the split of assets by manager, during 2021/22 the percentage of assets managed by Brunel Pension Partnership rose from 42.7% as at 31 March 2021 to 59.9%. The transfer of Gilts and Multi-Asset credit portfolios to Brunel have been the cause of this increase. On 1st April 2022 the property portfolio transferred to Brunel Pension Partnership from CBRE further increasing the percentage of assets managed by the pool to 72.6%.

### Split of Assets by Manager

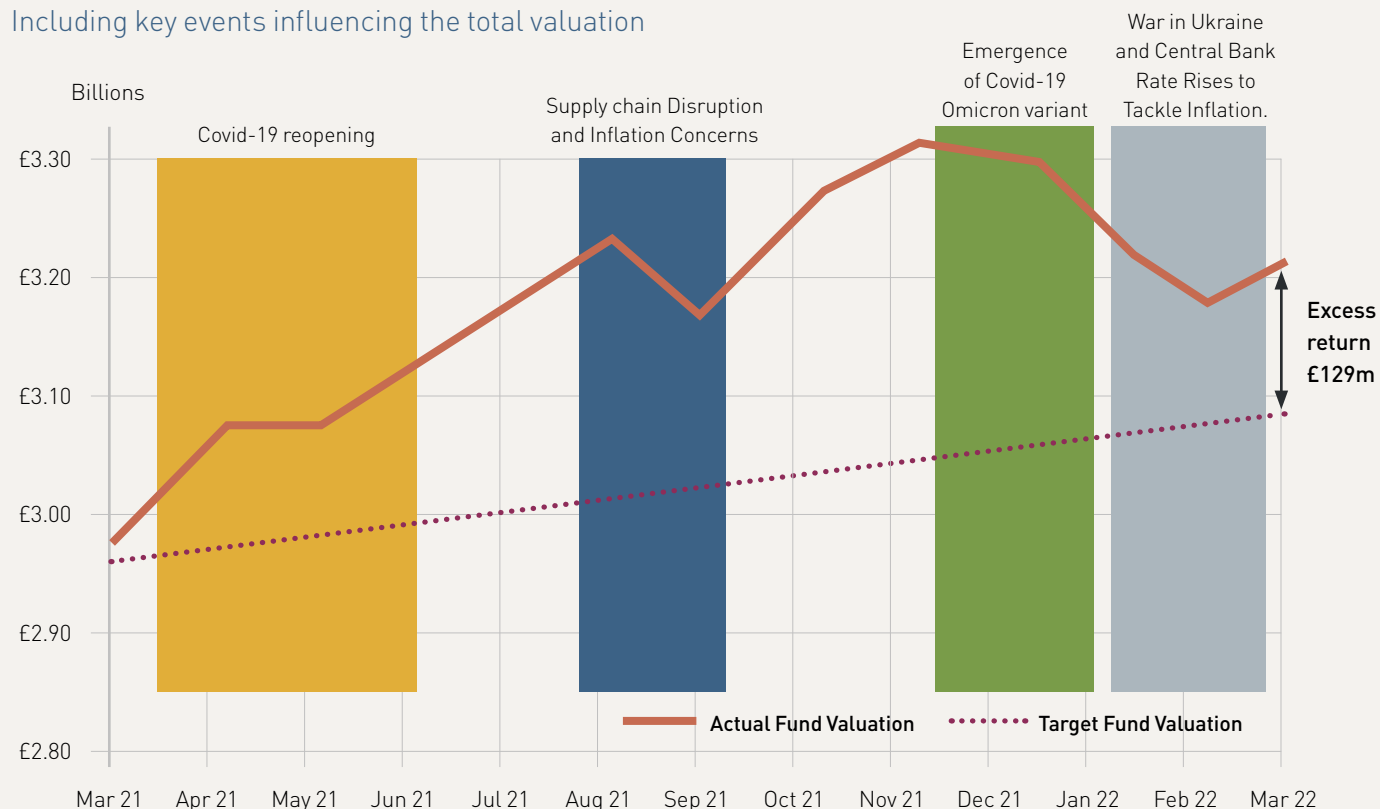
Manager	£m	% of Fund Total
Brunel - (Pooled Assets)	1,920	59.9%
CBRE Global Multi Manager –(Property)	409	12.7%
Pinebridge – (Bank Loans)	325	10.1%
Ninety One – (Emerging Markets Multi-Asset)	292	9.1%
Magellan (Listed Infrastructure)	167	5.2%
Partners Group – (Unlisted Infrastructure)	93	2.9%
Cash & Brunel PP Long Term Investment	1	0.0%
<b>Total</b>	<b>3,207</b>	



## INVESTMENT PERFORMANCE

### Wiltshire Pension Fund Valuation March 2021 – March 2022 compared to target fund valuation

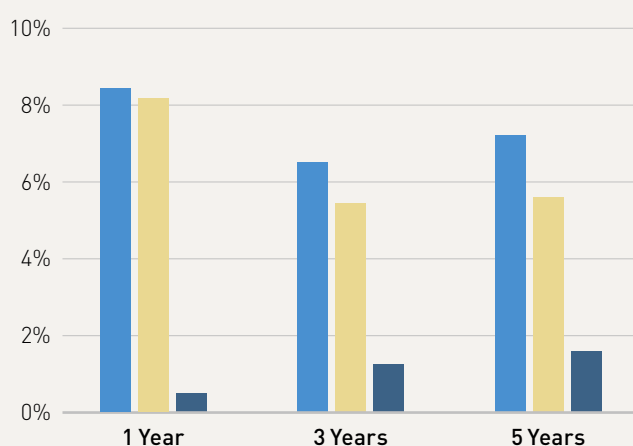
Including key events influencing the total valuation



This section shows performance for the whole fund, and all investment portfolios over 1, 3- and 5-year periods (where available) against the benchmarks.

Throughout this section investment returns have been provided for as long as is available for each portfolio. However, given pooling of assets with Brunel and the transitions of portfolios for many of the funds performance data is only available for limited periods of time.

	Whole Fund returns to 31 March 2022	1 Year	3 Years	5 Years
Net Return		8.5%	6.7%	7.3%
Benchmark		8.1%	5.5%	5.7%
Return Against BM		0.4%	1.2%	1.6%



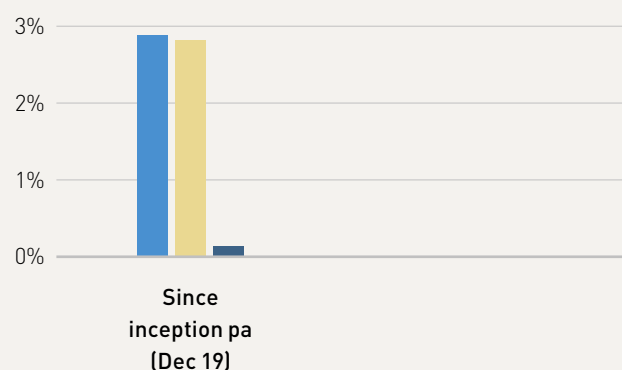
Investment returns for the year were 8.5%, exceeding the benchmark return by 0.4%. The returns also exceeded the target funding rate of 3.8%, leading to excess returns worth c£129m as shown in the fund valuation graph on page 58.

Market returns in the first half of the year were strong as many developed economies continued to re-open post lockdown for Covid-19. This economic reopening and underlying pent-up demand for goods and services led to supply chain disruption and inflation concerns. Central banks calmed fears over inflation, suggesting it would be transitional and maintained loose monetary policy. In the latter part of 2021, the emergence of the highly infectious Covid-19 Omicron variant negatively impacted returns. Market losses were quickly regained as vaccines showed good efficacy at providing protection against the health impact of this milder variant. The invasion of Ukraine by Russia in February 2022 created significant market uncertainty with almost all asset classes incurring losses in the final quarter of the financial year (first calendar quarter of 2022). The invasion of Ukraine also came at the time central banks in developed economies changed their rhetoric on rising inflation and began tightening monetary policy by raising interest rates. The impact of these significant events on the overall fund valuation are shown in the funding graph.

### Brunel managed passive equities

In the year the funds passive holdings were transferred from the Brunel low carbon passive hedged global equities portfolio to the Brunel Passive Developed Equities hedged Paris Aligned portfolio. This transition occurred at the launch of this new product in November 2021. Due to the launch date it is only possible to show 5 months of performance data this year. The portfolio aims to match its benchmark indices, and so has met the performance objectives over the short period since inception.

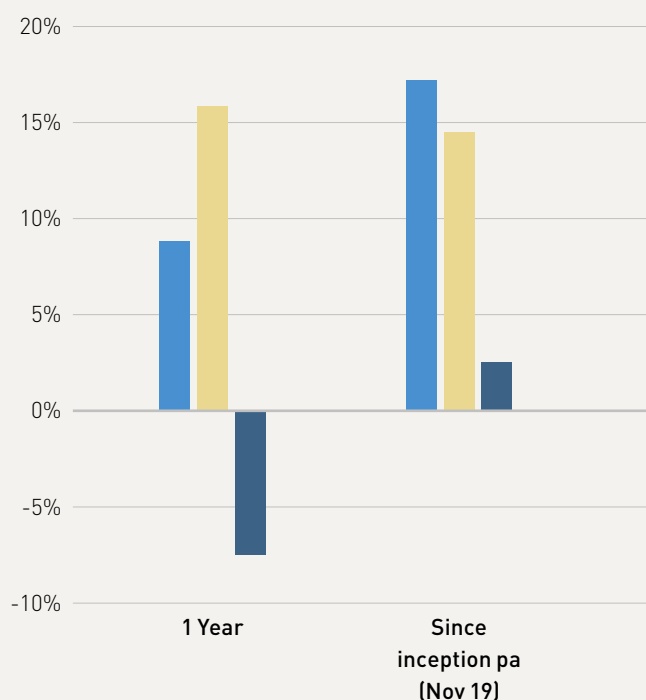
	Brunel Passive Developed Equities hedged Paris Aligned portfolio	Since inception pa (Nov-21)
Net Return		-2.9%
Benchmark		-2.8%
Return Against BM		-0.1%



## Brunel Global High Alpha Equities

Over the year to 31 March 2022 the portfolio returned 8.8%, which was 7.1% behind the benchmark index. Since inception (November 2019), the portfolio remains 2.8% ahead of benchmark. This portfolio's tilts towards quality and growth stocks led to poor performance in the first quarter of 2022 driving the under-performance versus the index. This portfolio targets 2-3% outperformance over the index over the medium to longer term (3-5 years).

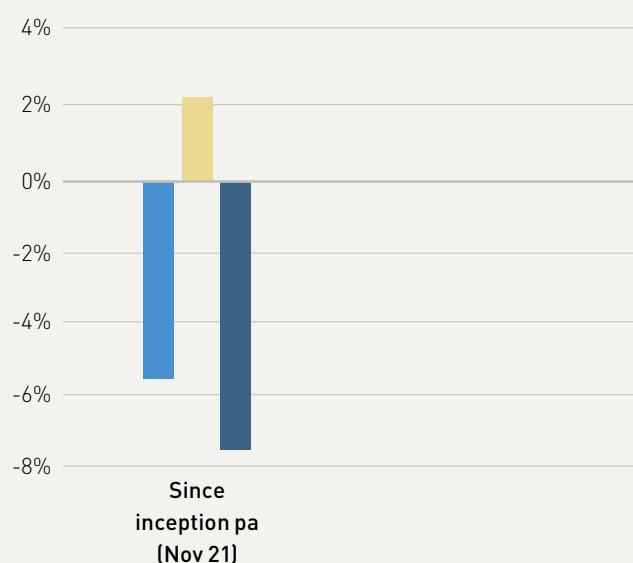
	Brunel low carbon passive hedged global equities	1 Year	Since inception pa (Nov-19)
Net Return		8.8%	17.3%
Benchmark		15.9%	14.5%
Return Against BM		-7.1%	2.8%



## Brunel Global Sustainable Equities

This portfolio commenced in September 2021, as such performance information is only available from this date. The return over this period was -5.5%, 7.6% behind the benchmark. Similar exposure to quality and growth stocks, as impacted the Global High Alpha portfolio, led to the underperformance versus the benchmark, with most of this loss occurring in the first quarter of 2022. This portfolio targets 2-3% outperformance over the index over the medium to longer term (3-5 years).

	Brunel global sustainable equities	Since inception pa (Nov-21)
Net Return		-5.5%
Benchmark		2.1%
Return Against BM		-7.6%



## Ninety One

Ninety One's emerging market multi-asset portfolio is made up of approximately 50% equities and 50% debt investments, although the manager can vary the asset allocation depending on market conditions. This portfolio has a composite benchmark which reflects the composition of the portfolio, plus an outperformance target of 2-4%. This portfolio had an absolute return in year of -3.4% outperforming the composite benchmark by 1.7%. Out performance over the last year has been due to Ninety One's security selection. The negative absolute performance has been caused by factors impacting many emerging markets, notably, continued covid-19 lockdowns and regulatory restraints in China which make up a large part of the benchmark. Also supply chain disruptions and inflation all exacerbated by the war in Ukraine have been detrimental to performance.

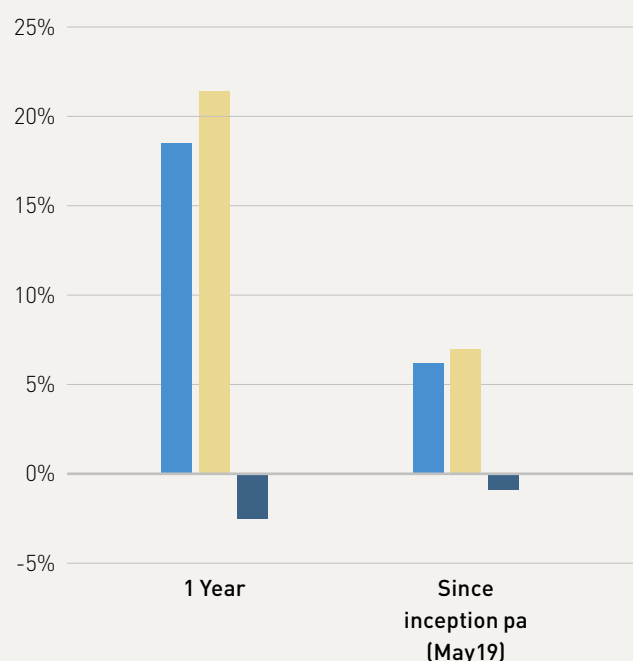
	Ninety One	1 Year	3 Years pa	5 Years pa
Net Return		-3.4%	3.8%	4.2%
Benchmark		-5.1%	2.1%	2.6%
Return Against BM		1.7%	1.7%	1.6%



## Magellan

Magellan manage a portfolio of global listed infrastructure equities. The inception date for this portfolio was May 2019, therefore at this stage it is only possible to show performance data for the 1-year period and since inception (annualised). Over the year the fund made a net return of 18.9%, underperforming the benchmark by 2.5%. The strong absolute returns have been driven by the protection many of the underlying infrastructure assets can provide in a high inflation and uncertain market environment, with regulated and inflation linked income. Magellan's defensive strategy avoiding companies with commodity price exposure meant that they missed out on some of the upside experienced in the first quarter of 2022 when oil and gas prices rose significantly. Over the longer term, performance is in line with the benchmark.

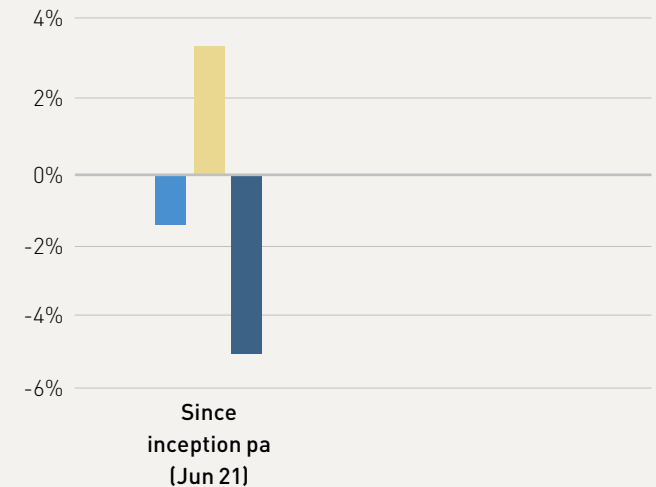
	Magellan	1 Year	Since inception pa (May-19)
Net Return		18.9%	6.2%
Benchmark		21.4%	6.8%
Return Against BM		-2.5%	-0.7%



### Brunel Multi-Asset Credit

This portfolio transitioned to Brunel in June 2021 from Loomis Sayles, therefore performance data is only available over this short period of time. Absolute return over this period was -1.5%, 5.1% behind the benchmark (cash + 4%). The challenging first quarter of 2022 for all credit assets given the environment of rising interest rates and yields drove most of the negative performance. The portfolio was more in line with its secondary benchmark (a 50:50 split of loans and high yield credit).

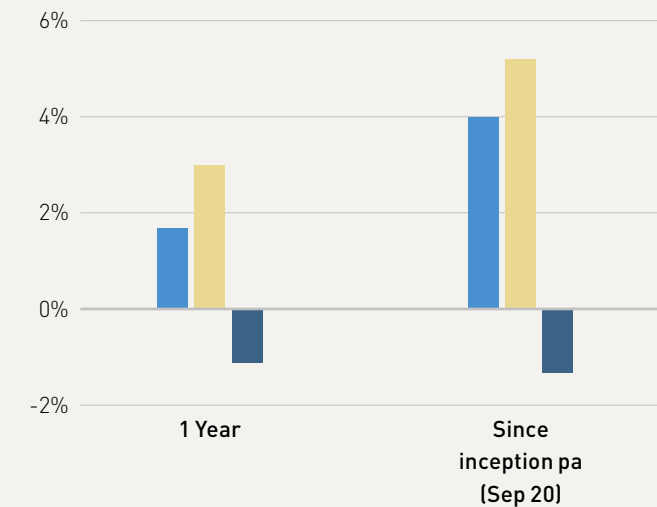
	Brunel MAC	Since inception pa (Jun-21)
Net Return		-1.5%
Benchmark		3.6%
Return Against BM		-5.1%



### Pinebridge

Pinebridge manage a portfolio of bank loans, which is benchmarked against a blended benchmark (80% US and 20% European leveraged loans, to reflect the composition of the portfolio), with an outperformance target of 1%. Inception for this portfolio was September 2020 and performance information is available from this date. The manager's defensive style which leads them to invest in higher quality assets has been the cause of the under performance against the benchmark, as over this period lower quality assets have outperformed and default rates have been at record lows.

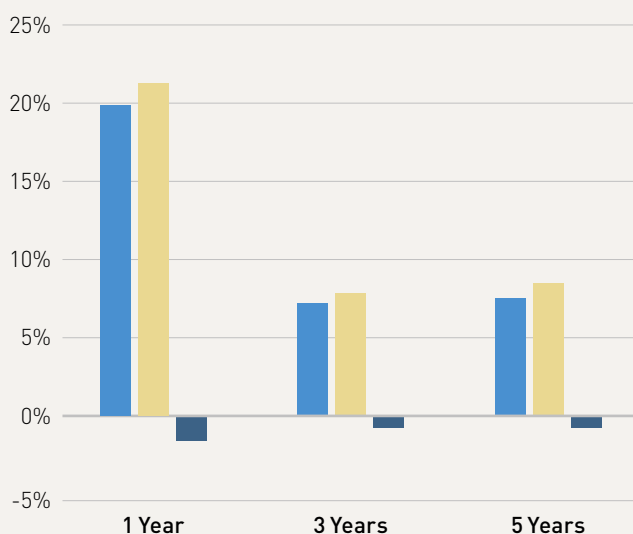
	Pinebridge	1 Year	Since inception pa (Sep-20)
Net Return		2.0%	4.0%
Benchmark		3.1%	5.3%
Return Against BM		-1.2%	-1.3%



## CBRE

CBRE manage a portfolio of indirect property funds, split approximately between 75% UK and 25% global. The performance objective is to deliver a return in excess of a 75:25 benchmark based on the MSCI/AREF UK QPFI All Balanced Property Fund Index and the MSCI Global Property Fund Index over 5 years. There is also an outperformance target of 0.4% on top of this benchmark. CBRE have underperformed this target over 1, 3, and 5 year time periods. This portfolio transitioned to Brunel on 1st April 2022 as part of the pooling arrangements for LGPS funds, bringing this long-running investment manager relationship, which began in January 2003 to an end.

	CBRE	1 Year	3 Years pa	5 Years pa
Net Return		20.0%	7.3%	7.5%
Benchmark		21.6%	7.9%	8.1%
Return Against BM		-1.6%	-0.6%	-0.6%



## Unlisted Investments

The Fund also has considerable commitments to a variety of private markets portfolios via Brunel and Partners Group. The Brunel portfolios are not yet mature enough to report meaningful performance information and are in the deployment stage. The following table sets out the total commitment to each portfolio and the outstanding commitment for each. The Fund has a long-term strategy to increase investments in these private market funds as shown in the long-term strategic asset allocation. Interim portfolios are included in the asset allocation to hold investments prior to deployment into these private markets portfolios.

Private Market Investments	Commitment £m	Outstanding Commitment £m	% Called
Partners Group – Infrastructure Funds	180	51	72%
Brunel – Infrastructure Fund	80	59	26%
Brunel – Private Equity	280	255	9%
Brunel – Private Debt	340	309	9%
Brunel – Secured Income	250	53	79%
Impact affordable housing	110	92	16%
<b>Total</b>	<b>1,240</b>	<b>819</b>	

# RESPONSIBLE INVESTMENT AND STEWARDSHIP HIGHLIGHTS

## CLIMATE RISK

During 2021/22, we continued to advance our approach to dealing with climate risk and the impact, risks and opportunities that this presents for the investment portfolios. We completed more analysis work on our portfolios, looking at carbon intensity, and options for carbon reduction trajectories. Following on from this we set interim carbon reduction targets. You can read more about our activities and outcomes in this area on page 71.

**OUR GOAL**  
TO PROTECT THE  
INVESTMENTS FROM  
CLIMATE CHANGE RISK, AND  
SAFEGUARD THE FINANCIAL  
FUTURE OF THE FUND

## PARIS-ALIGNED PASSIVE PORTFOLIO

We **collaborated** with the Brunel pool and the other member funds to create a new **Paris-aligned benchmark**, which is forward-looking, and delivers a lot more than simply focussing on a company's emissions today. We invested **£600m** in a portfolio tracking this benchmark, which will help to achieve our net zero by 2050 goal, and helps the Fund to **protect the investments** from risks of exposure to stranded assets, whilst also taking advantage of **transition opportunities** via the companies which will be more heavily weighted in this portfolio.



Wiltshire Pension Fund Investment team attend market open launch event of Paris-aligned benchmarks at the London Stock exchange, 2 November 2021.

CLIMATE  
CHANGE  
CASE STUDY

**CURRENT  
GREEN ASSETS  
22%  
OF OUR  
LONG-TERM  
ALLOCATIONS**

## SUSTAINABLE EQUITIES

One of the key findings from our climate scenario modelling work was that the Fund could see a **material financial benefit** from setting an allocation to sustainable equities. The modelling work looked at the risks to our investments from climate change, but also **identified opportunities** for the Fund, and this was one of them. We have now allocated half of the Fund's active equity exposure to a sustainable equities portfolio managed by Brunel, our pooling company, a value of around **£300m**.

The managers in this portfolio focus on **positive inclusion**. Some of the managers have a broad sustainability strategy. Another manager is thematic, operating a global climate and environment strategy, which focuses on things like resource efficiency, environmental protection and alternative energy, targeting companies who still have a lot to gain from transitioning to a more sustainable model. The managers also generate value through the way they work with the companies they invest in, **with a strong focus on engagement** activities. This portfolio's goal is to earn superior **risk-adjusted returns** for the Pension Fund.

CLIMATE  
CHANGE  
CASE STUDY

## RENEWABLE INFRASTRUCTURE

During 2021, we undertook a review of our protection assets allocation, to ensure that the Fund was delivering this part of the strategy in the most effective way. This allocation is aiming to deliver **lower-risk, mainly sterling, income-based returns**, with a link to inflation. This helps provide some protection as the Fund's liabilities are strongly affected by inflation, as that is how future pension payments will be increased.

Following a review with the Fund's investment consultants and advisers, we identified that **renewable infrastructure** would be an area where we should seek to make a specific allocation. This also fitted in with the climate scenario modelling work which we commissioned during 2020 – the results of this indicated that there was an **opportunity for the Fund to benefit financially** by allocating to renewable infrastructure (compared to general infrastructure).

We have now made a **strategic allocation of 5%** of the Fund to renewable infrastructure, and will be implementing this during 2022/23.

CLIMATE  
CHANGE  
CASE STUDY

## IMPACT INVESTING

### AFFORDABLE HOUSING

During the year we carried out a review of our protection assets, as described above. As part of this review, we decided to make a strategic allocation of **5%** of the Fund to **impact affordable housing**.

Investing in affordable housing is a really good match for our return requirements – the rental increases are **linked to inflation**, and tenants sign leases for long periods of time (for example, in supported living, or shared ownership models). There is a **real need** for this kind of housing – demand massively outstrips supply, and over recent years many areas across the UK have become unaffordable, with the ratio of house prices to median incomes increasing to levels where most people cannot afford home ownership.

For this portfolio, the **positive social impacts** are completely integral to the investment case. We will be measuring the financial performance of this portfolio, and a set of impact measures as well. There may also be opportunities for local (Wiltshire-based) investments.



The Fugglestone development in Salisbury, which is held in the Fund's impact affordable housing portfolio

IMPACT  
CASE STUDY

**5%**  
OF THE FUND

**POSITIVE  
SOCIAL  
IMPACT**

**INFLATION-  
LINKED  
RETURNS**

**OPPORTUNITY  
FOR LOCAL  
INVESTMENT**



## WIDER INITIATIVES

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

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

We **collaborate** in lots of different ways – the number one way being with our partner Fund as part of the **Brunel pool**. Brunel is our pooling company, and was set up in line with Government requirements, with a goal to use economies of scale to save on investment manager fees. We are also members of a number of **wider initiatives**, as set out below:

INITIATIVE	DESCRIPTION	OUTCOME
	<p><b>Climate Action 100</b> is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. This initiative will enable the Fund to support and/or take part in engagement activities with companies it is invested in and help to deliver the Fund's net zero by 2050 target.</p>	<p>Through our membership the Fund is able to access information on key engagement companies and their progress towards achieving net zero. This information is used when working with asset managers running our portfolios to understand the investment case for the company. Through our membership we can also request our asset managers join the engagement initiative to align their goals with that of the Fund.</p>
	<p>The <b>IIGCC</b> is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. IIGCC has more than 330 members, mainly pension funds and asset managers, across 22 countries, with over €39 trillion in assets under management.</p>	<p>Through IIGCC, the Fund has made a PAII (Paris Aligned Investment Initiative) net zero commitment. The PAII goes beyond simply making commitments and supports investors to achieve their goals. The Fund has also been using the IIGCC net zero framework. This valuable tool helps us to define a path to net zero across various asset classes – you can read about our progress in setting decarbonisation targets in our <b>Responsible Investment Policy</b>. The IIGCC also offers webinars and working groups, so investors can learn about specific areas, for example what net zero means in different asset classes.</p>

INITIATIVE	DESCRIPTION	OUTCOME
	<p><b>LAPFF</b> (Local Authorities Pension Fund Forum) enables collaboration with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.</p>	<p>LAPFF works on behalf of Wiltshire Pension Fund and other LGPS funds on a wide variety of issues including climate change, workers' rights, reporting and disclosure. Through attendance at regular business meetings and review of topical reports into stakeholder issues, the Fund is able to influence and stay up to date on engagement activity being undertaken.</p>
	<p>The Fund publicly supports the <b>Transition Pathway Initiative (TPI)</b>, 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 of management quality and carbon performance, to aid in risk assessment.</p>	<p>The Investment team have used the tool to investigate and analyse holdings held within the Fund's listed market equity portfolio. For example, the tool provided an assessment of an oil sands company according to the management of its GHG emissions and of risks and opportunities related to the low-carbon transition within its own sector and against other sectors. This information allowed the team to question external asset manager rationale and gain reassurance and understanding of the investment case despite relatively high GHG emissions.</p>

The Fund also supports a **Just Transition**. A "just transition" means not transitioning to a low carbon economy at any cost, but doing so whilst also ensuring that this is done in a socially responsible way. The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science have put together a comprehensive guide as to what this means for investors, and what action can be taken. The Fund has signed a statement of support, and uses the guide to help embed this goal within the Fund's policies, and help hold the investment managers to account.

## OUR AWARD-WINNING APPROACH

We are delighted to have received the 2021 LAPF Investments Award for **Best Approach to Responsible Investment**. The ceremony event was held on 29 March 2022 after being postponed from 2021 due to the ongoing Covid-19 pandemic. The LAPF Investment Awards are judged by a panel of industry experts, and it is a **mark of excellence** to have won an award.



The investments team accept the award for "Best Approach to Responsible Investment"

The judging panel, composed of some of the most-respected names in the industry, commented that:

... the Fund has placed Responsible Investment at the core of all it does, building RI into its internal processes while not being afraid to hold managers to account.

Our engagement with stakeholders is also featured as a Local Government Association – **Climate Case Study**, an example of an **innovative programme and best practice** for other authorities. The Fund is also very active in collaborating with peers and sharing ideas in this developing area.

## PLANS FOR 2022/23

The Fund's Business Plan contains several actions related to responsible investment for 2022/23:

- i. Completing a full review of the Strategic Asset Allocation – this triennial piece of work will ensure that the Fund's investment strategy is set to deliver sustainable long-term returns for the Fund into the future.
- ii. Becoming signatories of the Stewardship Code 2020 – the Fund made a first submission in April 2022, and if unsuccessful will refine the approach and make a further submission in October 2022.
- iii. Implementation of the impact affordable housing and renewable infrastructure portfolios.
- iv. Participating in the Brunel climate stocktake, which will help inform the direction of travel for the partnership in this area.
- v. Collaborating with legacy managers and the Brunel pool to ensure that portfolios are fit for purpose, can be aligned to our broader climate objectives, and that data provision is adequate to allow for a meaningful assessment of progress against targets.

The Committee has approved a Responsible Investment Plan for 2022/23, which is available at the following link: <https://wiltshirepensionfund.org.uk/investment-policies-and-strategies>. The Plan sets out the background and context to the Fund's approach to responsible investment, and several actions to develop the Fund's approach to responsible investment issues, including climate change. The actions are set out in a Road Map for the year ahead:

**Q2**  
2022

**INVESTMENTS AND STRATEGY**

Progress the next stage of the Mercer work on climate, to look at bottom-up and engagement targets. Implement the first stage of the renewable infrastructure portfolio.

**REPORTING AND DISCLOSURE**

Expand our portfolio coverage in terms of carbon metrics, and develop our TCFD reporting.

**TRAINING AND ENGAGEMENT**

Publish the 2020 Stewardship Code submission and mini-magazine version. Training on strategic asset allocation for Committee members.

**Q3**  
2022

**INVESTMENTS AND STRATEGY**

Complete the strategic asset allocation (SAA) review, embedding sustainability and climate considerations. Review the climate modelling findings from the actuarial valuation 2022.

**REPORTING AND DISCLOSURE**

Monitor and report progress against the interim decarbonisation targets. Develop impact metrics reporting for the affordable housing portfolio.

**Q4**  
2022

**INVESTMENTS AND STRATEGY**

Participate in the Brunel climate stocktake and input into shaping policy and direction of travel. Review the RI Policy.

**REPORTING AND DISCLOSURE**

Establish decarbonisation targets for property and infrastructure, and develop plans for other asset classes.

**TRAINING AND ENGAGEMENT**

Expand the stewardship and voting information on the website

**Q1**  
2023

**INVESTMENTS AND STRATEGY**

Update Investment Strategy Statement. Complete implementation of the affordable housing and renewable infrastructure portfolios.

**TRAINING AND ENGAGEMENT**

investigate use of a tool to enhance holdings transparency for stakeholders. Investigate the topics of biodiversity, and reporting against the Taskforce on Nature-related Financial Disclosures (TNFD).

The Committee will receive quarterly reporting monitoring progress against the Responsible Investment Plan.

# CLIMATE CHANGE STATEMENT AND REPORT

## (INCLUDING TCFD REPORTING)

### INTRODUCTION

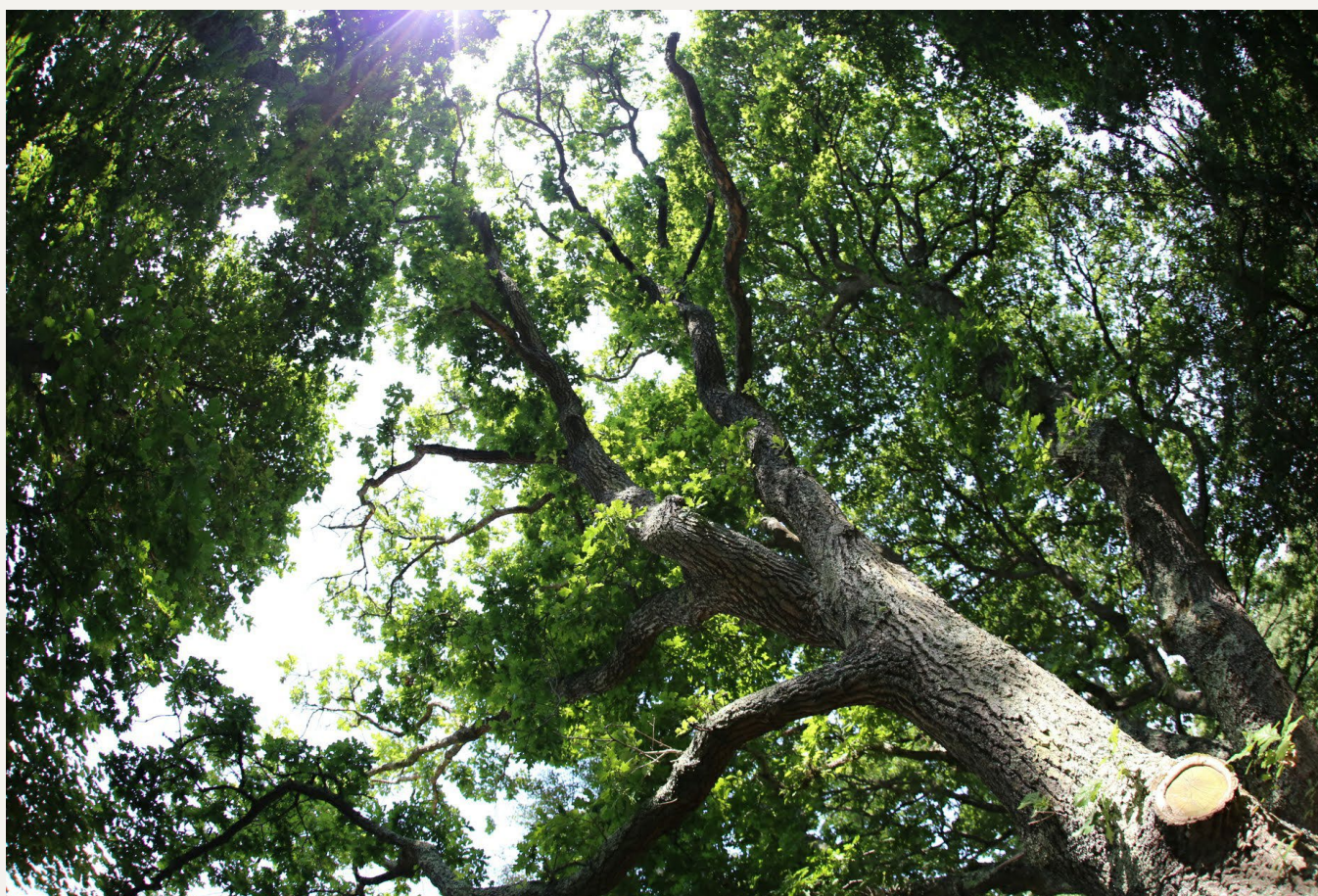
The Committee believes that in order to carry out their fiduciary duty by acting in the interest of the Fund's members, that effective management of Environmental, Social & Corporate Governance management (ESG) issues, including climate change, which are financially material to the Fund is essential.

The Fund's Responsible Investment Policy has a section dedicated to Climate Change. These pages outline position, investment beliefs, operational considerations, scenario modelling, setting a baseline, implementing a transition plan; and reporting.

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

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

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



The Fund takes action by a combined approach – through the Brunel Pension Partnership pool (Brunel), and on its own initiative, at a strategic level. Brunel is well resourced in this area, and the Fund views the work Brunel carry out on behalf of all clients as one of the key benefits of pooling. Further detail on Brunel’s policy, and also Wiltshire’s specific monitoring and actions is below.

## BRUNEL 2020–22 CLIMATE CHANGE POLICY OBJECTIVES

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

The Committee fully encouraged and supported Brunel’s 2020–2022 policy objectives on climate change which are set out in their Climate Change Policy. The Committee are currently supportive of Brunel’s approach of not issuing exclusion lists as the Fund believes that simply stating exclusions or requiring divestment from specific stocks or sectors will not compel investment managers to develop their capacity on climate change or drive change in the companies in which they are invested.

The process of evaluating the Climate Change Policy and setting strategy for the next three years began with a Stocktake meeting in May 2022. At time of writing, outcomes and feedback were under review, and a second meeting is planned for October 2022.

## MONITORING OF CLIMATE CHANGE POLICY AND REPORTING PROGRESS

The Fund has undertaken climate change scenario analysis and carbon footprinting (measuring carbon intensity and fossil fuel reserve exposure) to better understand opportunities and risks within the Fund’s portfolios, more detail may be found in the TCFD section of this report.

As part of ongoing monitoring, the Fund will be asking 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.

The Committee will review its beliefs and commitments on an ongoing basis to ensure that they remain fit for purpose and that strategic objectives are set with these in mind. To support this, the Fund will ensure there is regular training on climate change for the Committee, Board, and Officers so that those in charge of the decision making for the Fund are sufficiently informed.

## RELEVANT STRATEGIC DECISIONS AND ACTIONS TAKEN DURING THE YEAR TO 31 MARCH 2022

The Fund has historically demonstrated a strong approach to responsible investment. The following are examples of recent work completed by the Committee and officers that build on the strong foundations laid over past years.

- In September 2021, the Fund published its first Responsible Investment Policy, that set out new investment beliefs around RI, engagement, working with other investors, impact investing, and more.
- the Fund made a strategic allocation of half its active global equities to be invested in **sustainable equities**, following climate scenario modelling which indicated this was an investment opportunity. We have implemented this via the Brunel Pension Partnership (“Brunel”).
- We collaborated with other Funds and Brunel to develop a **Paris-aligned passive benchmark (PAB)**, and all our passive equity exposure is now invested to match this forward-looking benchmark.
- Following an in-depth review of our protection assets, we have made strategic allocations of 5% each to **renewable infrastructure** and **impact UK affordable housing**.





Following on from modelling work completed by its advisors, the Committee agreed to update its Investment Strategy Statement with a new investment belief, which was publicised via press release to coincide with the launch of the PAB and COP26 (the UN’s 2021 conference on climate change).

## CASE STUDY: CARBON FOOTPRINT OF MEMBER COMMUNICATION

Last year, for the first time, a one-page summary of the annual report was created and issued to the fund membership via email. For comparison, the following example is used to estimate the carbon saved by this format over a traditional printed campaign.

The assumptions used in this example are that the one-page document would have been printed on 80gsm stock (standard draft paper) and distributed by Royal Mail. The total carbon of this is shown to include postage, however before Covid-19, this footprint would have been minimised by utilising employer networks, with only around a third sent by post to pensioner members.

The Environmental Paper Network's Paper Calculator(tm) is a web-based tool which allows users to calculate and compare the estimated environmental impacts of different paper choices using a science-based methodology grounded in life cycle assessment (LCA). The results from this Calculator are shown below:

	Annual Report – One Pager	Metric equivalent	Comparator equivalent	Annual Report – One Pager (on recycled paper)	Metric equivalent	Comparator equivalent
<b>Wood Use</b>	0.08 U.S. Short Tons	0.07 metric tonnes	 approx 1.9 trees	0.08 U.S. Short Tons	0.07 metric tonnes	 approx 1.7 trees
<b>GHG</b>	1,440 pounds CO2e	0.65 tCO2e	 equivalent to 0.1 cars/year	1,350 pounds CO2e	0.61 tCO2e	 equivalent to 0.1 cars/year

*Environmental impact estimates were calculated using the Environmental Paper Network Paper Calculator Version 4.0. For more information visit [www.papercalculator.org](http://www.papercalculator.org).*

Full analysis shows detail on other environment impact factors. The metrics above only highlight the more tangible elements and present them in a more visual form for illustrative purposes.

		tCO2e
Paper		0.65
Postage	for 16,000 letters	0.28
		<b>0.93</b>
Email equivalent	less 4g CO2e per email	0.06
<b>Total Difference</b>	<b>(i.e. tCO2e saved by digital distribution over paper copy)</b>	<b>0.87</b>

### Assumptions and footnotes

The metric equivalent has been adjusted to account for the area difference between Letter: 8.5 x 11 inches (215.9 x 279.4 mm) and A4: 210 x 297 mm (8.27 x 11.69 inches).

The number of typical trees assumes a mix of hardwoods and softwoods 6-8" in diameter and 40' tall (25cm in diameter, 12 meters tall). Calculated collaboratively by Conservatree, Environmental Defense Fund, and Environmental Paper Network.

The average car emits 11,013 pounds of CO2e in a year

<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>.

The difference in internal staff cost/footprint of producing a printed campaign versus email/web content are assumed to be negligible.

The footprint of an email has been estimated at about 4g (0.14oz) CO<sub>2</sub>e for a regular (non-spam) email (source: Berners-Lee). This would seem a reasonable assumption given that the impact of emailing is likely to be higher now due to the increasing size of smartphones, but Wiltshire Pension Fund email campaigns are made bandwidth efficient by hyperlink rather than attaching large files or graphical content.

### Conclusions

The above exercise shows that using recycled paper (which is made of around 10% recycled paper typically) reduces overall impact to some extent; but this may not be apparent across some of the figures due to rounding.

Another critical aspect of the paper communication process is whether mail received is recycled or sent to landfill. In the case of paper pension fund communications, those members opting in to receive printed Annual Benefit Statements or Deferred Statements are unlikely to discard and more likely to file as an important document.

For full details of the types of member communications that are issued, please see the fund **Communication Strategy**. For members signed up to "My Wiltshire Pension", the default is for paperless communications.

Compared with the absolute carbon emissions of the Wiltshire Pension Fund investments, (51,881 tCO<sub>2</sub>e) emissions related to member communication (0.87 tCO<sub>2</sub>e) represent an incredibly small percentage in proportion, but any savings compound with frequency and time and count towards achieving net zero goals.

Whilst paperless communications clearly have environmental benefits, the use of technology is not carbon free either. Even though digital means has meant that campaigns which otherwise may not even have been considered economical on a cost basis, Wiltshire Pension Fund takes a considered approach to communicating non statutory and news items, bearing in mind the needs and interests of its members.

For more information on member communications, please see the **Wiltshire Pension Fund member website**.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

## REPORT 2022

### INTRODUCTION

The Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, established the Task Force for Climate Related Financial Disclosures. The recommendations it has developed aim to promote more informed investment and highlight the financial system's exposures to climate-related risks across sectors and jurisdictions.

In the UK, the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 mandated reporting against these recommendations from October 2021, with similar regulations anticipated to apply to the LGPS following consultation expected imminently.

Wiltshire Pension Fund has taken several steps towards furthering its identification, analysis and management of climate related risks and reporting this information. This report sets out the work in these areas against the recommendation structure around the four themes of: governance, strategy, risk management, and metrics and targets, building on the Fund's first TCFD report in 2021.

### GOVERNANCE

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

Wiltshire Pension Fund's Governance Policy & Compliance Statement sets out the statutory framework under which the administering authority delegates statutory functions to committee and officers. The existing governance arrangements of the Fund follow the structure below;

Pension Fund Committee – the role and responsibilities are set out in its own terms of reference within the Council's Constitution<sup>1</sup>; The Committee meets at least eight times a year to review the affairs of the Fund, to review Fund performance and to plan the implementation of policy.

Local Pension Board – the role and responsibilities are set out in the Council's Constitution<sup>2</sup>; is responsible for securing

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

Brunel Pension Partnership (BPP) – an FCA regulated investment pooling company with its own governance structure in which the Fund seeks to integrate its own governance arrangements. The Administering Authority has dual relationships as both shareholder and client, these role and responsibilities are set out in Shareholder and Client Service Agreements (2017).

The approach to consideration of Environmental, Social and Governance ESG factors is set out in the Fund's Responsible Investment Policy and Investment Strategy Statement (dated September and November 2021 respectively).

Progress against responsible investment initiatives is structured around the annual Responsible Investment Plan and roadmap. Development work with Mercer in planning net zero carbon by 2050 is underway with further details in this report.

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

The scheme of delegations sets out the responsibility of the Treasurer of the Pension Fund (S151 officer) and the day-to-day responsibility for management of the Fund and climate related risks and opportunities is delegated to the Head of Wiltshire Pension Fund.

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

The Pension Fund Committee monitor their activities with the support of officers on a regular basis. Responsible Investment is a standing item on quarterly Pension Fund Committee agendas which alternate in focus between investment and governance/administration.

<sup>1</sup> under Part 3B paragraph 2.7 and Protocol 2A

<sup>2</sup> under Part 3B paragraph 7 and Protocol 2B (effective April 2015)

In order to support this work, the Committee and Officers draw upon a number of advisors, frameworks and collaboration initiatives. These include the Fund's Investment Consultant and Actuary, Mercer and Hymans respectively, Brunel and collaboration with other LGPS funds and the Institutional Investors Group on Climate Change (IIGCC).

As part of a review of the Business Plan in 2021, the Committee and Pension Fund team adopted a set of **vision, goals, and values**; the full details are on the Fund website. Management, with the support of all staff, instil the "Long Term Thinking" value through all activities. As a long term investor, the strategic goal "Responsible Ownership and Stewardship", is particularly relevant in including climate as a key focus.

In addition to assessing financial risks and opportunities, with the introduction of affordable housing (end of March 2022) and renewable infrastructure (later in 2022/2023), new metrics will be developed to assess and manage these portfolios as positive impact is integral to the investment case.

## STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

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

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

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

Potential opportunities include investment in sustainable equities and renewable infrastructure, for example, and positive influence via stewardship. Federated Hermes EOS, via Brunel Pension Partnership, provide engagement and voting services together with activity reporting.

The Fund has implemented investment in Paris-aligned passive equities, active sustainable equities and affordable housing during the year. In addition, an allocation to renewable infrastructure is planned together with a review of the entire investment strategy as part of the triennial actuarial valuation in 2022.

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

In December 2019, the Fund transitioned all of its passive equity exposure to a low carbon passive equities portfolio managed by Brunel.

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

#### i. Climate



#### ii. Economic growth



#### iii. Education



In the summer of 2020, the Committee commissioned Mercer (as the Fund's investment consultants) to carry out climate change scenario modelling, on both the existing strategic asset allocation, and one with a more sustainable tilt.

The modelling work completed by Mercer showed that the Fund may be able to realise a material financial benefit by taking advantage of the opportunity to invest in sustainable equities. This would also have the additional bonus of diversifying the Fund's investment strategy via exposure to different investment styles and sizes/types of company. The Committee reviewed information on Brunel's sustainable equities portfolio and transitioned to this portfolio in 2021.

In November 2021, climate aligned benchmarks, including the FTSE PAB (Paris-aligned benchmark) were established as a result of collaboration with other partner funds, Brunel and FTSE Russell, the index, data and analytics provider. Wiltshire Pension Fund moved its low carbon equity holdings to the PAB on launch.

In addition, Hymans (as the Fund's actuary) carried out modelling looking at different levels of policy response to climate risk. The results of this modelling have been used by the Committee to help understand the financial implication of climate change risk and to develop the investment strategy along with other information from training, other professional advice from the Fund's independent adviser and investment managers.

The Government Actuary Department (GAD) **Section 13 report 31 March 2019** (published December 2021) reported on climate risk, commenting that dialogue and engagement between the Department for Levelling Up, Housing and Communities (DLUHC), actuarial advisors and the Scheme Advisory Board (SAB) would be required to ensure consistency in the 2022 valuation and beyond. Wiltshire Pension Fund have built climate analysis into its valuation timetable for 2022.

The Committee has supported the updated Stewardship Code 2020 (the Fund was a signatory of the previous code) and the first report against the principles was submitted to the FRC in application for signatory status in April 2022.

Scheme membership and employer engagement has included a member survey (February 2021) and establishing an employer focus group (November 2021) for strategic matters. As part of the focus group, employers were asked about their specific climate goals, which in turn was considered by the Committee, informing their investment beliefs. Communication with the membership during the year has covered climate change and the net zero by 2050 target, pension awareness week and development of the investment pages of the Fund website.

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

The current and previous portfolios compared with a more sustainably tilted asset allocation were modelled against global policy environments resulting in warming increase scenarios of 2, 3 and 4°C. This modelling can be used to illustrate both the current exposure to climate risk and also the impact that changes already made may have.

		Current SAA	Sustainably Tilted AA
Climate change impact on return (% p.a.)			
2°C	2030	0.18%	0.37%
	2050	-0.01%	0.12%
	2100	-0.06%	-0.01%
3°C	2030	-0.02%	0.00%
	2050	-0.08%	-0.05%
	2100	-0.12%	-0.10%
4°C	2030	-0.08%	-0.08%
	2050	-0.15%	-0.15%
	2100	-0.20%	-0.20%

■ ≤ -10bsp   
 ■ > -10bsp, < 10bsp   
 ■ ≥ 10bsp

The reported findings and recommendations were used to develop the Fund's Responsible Investment Policy during 2021/2022.

The findings of Mercer's modelling were considered alongside multiple training sessions, modelling by the Fund's actuaries, consultation with the employers, and a responsible investment membership survey, and led to the Committee agreeing a 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"**. This new investment belief has been included in the Investment Strategy Statement. The Committee have an action plan and have also asked Mercer to complete analysis for the net zero target. The full output of this is expected to be reported in Q3/Q4 2022.

Mercer's Analytics for Climate Transitional (ACT) tool has been used to set interim targets for 2025 and 2030 over the last 12 months. Key recommendations in the full report will include setting more granular targets and identifying and engaging with strategically important companies from a climate perspective, and exploration of other areas to include biodiversity / natural capital and climate solutions.

## RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks.

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

The approach or process Wiltshire Pension Fund takes to identify climate related risks may be considered at both macro and micro levels. At a total Fund level, governance processes and policies are used to manage them. At the stock selection level, external investment managers take responsibility for identifying and assessing climate-related risks where appropriate.

Work in this area is developing and the Committee monitors external managers performance on a regular basis.

Brunel views engagement with companies, fund managers and policy makers as a key part of the approach to managing climate change risks. Engagement implementation is undertaken by fund managers, Brunel's dedicated engagement provider Federated Hermes EOS, and by Wiltshire Pension Fund via collaborative forums such as the LAPFF, IIGCC and Climate Action 100+.

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

Risks are managed according to their likelihood and impact of occurrence; action is taken to mitigate these as far as possible. In the case of climate related risks, stewardship activity is key to influencing companies which the Fund is invested in (indirectly via pooled funds).

Brunel use a number of different complimentary ESG and carbon specific datasets in the portfolio management tool in order to manage risks within investment portfolios. Carbon footprint (Scope 1, Scope 2 and first tier Scope 3) and fossil fuel revenues and reserves exposure (proxy for downstream scope 3) of each of the listed equity portfolios are monitored. This enables Brunel to assess exposure to high carbon industries. Data, such as that provided by the Transition Pathway Initiative (TPI), helps understand exposure to any carbon-intensive companies and assessment of their preparedness for the transition to a low carbon economy.

Brunel has a robust approach to incorporating climate change factors in its voting decisions, including on specific climate-related shareholder resolutions. Wiltshire Pension Fund officers are active members of the Brunel Responsible Investment Sub-Group and engage with Brunel in developing RI policy and reporting.

The Fund's direct Emerging markets Equity portfolio is managed by an external manager, and the manager is responsible for casting the votes in line with their policies, which include specific consideration of climate change factors. Officers engaged directly with this manager in February 2022 on its sustainability strategy and maintain ongoing dialogue.

Federated Hermes EOS are the dedicated engagement provider for Brunel, and report quarterly internally and externally. More information on [Wiltshire Pension Fund stewardship and voting](#) can be found on our website.

Wiltshire Pension Fund is a member of the Local Authority Pension Fund Forum. LAPFF's mission is to protect local authority pension fund by promoting the highest standards of corporate governance and corporate responsibility. Engagement lies at the heart of the Forum's work as a means of delivering positive change. Outcomes from these engagements are disclosed publicly in the LAPFF Annual and Quarterly Engagement Reports.

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

Wiltshire Pension Fund uses a risk register to record and monitor its risk. This document identifies all risks to the Fund, presented in summary form to the Pension Fund Committee quarterly, and a full review in detail began in Q2 2022.

Climate risk is identified on the risk register as a high priority but reduced to a medium residual risk after mitigating controls are considered. The failure to manage climate risk effectively via the investment strategy could result in lower investment returns over the long term.

Further measures, such as developing the Responsible Investment Policy, further information gathering, analysis, and progress towards set targets will reduce the residual assessment over time.

## **METRICS AND TARGETS**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

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

Currently, equities are the only asset class with readily available carbon metrics. Equity holdings represent approximately 40% of the total assets under management. Stewardship information is also widely reported and has been in place for some time.

The metrics for other asset classes are being developed and where information is less readily available, the investment manager, asset class or strategy are assessed by looking at how climate factors are incorporated into investment philosophy and portfolio strategy.

The Fund made a strategic allocation to affordable housing, social impact being an integral part of the business case for investment. There is clear financial rationale from the supply/demand imbalance, but there are also measurable benefits from a climate point of view. Examples of these are the high energy efficiency standards of individual properties, access to Electric Vehicle (EV) charging points, green space and the overall ecological impact on the area. These measures not only make the properties more sustainable, future-proof, and attractive to residents, but also enable energy savings and lower running costs. As a new investment area for the Fund, reporting on these metrics will develop over time.

For the strategic allocation to Renewable Infrastructure, it is expected that reporting in climate related areas will be a key focus as this will be driving decisions on schemes, companies and emerging technologies, and carbon savings more quantifiable.

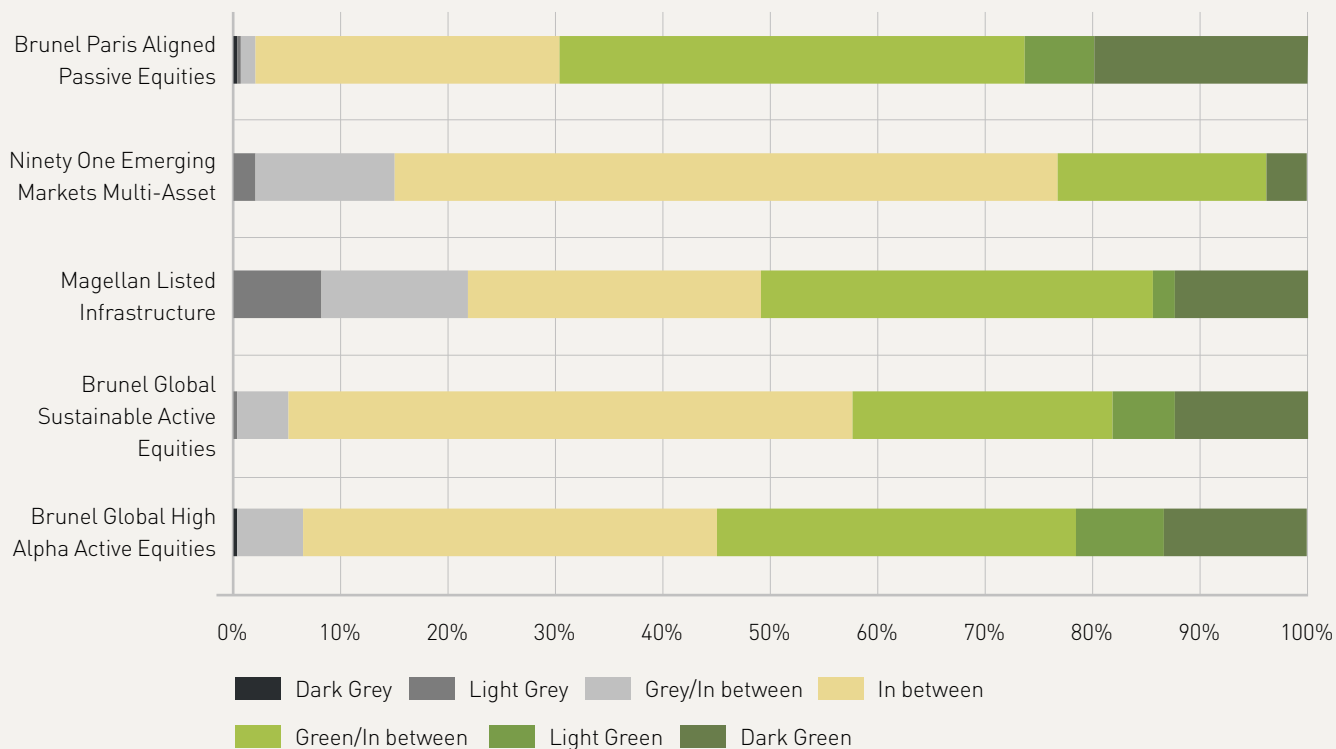
Listed equities are the initial area of focus for decarbonisation targets. The net zero target for listed equity is currently 2050 (in line with the whole Fund target); a reduction target of 43% by 2025, and 69% by 2030 below the 2020 baseline. In order to ensure that changes in strategic asset allocation are mitigated, progress against decarbonisation will be measured on both absolute and carbon intensity bases.

For property, the majority of underlying managers and funds participate in Global ESG Benchmark for Real Assets (GRESB) and have made TCFD commitments. There are variations in the levels of data reported at asset level.

### Mercer Analytics for Carbon Transition (ACT)

As mentioned above, the output from Mercer's ACT report provides transition alignment metrics for portfolios using methodology that is backward looking (carbon intensity and exposure to green revenues) as well as forward looking (transition strategy and value at risk) to measure individual stocks which are then aggregated to portfolio level. This can then be used to assess risk and focus engagement where it would be most effective:

### Wiltshire Pension Fund – Transition Alignment



Source: Mercer, Analytics for Climate Transition (ACT)

The scale from dark green (well aligned) to dark grey (not well aligned) shows the portfolio transition alignment. The chart above is showing 2021 for illustrative purposes, this will be developed over the coming months and will show how allocation compares year on year.

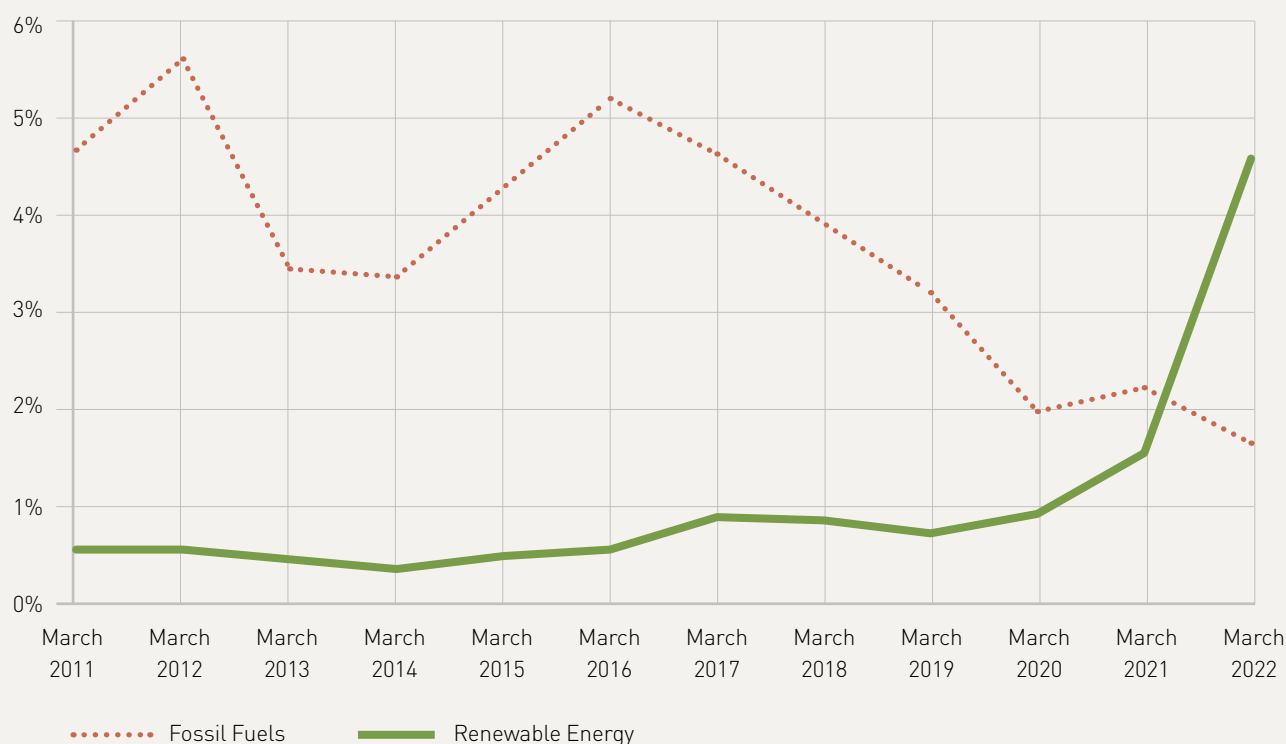
### Fossil fuels and renewable energy

The Committee monitors on an annual basis, as at 31 March, the Fund's overall exposure to companies which derive the bulk of their revenues from fossil fuels, as well as companies or assets (mainly via the infrastructure portfolio) which are focussed on renewable energy. A graph showing the exposure as a percentage of the total Fund value over the last 13 years is shown below.

Exposure to fossil fuels decreased over the year to 1.5% of total fund value. This has been due to reductions in underlying portfolios, but most significantly with the move from the Brunel-managed Low Carbon to the Paris Aligned Benchmark passive equity fund.

The exposure to renewables has risen significantly to over 4.5% over the year. This was due to the specific allocation to renewables in Brunel-managed Private Markets and capital deployment in UK wind farm infrastructure within that portfolio.

### Percentage of Fund held in Fossil fuels and Renewable energy



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

As a developing area, these metrics may change as one of the aims of TCFD is consistency and comparability as methodologies evolve. Guidance for the LGPS is expected following consultation later in 2022.

In Wiltshire Pension Fund's TCFD report last year (2021), the disclosures made were carbon measures for listed equities funds managed by Brunel. Metrics for other asset classes, investment managers, strategies and vehicles were not available in 2021. The Fund has been able to make progress with its Investment Consultant, Mercer, building on a baseline taken in 2020, to begin gathering carbon metrics for emerging markets and listed infrastructure. Consequently, there are two sections below; Mercer, showing the widest and latest coverage; and Brunel, which shows listed equities, historic disclosure and how this has changed over time.

## Mercer

The table below shows mandate-level TCFD metrics as at 31 December 2021 using the Mercer Analytics for Climate Transition (ACT) tool.

The Fund's mandates not shown here were excluded as there is currently insufficient data available. This results in c.40.8% of the Fund's assets being analysed, compared with c.31.6% last year. Analysis was conducted on a strategic asset allocation (SAA) basis except for Magellan listed infrastructure which was analysed on an actual basis.

	Portfolio	SAA Weight %	Absolute emissions coverage	Absolute emissions (tCO <sub>2</sub> e based on value of investment) Scope 1&2	WACI coverage	<sup>3</sup> WACI (tCO <sub>2</sub> e/\$million sales) Scope 1&2	Carbon footprint coverage	Carbon Footprint (tCO <sub>2</sub> e/\$million investment) Scope 1&2	Implied Temperature Rise (°C)*	SBTi Alignment**
Global Equity	Brunel - Global High Alpha	8.0 (10.0)	96.6%	7,000	96.8%	57.6 (59.8)	96.6%	19.6 (24.1)	2.2	27.1%
EM Equity	Ninety One – EM Multi Asset	5.0 (5.0)	98.2%	21,525	98.8%	206.1 (235.2)	98.2%	96.1 (91.8)	2.9	3.1%
Listed Infra	Magellan	4.8 (4.6)	95.0%	30,384	95.0%	813.2 (771.2)	95.0%	141.6 (141.8)	3.2	34.8%
Listed Equity	Brunel – Global Sustainable	8.0	95.5%	10,548	98.5%	114.8	98.5%	29.5	2.2	28.4%
	Brunel – Developed Paris Aligned	15.0	99.6%	12,808	99.6%	76	99.6%	19.1	2.1	41.6%

Source: Mercer, Analytics for Climate Transition (ACT) – Summary TCFD metrics May 2022

<sup>3</sup> 2020 figures shown in brackets

\* MSCI amended methodology for implied temperature therefore figures for 2020 are not shown owing to not being a like for like comparison.

\*\* Science Based Targets initiative measures the proportion of companies in the portfolio with one or more active carbon emissions reduction target/s approved by (SBTi).

## Brunel

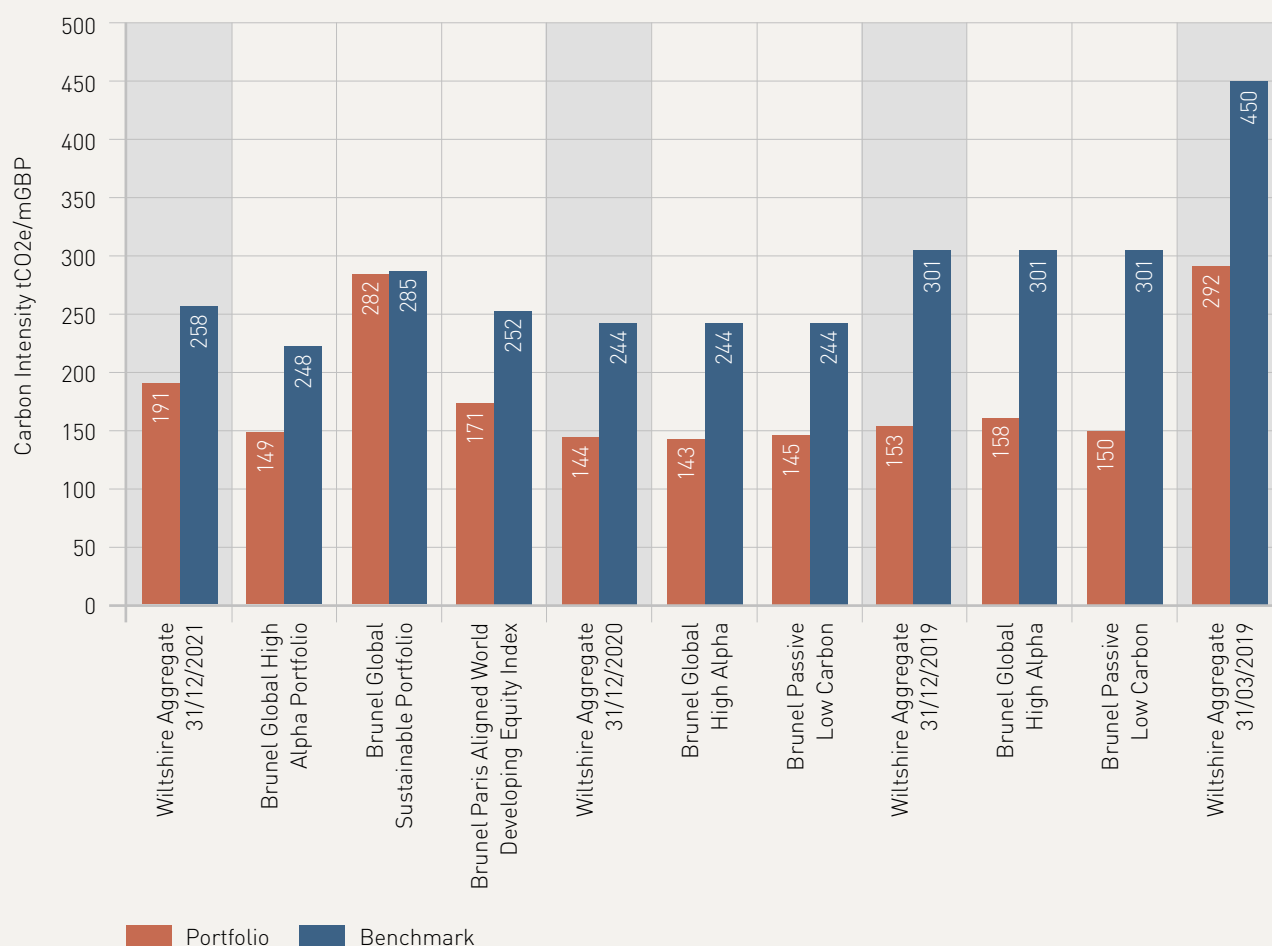
Brunel produce a Carbon Metrics Report on an annual basis which details the following for each Portfolio against its relevant benchmark:

- The Weighted Average Carbon Intensity (WACI) of the Portfolio and its benchmark for both the current and previous quarter
- Exposure to fossil fuel in terms of the proportion of the Portfolio that derives revenues from fossil fuel extraction and energy activities
- The proportion of the Portfolio that has fossil fuel reserves exposure
- The disclosure rates of companies within the Portfolio (both for greenhouse gas and value of holdings bases)

Brunel also report on the level of company disclosures for Aggregate Portfolios and each sub-portfolio by Value of Holding (VOH). The definitions of these are below:

- Full Disclosure – Data disclosed by a company in an unedited form.
- Partial Disclosure – Trucost has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process. Values may also be derived from a previous year's disclosed data using changes in business activities and consolidated revenues.
- Modelled – In the absence of usable disclosures, the data has been modelled using Trucost's Environmentally-Extended Input-Output (EE IO) model.

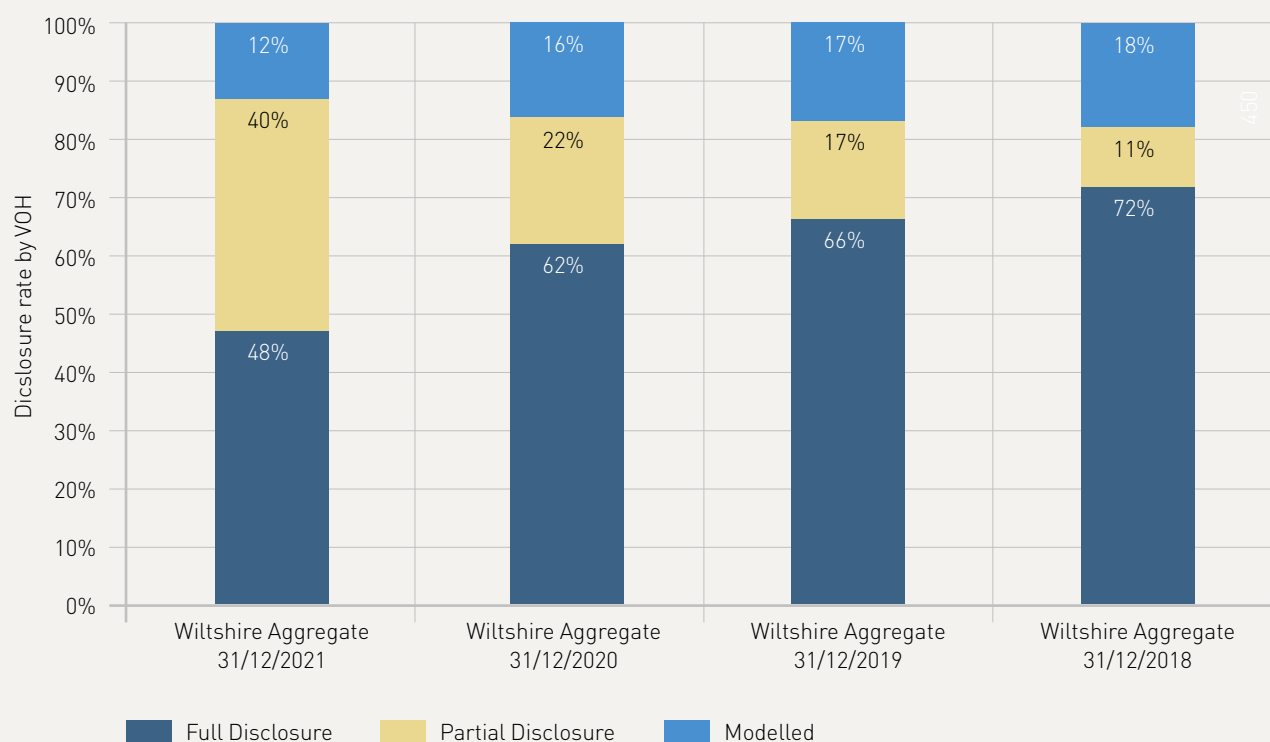
### Weighted Average Carbon Intensity (WACI)



Year ended 31 December	2021	2020	2019
Aggregate WACI	191	144	153
Benchmark WACI	258	244	301
Change since previous year (WPF aggregate WACI)	5.7%	(18.9%)	n/a
WPF as a % of benchmark WACI	74.0%	59.0%	50.8%

The chart and table show a trend upwards in relative terms. The main reason for this is that the fund moved from Low Carbon to Paris-aligned passive, and (partially) from Global High Alpha to Sustainable equities. Both of the new portfolios currently have higher carbon intensity, but will support transition to a low carbon economy over time. For example, investing in new technologies to support decarbonisation, or business developing manufacturing in line with a circular economy. In other cases this may involve investing in companies which may be heavy emitters now, but which are driving change to reduce their emissions and transition to low carbon.

## Disclosure Rates 2019 to 2021

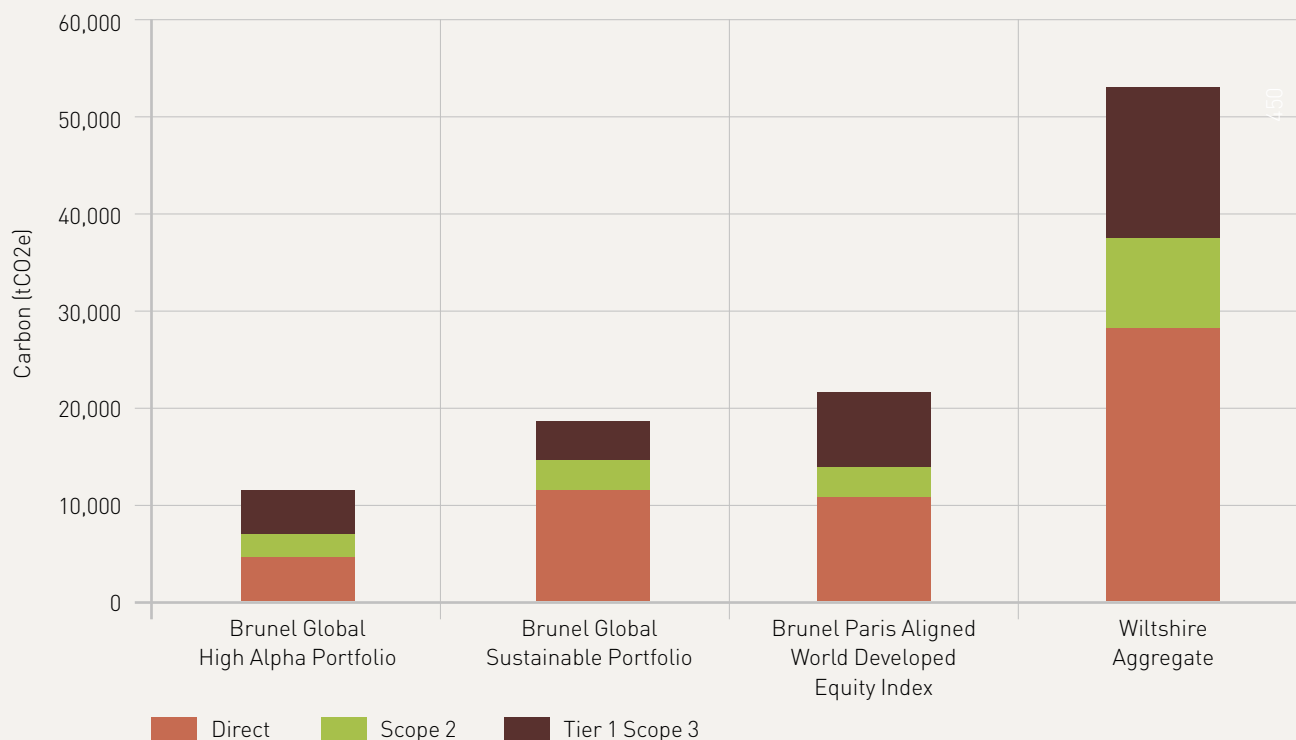


The Trucost methodology for this carbon disclosure metric has been updated from last year in order to reflect more granular disclosures. Companies must now be disclosing emissions across the different Kyoto protocol gases in order to be classified as 'full disclosure', whereas previously only an aggregate emissions figure was required.

The aggregate level of 'full disclosure' is highest in the Brunel Paris Aligned World Developed Equity Index and lowest in the Brunel Global Sustainable Portfolio (which is a new allocation for 2021). Of the Brunel Portfolios within the Wiltshire Aggregate, the highest intensity was the Brunel Global Sustainable (282 tCO<sub>2</sub>e/mGBP), whilst the lowest was the Brunel Global High Alpha (149 tCO<sub>2</sub>e/mGBP).

Also, an update from last year is further analysis of carbon footprint by scope. These are not weighted by value, and the sum of these gives the total Wiltshire Aggregate of 53,953 tCO<sub>2</sub>e.

#### Absolute Carbon Footprint by Scope 2021



The weighted average carbon intensity (WACI) shows the portfolio's exposure to carbon intensive companies. This measure is determined by taking the carbon intensity of each company and weighting it based on its holding size within the Portfolio.

Wiltshire Pension Fund has made strategic asset allocation changes into low carbon products (Paris Aligned Benchmark and Global Sustainable Equities). As such, the relative efficiency is likely to decrease over time and be incrementally lower going forwards.

#### Other managers and asset classes

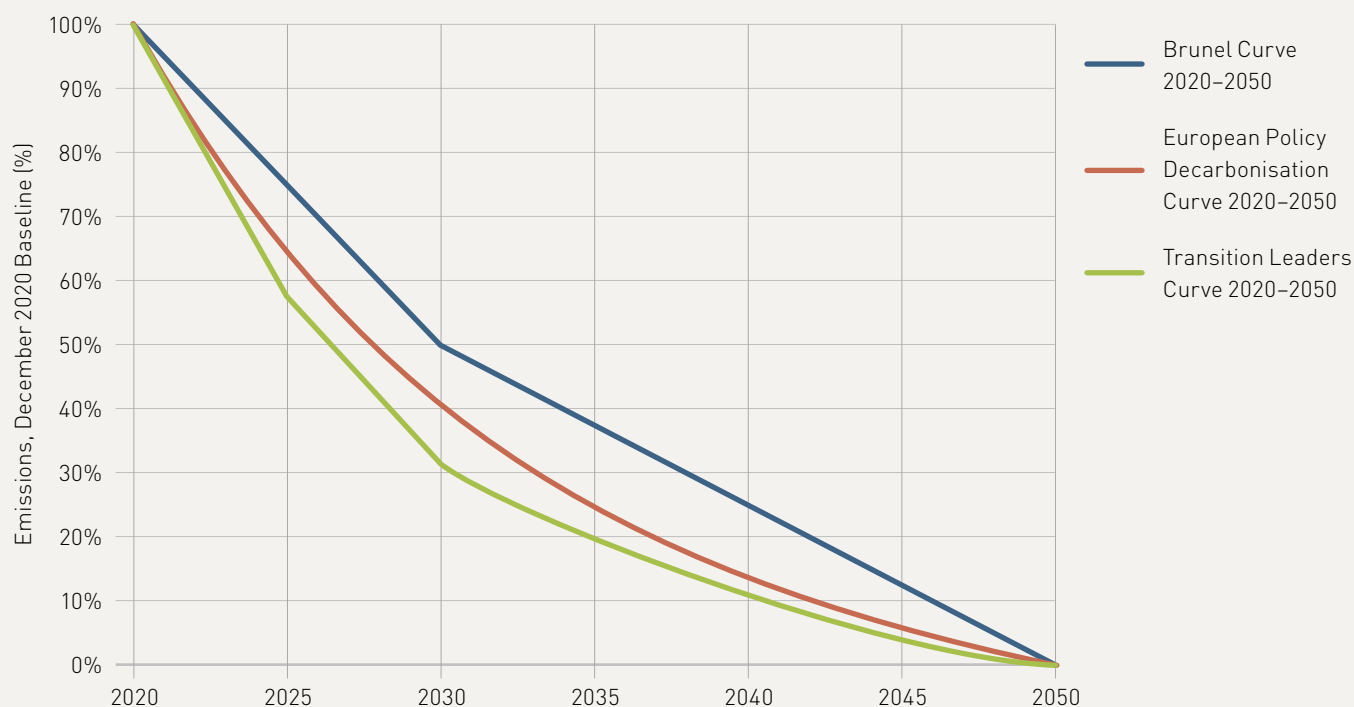
These disclosures of (Brunel) equity fund carbon metrics form a baseline from which to progress. As described above, the Fund has made progress with its Investment Consultant, Mercer, to build on the baseline and will continue to do so over the coming years.

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

In reporting in line with TCFD recommendations last year and this year, the Fund is keen to demonstrate best practice in this area in advance of any regulatory or mandatory requirements imposed on the LGPS or pension funds.

In June 2021, the Committee approved a Responsible Investment Plan which included the development of a dedicated Responsible Investment Policy. The Policy contains a section dedicated to Climate that sets out the pathway to net zero by 2050. The Fund has adopted targets based on a decarbonisation curve which frontends carbon reductions (Transition Leaders curve), as this allows plenty of early work to be done to identify easy wins, and increases the chances of meeting a sub-2°C warming scenario.

The decarbonisation curve is illustrated below:



This pathway was the result of this work completed by the Fund's Investment Consultant, Mercer, in setting a baseline position of 31 December 2020. As methodologies have developed, and as part of further analysis of the position in 2021, the baseline will be updated to 31 December 2019 to align with IIGCC, Brunel and other partnership funds/

The Fund also reported in line with the Stewardship Code 2020 (as a signatory of the previous code) in April 2022 as planned.

Significant progress in terms of data availability has been made by engaging with investment managers outside developed market equity and bring a larger proportion of the pension fund's assets under management into scope.

A strong culture of engagement and education has been developed to support strategy and policy implementation. There has been a number of Committee training sessions that have covered climate change and related issues, such as the UN Sustainable Investment Goals.

During the run up to COP26 in November 2021, a climate page on the pension fund website was published, both to raise awareness of the risks and opportunities that climate presents for the membership, and also to increase transparency for wider stakeholders. The LGPS is also expected to consult with DLUHC on TCFD regulations which will help bring consistency and comparability across the scheme and pension fund industry.

# POOLING REPORT

## APPROACH TO ASSET POOLING

The Fund pools investments with eight other local authorities and the Environment Agency through the Brunel Pension Partnership (BPP) and its operator Brunel Ltd.

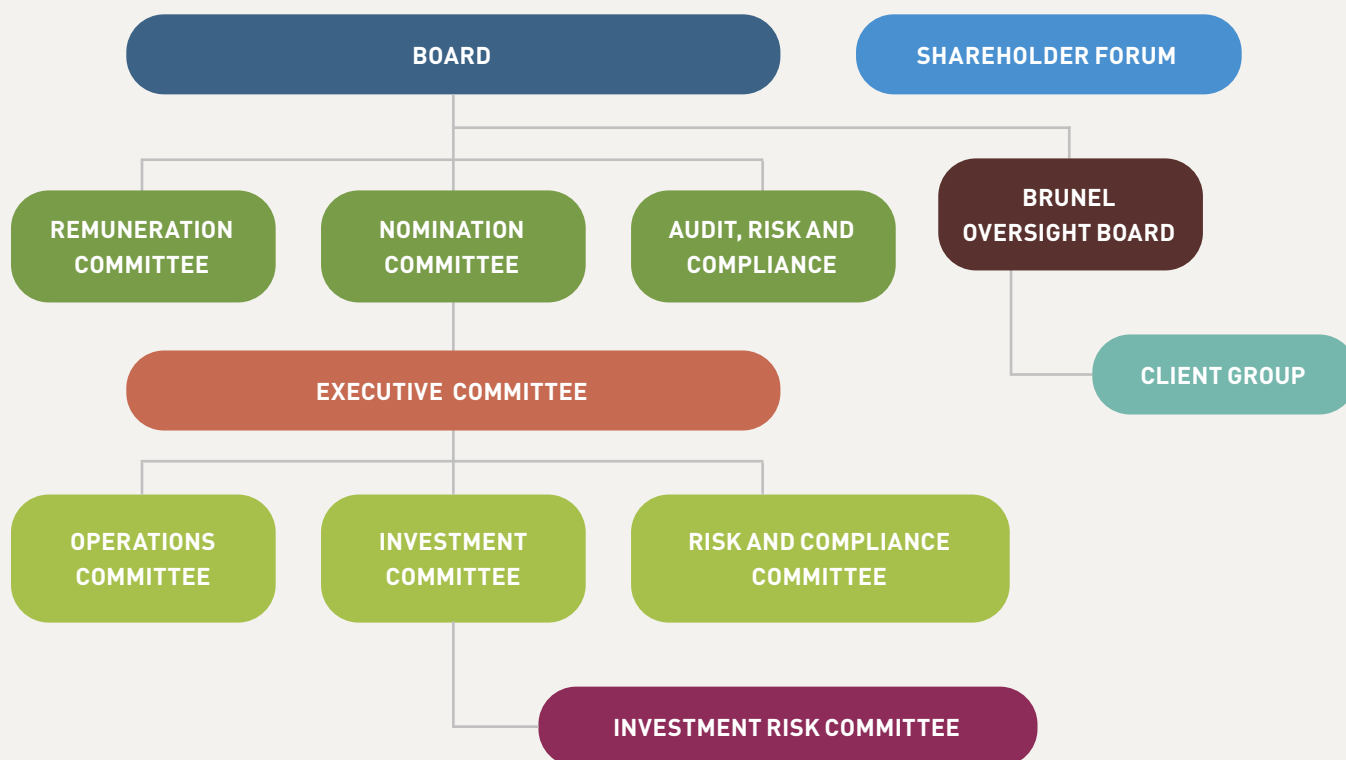
The Fund first transferred assets to BPP Ltd in July 2018 and, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd. All strategic decisions remain with the Fund, including (but not limited to) setting investment beliefs, defining the approach to responsible investment (which includes stewardship activities and reporting), and managing climate risk. The fiduciary responsibility dictates that the Pension Fund Committee must always act in the best interest of the Fund and it will need to ensure the most appropriate investments are used in the implementation of its investment strategy. This includes ensuring BPP Ltd are able to implement the Committee's strategic decisions, that they are held to account for performance and potentially consider other investments if the value for money opportunity cannot be delivered through BPP Ltd in terms of collective and individual basis. The Fund will also invest outside the pool if the pool is unable to provide a portfolio which fulfils the requirements of one of the Fund's strategic allocations.

BPP Ltd is a company which is wholly owned by the Administering Authorities. The company is authorised by the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is responsible for working with Funds to develop specifications for investment portfolios with defined risk and return characteristics, such that Funds can allocate to these to implement their locally set Strategic Asset Allocations. In particular, it researches and selects underlying investment managers needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Fund is a client of BPP Ltd and as a client has the right to expect certain standards and quality of service. A detailed service agreement is in place which sets out the duties and responsibilities of BPP Ltd, and the rights of Wiltshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

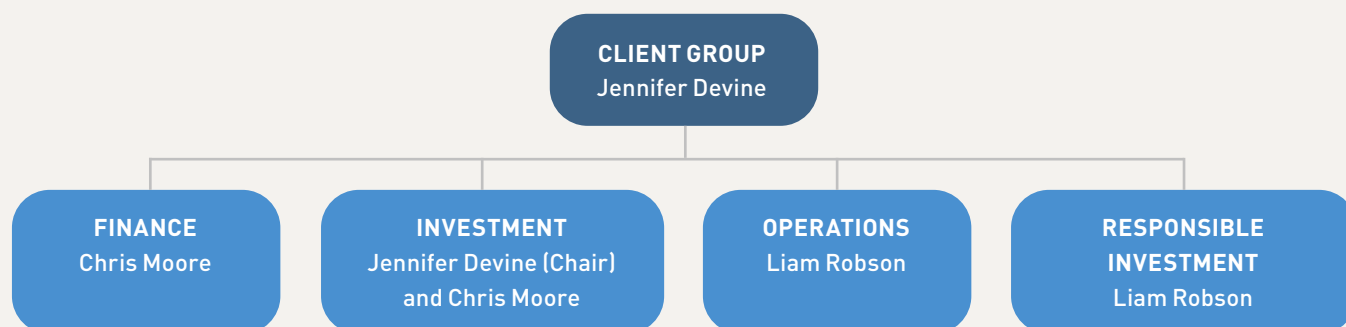
The governance of the Brunel partnership is of the utmost important to ensure the Fund's assets are invested well and the needs of the Fund and its beneficiaries are met. Governance controls exist at several levels within Brunel.

- As shareholders in Brunel, the Fund entered into a shareholder agreement with the company and the other shareholders. This gives considerable control over Brunel – several matters, including significant changes to the operating model and finances, are reserved matters requiring the consent of all shareholders.
- A biannual shareholder forum has been established, at which shareholder representatives from each Fund (Andy Brown represents Wiltshire Pension Fund) can exchange views on the direction of travel for Brunel, discuss what has gone well and areas for improvement.
- An Oversight Board comprising representatives from each of the Administering Authorities has been established (Cllr Richard Britton represents Wiltshire Pension Fund). Acting for the Administering Authorities, it has a primary monitoring and oversight function. Meeting quarterly, it can request papers from Brunel or interrogate its management. However, it cannot take decisions requiring shareholder approval, which will be remitted back to each Administering Authority individually.
- The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities, but also drawing on finance and legal officers from time to time. It will have a leading role in reviewing the implementation of pooling by Brunel, provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.
- A separate level of governance is provided by the Board of Directors at Brunel, which are appointed by the Fund and the other shareholders. It comprises four highly experienced and independent non-executive directors, chaired by Denise Le Gal and four executive directors.
- Finally, as an authorised firm, Brunel has to meet the extensive requirements of the FCA which cover standards such as conduct, good governance, record keeping, training and competency, policy and process documents, and internal controls.

## BRUNEL'S GOVERNANCE STRUCTURE



Client group is supported by a series of sub-groups which include Finance, Investment, Operations and Responsible Investment. The sub-groups consider and discuss issues in greater detail, reporting and/or bringing items to client group. Wiltshire representation on these groups is shown below. The structure allows for project work to be developed by using specialised expertise. Examples of items covered within the sub-groups include Brunel's budget, requests to create or amend portfolios, reporting and stewardship.



The arrangements for asset pooling for the Brunel pool were formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Wiltshire Council approved the full business case for the Brunel Pension Partnership on 21 February 2017. The Fund's first investment assets were transitioned across to BPP in July 2018.

Following the transition plan, management of the Fund's property holdings were transferred from CBRE to BPP with effect from 1 April 2022. This is not shown in the accounts due to timing, but following the property transition, the majority of Wiltshire Pension Fund's assets (approx. 72%) are now invested through BPP Ltd. The Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd.

Currently not all proposed portfolios offered by BPP Ltd provide a direct substitution for the Fund's investment strategy. For example, there is not a replication of the Fund's Emerging Market Multi Asset mandate. In this case, where BPP cannot currently accommodate a specific solution, the Fund has requested creation of a suitable portfolio. These assets will remain outside the pool and will continue to be managed by the Fund until such time as a suitable portfolio managed by BPP has been implemented.

## ANALYSIS OF POOLING COSTS AND SAVINGS

In order to monitor progress, the following information has been prepared to show set-up and ongoing costs associated with investment pooling, along with actual and projected savings.

### Set up costs

The following table shows the set-up costs (all of which were charged in prior years), and the current year's transition costs associated with transferring the passive UK and fundamental equities to Brunel.

	2021/22			
Set up costs:	Direct £'000s	Indirect £'000s	Total £'000s	Cumulative £'000s
Recruitment	-	-	-	18
Legal	-	-	-	133
Consulting, Advisory & Procurement	-	-	-	82
Other support costs eg IT accommodation	-	-	-	-
Share purchase	-	-	-	840
Other working capital provided eg loans	-	-	-	-
Staff Costs	-	-	-	-
<b>Total set up costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,072</b>
<b>Transition costs</b>	<b>1,051</b>	<b>-</b>	<b>1,051</b>	<b>3,139</b>

Note – transition costs for 2021/22 per Note 9 of the Accounts is £3,283k. Only costs of £1,051k, relating to transition of assets into the pool is shown above – the other £2,232k of costs relate to transitions as a result of changes to the investment strategy.

## PROJECTED SAVINGS

The following table shows the expected costs and savings over the next few years, as taken from the Brunel business plan. These figures come from the original 2015 business case submission to the Ministry of Housing, Communities & Local Government (MHCLG), in line with the CIPFA guidance. Since then the business case has been revised to include a significant budget increase, as well as increased savings projections. The figures show that Wiltshire is expected to breakeven from pooling in 2023. The revised business case is still consistent with this position.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/36 £'000
Set up costs	117	1,041	-	-	-	-	-	-	-	-	-
Transition costs	-	-	1,350	2,644	13	-	-	-	-	-	-
Ongoing costs associated with management and running of the pool	-	-	430	558	577	595	614	634	655	676	8,093
Projected fee savings	-	-	(343)	(1,159)	(1,888)	(2,031)	(2,181)	(2,339)	(2,503)	(2,676)	(39,695)
Client savings	-	-	(150)	(154)	(159)	(163)	(168)	(173)	(179)	(184)	(2,172)
<b>Net costs/ (savings) for the period</b>	<b>117</b>	<b>1,041</b>	<b>1,288</b>	<b>1,889</b>	<b>(1,457)</b>	<b>(1,599)</b>	<b>(1,735)</b>	<b>(1,878)</b>	<b>(2,027)</b>	<b>(2,184)</b>	<b>(33,775)</b>
<b>Net cumulative costs/(savings)</b>	<b>117</b>	<b>1,158</b>	<b>2,446</b>	<b>4,335</b>	<b>2,878</b>	<b>1,279</b>	<b>(456)</b>	<b>(2,334)</b>	<b>(4,361)</b>	<b>(6,545)</b>	<b>(40,320)</b>

## EXPECTED VS ACTUAL COSTS AND SAVINGS TO DATE

The following table shows a comparison between the expected and the actual savings and costs achieved to date, for the past two years and cumulatively. Budget figures are those from the original 2015 business case submission to the MHCLG, in line with the CIPFA guidance.

	2021/22				2020/21			
	Actual		Budget		Actual		Budget	
	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000	In Year £'000	Cumulative to date £'000
Set-up costs	–	1,072	–	1,158	–	1,072	–	1,158
Transition costs	1,051	3,139	–	4,007	–	2,088	13	4,007
Ongoing costs	1,032	3,602	595	2,160	976	2,570	577	1,565
Client savings	–	(13)	(163)	(626)	–	(13)	(159)	(463)
Fee savings	(1,978)	(4,470)	(2,031)	(5,421)	(1,520)	(2,492)	(1,888)	(3,390)
<b>Net costs/(savings) realised</b>	<b>105</b>	<b>3,330</b>	<b>(1,599)</b>	<b>1,279</b>	<b>(544)</b>	<b>3,225</b>	<b>(1,457)</b>	<b>2,878</b>

Client savings represent the cost savings as a result of moving over some of the management of investments to Brunel. These were estimated to mainly be for expenses such as fund investment advice, financial / performance measurement and custodian costs. In 2018/19 only, a saving for custodian costs was recognised. In subsequent years, no savings were recognised, as at this stage in the pooling process costs for consultancy etc. have in fact been higher, in assuring that portfolio specifications are appropriate etc.

The above table does not take account of savings from private markets portfolios, since the Fund did not invest in these asset classes prior to pooling. This is still considered as a benefit of pooling by the Fund, as there are good examples of fee discounts being negotiated as part of the pool, however it is not possible to quantify savings on these portfolios in a meaningful way.

## ONGOING INVESTMENT MANAGEMENT COSTS

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

Investment management costs for year to 31 March 2022										
	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £'000	Indirect £'000	Total £'000	Bps	Direct £'000	Indirect £'000	Total £'000	Bps	Total £'000	Bps
Management fees	–	4,293	4,293	16.8	1,820	4,116	5,936	33.0	10,229	23.5
Performance fees	–	–	–	–	–	2,463	2,463	13.7	2,463	5.6
Fees and costs of underlying fund investments	–	–	–	–	–	3,326	3,326	18.5	3,326	7.6
<b>Total fees</b>	<b>–</b>	<b>4,293</b>	<b>4,293</b>	<b>16.8</b>	<b>1,820</b>	<b>9,905</b>	<b>11,725</b>	<b>65.1</b>	<b>16,018</b>	<b>36.7</b>
Asset pool shared costs	1,032	–	1,032	n/a	–	–	–	n/a	1,032	n/a
<b>Transaction costs:</b>										
Transaction taxes	–	814	814	3.2	–	217	217	1.2	1,030	2.4
Broker commission	–	169	169	0.7	–	144	144	0.8	313	0.7
Transaction related services	–	99	99	0.4	–	430	430	2.4	529	1.2
Other explicit transaction costs	–	35	35	0.1	–	412	412	2.3	447	1.0
Implicit transaction costs	–	1,446	1,446	5.7	–	1,081	1,081	6.0	2,527	5.8
Indirect transactions costs	–	566	566	2.2	–	–76	–76	–0.4	490	1.1
Anti-dilution levy	–	–159	–159	–0.6	–	–	–	–	–159	–0.4
<b>Total transaction costs</b>	<b>–</b>	<b>2,971</b>	<b>2,971</b>	<b>11.6</b>	<b>–</b>	<b>2,208</b>	<b>2,208</b>	<b>12.3</b>	<b>5,179</b>	<b>11.9</b>
Operating expenses	–	1,029	1,029	4.0	–	1,434	1,434	8.0	2,463	5.6
<b>Total of all fees and costs</b>	<b>1,032</b>	<b>8,292</b>	<b>9,324</b>	<b>32.41</b>	<b>1,820</b>	<b>13,547</b>	<b>15,367</b>	<b>85.3</b>	<b>24,692</b>	<b>54.3</b>

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

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

Custody fees are in the table above relate to custody fees incurred by the investment managers in the course of managing their portfolios, and do not relate to the custody fees paid by Wiltshire to its global custodian, State Street. These are shown separately in Note 9 to the accounts.

The fee rates in basis points (bps) shown in the table above are based on the actual fees or costs, pro-rated up to a full year where the portfolio was only held for part of the year. Assets currently held in the pool are Paris-aligned passive equities, global high alpha equities, global sustainable equities, private equity, multi-asset credit, private debt, passive gilts, secured income, and a portfolio of unlisted infrastructure. All the Fund's passive equities are held in the pool, so costs associated with this portfolio are much lower than portfolios which are actively managed, and this brings down the average costs of pooled portfolios compared to those still held outside the pool.

## RECONCILIATION TO NOTE 9

The total fees and costs included in the table on page 91 is £24,692k. Other costs which are not included here but are included in Note 9 to the Accounts are custody fees of £63k, transition costs of £3,283k, and indirect costs incurred in managing investment portfolios of £2,099k. This brings the total cost of investment management expenses to £30,137k.

## ASSET PERFORMANCE

Asset performance for portfolios held inside and outside the pool is shown as part of the Investment Report on page 56.

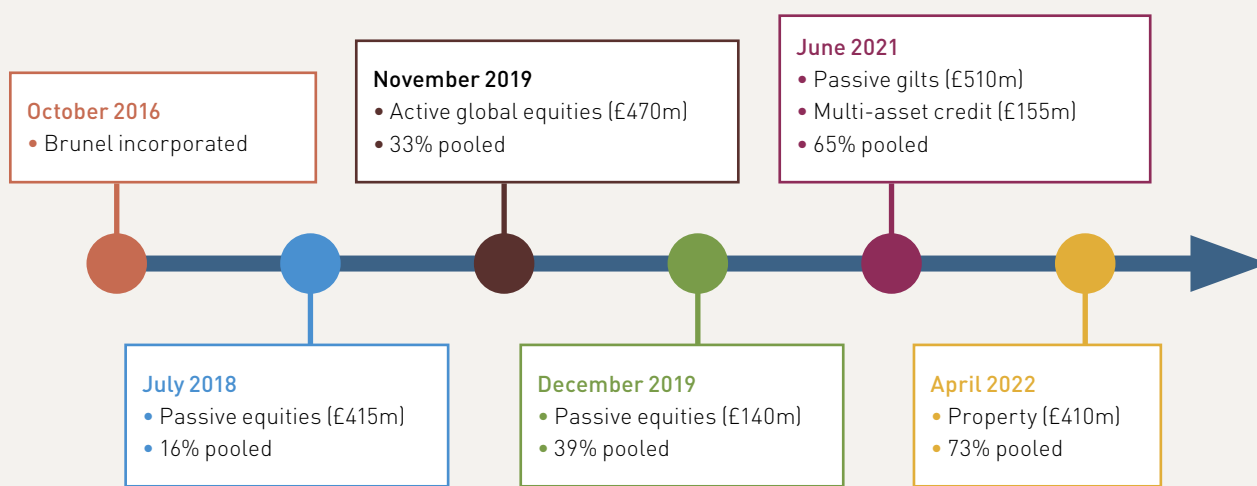
## RISKS ASSOCIATED WITH THE POOLING ARRANGEMENTS

Risks of pooling are considered, identified, reviewed and monitored as part of the Fund's overall risk management process. Specific risks are set out in the Fund's risk register, which is reported as part of the quarterly Committee papers, which can be found at the following link:

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

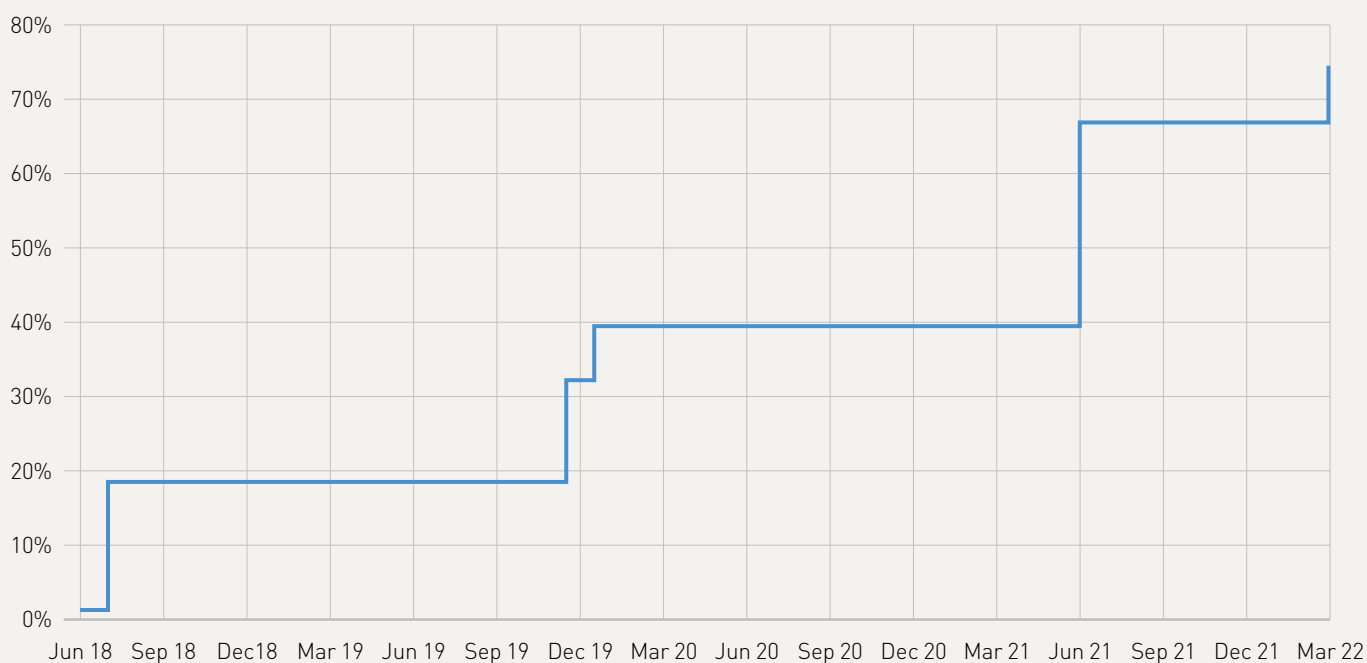
## POOLING PROGRESS

The following timeline shows the progress towards investment pooling made so far. An original implementation plan was agreed with clients at the start of the pooling journey, but this was altered in late 2018 in order to reflect the additional resources required by the pool to deliver the service. The shareholders agreed a compromise position, with an increased budget and a slightly slower delivery of portfolios. The implementation timeline was again paused in March 2020, after consultation and with the approval and support of clients. This was due to the significant increase in market volatility following the spread of the COVID-19 pandemic, and wishing to take a cautious position not to transition assets during these market conditions. The transitions shown below were delivered in line with the updated implementation plan.



The following graph shows the percentage of assets pooled vs locally held from inception of pooling to date. This illustrates the steady and consistent progress made by the Fund to deliver investment pooling.

## POOLED vs LOCALLY HELD INVESTMENTS AS A % OF TOTAL FUND VALUE



Note: this chart includes the property portfolio in the Mar-22 figures, even though the transition did not happen until 1 April 2022. It is felt that this fuller picture is more meaningful given the transition had already been instructed to go ahead..

## WHAT'S IN THE POOL COMPARED TO WHAT'S HELD LOCALLY:

The following table shows for each portfolio whether it is held via the Brunel pool, or locally managed. Reasons are provided for all portfolios which are not yet held via the pool.

Portfolio	Value as at 31 Mar 22 (£m)	Pooled?	If not pooled, why?
Brunel Paris-aligned passive equities	501.1	Yes	
Brunel passive gilts	462.2	Yes	
Brunel sustainable equities	256.8	Yes	
Brunel Global High Alpha (active equities)	255.0	Yes	
Brunel Secured Income	210.3	Yes	
Brunel Multi-asset credit	153.7	Yes	
Brunel private debt	31.4	Yes	
Brunel private equity	28.5	Yes	
Brunel Private Infrastructure	21.0	Yes	
CBRE property	408.8	No	Transitioned to the pool on 1 April 2022
Pinebridge bank loans	325.1	No	Interim portfolio pending drawdown into Brunel's private debt portfolio
Ninety One Emerging Markets Multi-Asset	292.0	No	Currently no Brunel solution – request made to Brunel to create an equivalent portfolio
Magellan listed Infrastructure	167.3	No	Interim portfolio pending drawdown into Brunel's infrastructure portfolio
Partners private infrastructure	92.6	No	Legacy illiquid assets, which will be held locally until wound down
Cash	0.3	No	Short term cash balance
M&G private debt fund	0.0	No	Immaterial – in wind-down
Impact affordable housing	Nil	No	New allocation, to be locally managed – no pooled solution and opportunities for local investment
Renewable infrastructure	Nil	TBC	New allocation, request made to Brunel to create a suitable portfolio, implementation options being considered
<b>Total</b>	<b>3206.1</b>		

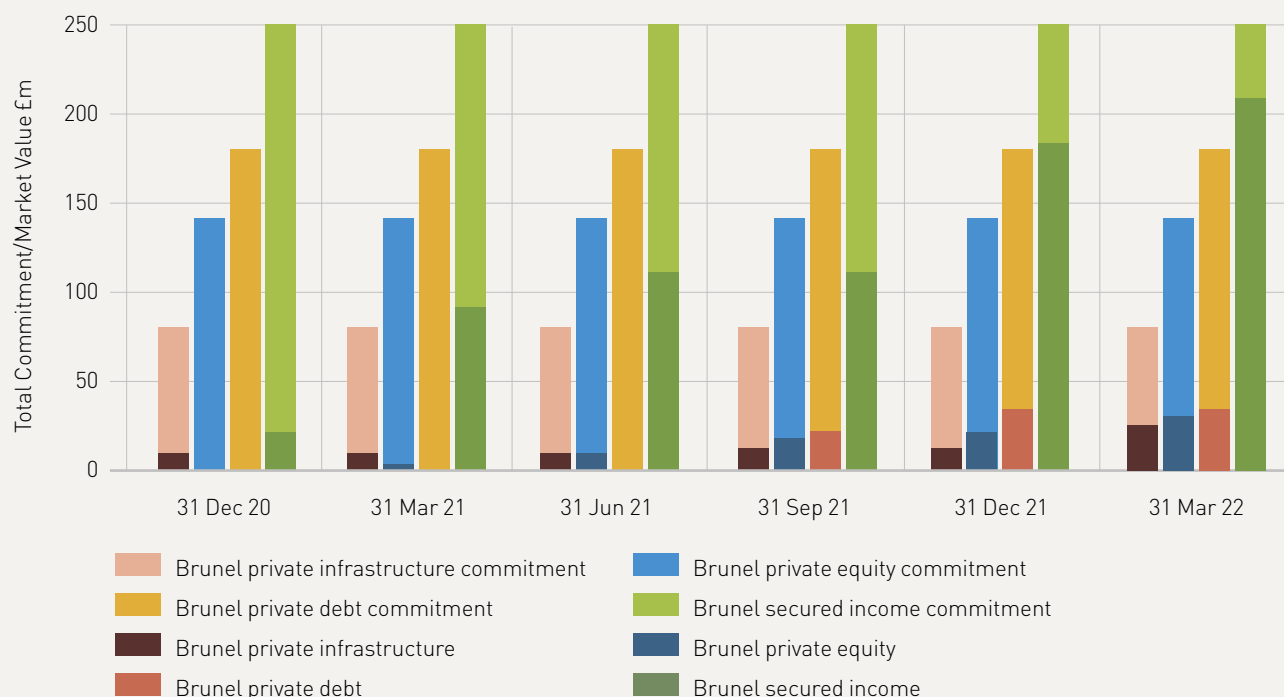
## PRIVATE MARKETS POOLING PROGRESS

The following charts show the progress made to build up private markets portfolios via the Brunel pool. Initial commitments were made to private markets portfolios on 31 March 2020, with further commitments made on 31 March 2022, as follows:

Portfolio	Commitment	Date
Private equity	£140m	31 March 2020
Private equity	£140m	31 March 2022
Private debt	£180m	31 March 2020
Private debt	£160m	31 March 2022
Infrastructure	£80m	31 March 2020
Secured income	£250m	31 March 2020

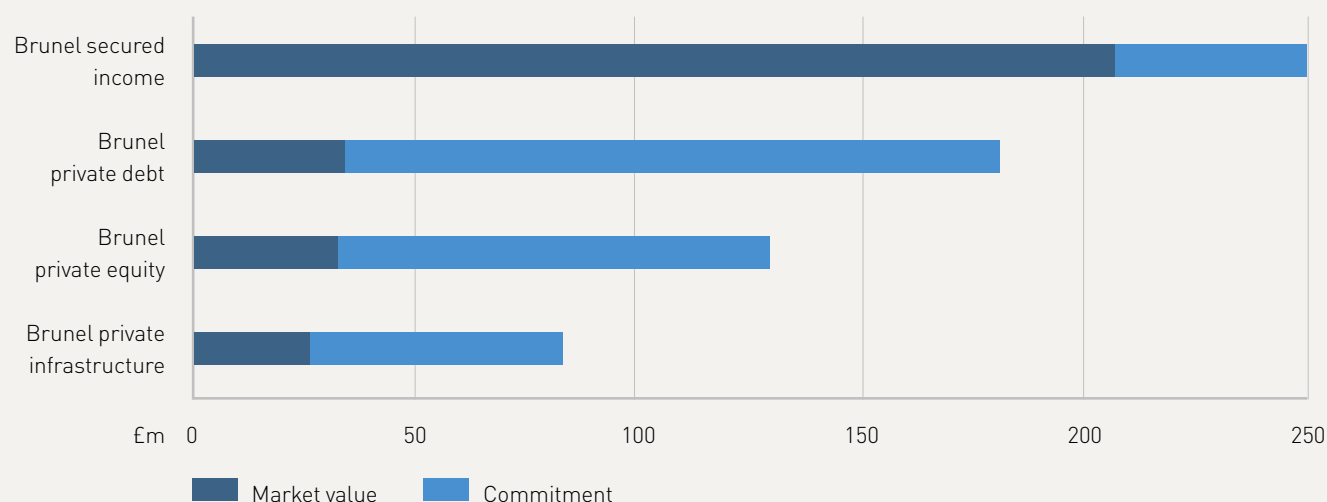
The following chart shows the progress made by Brunel to date in investing these commitments. Progress is still in the early stages for all portfolios except the secured income portfolio, which has made excellent progress. Wiltshire officers regularly engage with Brunel on these portfolios, to ensure that a pipeline of potential funds is being explored, and that the funds which Brunel have selected are working to find the best investment opportunities and put the money committed to work.

## BRUNEL PRIVATE MARKET PORTFOLIOS – PROGRESS TOWARDS IMPLEMENTATION (MARKET VALUE)



The following chart shows the market value of the private markets portfolios compared to the amount that Wiltshire committed. Note that this only shows commitments made on 31 March 2020. Further commitments have also been made as set out in the earlier table, to continue to build these portfolios, while obtaining an appropriate level of diversification.

## BRUNEL PRIVATE MARKETS PORTFOLIOS – CURRENT MARKET VALUE COMPARED WITH COMMITMENT



# TRAINING REPORT

The overarching training strategy for Pension Fund Committee members and the Local Pensions Board was reviewed during the year, following the Local Government elections in May 2021 and the issuance of the new CIPFA Knowledge and Skills Framework in June 2021. As a result of the increased emphasis placed on training, knowledge and understanding, underpinned by the Public Service Pensions Act 2013 which provides for the regulation of the LGPS by the Pensions Regulator, the review sought to introduce the higher expectations required of members, and for the first-time senior officers too.

To facilitate the review the Fund's Actuarial Consultants were appointed to co-ordinate an independent Knowledge Assessment, the results of which formed a report and along with the guidance outlined in the CIPFA Knowledge and Skills Framework, acted as the basis for the Pension Fund's new 4-year training strategy to 2025. The new strategy approved by both the Committee & the Board includes the key features of a published training policy, proposed changes to Wiltshire Council's constitution in relation to the role of the Committee Chair, a comprehensive training programme covering all eight practice areas cited by CIPFA, an upgraded officer led annual review process, incorporation of senior officers into the training strategy and the inclusion of senior officer training records from the Scheme Year 2022/23.

Furthermore, on completion of the 12-month induction programme by new members, particularly those members appointed following the Local Government elections, the Fund has proposed to extend its overall review by conducting an independent member effectiveness review, which will seek to capture members feedback on the changes implemented during 2021/22 and incorporate any enhancements from 2022/23 onward.

A major factor in the governance arrangements of the Fund has been to ensure that Committee and Board members, as well as their officers, charged with the financial management and decision making of the Pension Fund are fully equipped with the knowledge and skills to discharge their duties and responsibilities. As an administering authority, Wiltshire Council recognises the importance of this and believes that the review which has taken place will enable all parties to continue to comply with the increased requirements being placed upon them. To assist in this compliance in 2021 it is also noteworthy that the Local Pension Board will further support officers in this aim by taking an active role in the monitoring of completed training by members and where required make recommendations for improvement.

In addition to the upgraded annual self-assessment process and effectiveness review, consideration in 2022/23 will also be given to the anticipated publication of the Pension Regulator's new single Code of Practice and the Scheme Advisory Board's Good Governance review, both of which are expected to include recommendations on both member and officer training.

The introduction of a number of new members during 2021, along with consideration of the fact that 2022 will be a valuation year and the growth in understanding required concerning the Fund's investments and its associated compliance, has resulted in the implementation of a steep learning programme for many Committee & Board members. Wiltshire Council has been pleased with the way members have responded to this challenge, a challenge which has been even more difficult given the continuing circumstances of the Covid-19 pandemic which has seen the suspension of many of the traditional national & regional conferences & seminars.

On-line training tools and webinars provided by a variety of professional bodies, have therefore been embraced by members enabling the Fund to fulfil its compliance with the Public Service Pensions Act 2013 & MiFID II, to name but two areas. This virtual training has also been supplemented by regular training which has continued through in-house Committee meetings, structured training events by advisers, the introduction of a new training library by officers and a regular circulation of briefings and research materials.

A separate plan for the training of the Local Pension Board, who agreed to develop their knowledge & understanding in line with the 2021 CIPFA framework, rather than their own 2015 framework, has also been put into place and this will be outlined within the Board's own annual report.

The table below illustrates the training undertaken by Committee members during the period 2021/22 and which will from 2022/23, include senior officers too. Training undertaken by Board members during the same period will be set out within its own Wiltshire Pension Fund's Local Pension Board's Annual Report.

## ASSESSMENTS & TRAINING UNDERTAKEN

			Cllr. Richard Britton	Cllr. Gordon King	Cllr. Christopher Newbury	Cllr. Elizabeth Threlfall	Cllr. Jonathan Seed	Cllr. Edward Kirk	Cllr. Steve Heyes	Cllr. Vijay Manro	Tracy Adams	Claire Anthony	Mike Pankiewicz	Stuart Dark
Date of training	Topics covered	Duration (minutes)	Wiltshire Councillors						Swindon Councillors		Employer Reps		Member Reps	
n/a	TPR on-line toolkit completion	420				•				•	•	•		
n/a	LGPS Online Learning Academy	350							•	•				
12/10/2021	LGPS Fundamental training – Day 1	285				•				•	•	•		
09/11/2021	LGPS Fundamental training – Day 2	285				•				•	•	•		
02/12/2021	LGPS Fundamental training – Day 3	270				•				•	•	•		
08/06/2021	Pension Fund Committee Overview	60	•		•	•			•					
24/06/2021	Administering Authority's Discretions Policy	20	•	•	•	•		•	•		•	•	•	
08/07/2021	Impact investing and affordable housing	150	•		•	•			•		•		•	
02/09/2021	Listed Infrastructure	30	•	•		•	•		•	•	•	•	•	
14/09/2021	Climate Change Scenario Modelling & Analysis	120	•	•		•	•		•	•	•	•		
21/09/2021	CIPFA Setting and Monitoring Tangible ESG Objectives for LGPS	60									•			
27/09/2021	Brunel Investor Day – Session 1	120	•	•		•			•		•			
30/09/2021	Analytics for Climate transition	30	•	•	•	•			•	•	•	•	•	
06/10/2021	Brunel Investor Day – Session 2	120							•		•			
19/11/2021	New member Induction training	150				•			•	•	•	•		
25/11/2021	Unlisted Infrastruture portfolio	45	•	•	•	•	•		•	•	•	•	•	
25/11/2021	Emerging Markets	45	•	•	•	•	•		•	•	•	•	•	
29/11/2021	Climate Change Investment Training	240	•	•	•	•	•		•	•	•	•	•	
16/12/2021	Valuation training 2022	60	•	•		•	•		•			•	•	
09/02/2022	Private Markets	120	•	•	•	•			•	•	•	•		
17/02/2022	Breaches of Law refresher	20	•			•			•				•	
03/03/2022	Private Markets, Infrastructure and Renewal Infrastructure & Private Debt	45	•	•	•	•	•		•	•	•	•	•	
03/03/2022	Global Secured Credit Fund	45	•	•	•	•	•		•	•	•	•	•	

## OFFICERS TO THE PENSION FUND COMMITTEE

In last year's annual report, the Fund communicated the introduction of a new officer training policy which is intended to cover the period to March 2023. It should be noted that this policy, along with its associated assessment arrangements and development plans should be considered as separate to the senior decision-making officer(s) training arrangements. For consistency with the recent CIPFA guidance it has therefore been determined that the senior officer training programme, which is more akin to Committee member training, will be linked to that training.

To enable the distinction between decision-making and non-decision-making officers, the policy arrangements relating to senior officers, as mentioned above, have been included as an addendum to the members own training policy.

As the officer responsible for ensuring that the Fund's training policies and strategies are maintained, I, the Corporate Director of Resources & Deputy Chief Executive, s151 can, in light of the arrangements outlined, confirm that officers and members charged with the financial decision making for the Pension Fund collectively possess the requisite knowledge and skills necessary to discharge their duties and make the decisions required during this reporting period.

**Andy Brown, Treasurer to the Fund**

28 July 2022

## MEMBERS TRAINING PLAN APRIL 2022 – MARCH 2023

Wiltshire Pension Fund Committee & Board Member Training Plan 2022 – 2023					
Committee					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Meeting Focus
Newly inducted members will receive a Member Handbook, Induction training from Officers, attend the LGPS Fundamentals training course & be required to complete the Pension Regulator's on-line toolkit					
All members, in addition to the organised training set out below will be invited to attend additional internal training events, plus external conferences, seminars & pension forums to supplement & maintain their knowledge & understanding. Technical notes will also be circulated as required.					
<b>New 4 Year Policy &amp; Strategy approved</b> <b>MiFID II self certification</b>					
Q1 2022	03/03/2022	Committee Role & Pension legislation	TCFD, the Stewardship Code & the Fund's voting policy	Officers	Investment
Q1 2022	05/04/2022	Actuarial Method	Valuation training	Hymans	Administration
Q2 2022	26/05/2022	Investment Performance & Risk Management	Performance management monitoring	Officers	Investment
Q2 2022	30/06/2022	Committee Role & Pension legislation	TPR Single Code of Practice	Officers	Administration

## Wiltshire Pension Fund Committee & Board Member Training Plan 2022 – 2023

### Member Effectiveness Review

Q3 2022	08/09/2022	Accounting & Audit	Statutory Annual Accounting & Reporting standards	Officers	Investment
Q3 2022	29/09/2022	Administration	The Benefit structure	Officers	Administration

### MiFID II self certification

#### Annual self-assessment review

Q4 2022	24/11/2022	Financial Markets and Products Knowledge	Myners Principles and MiFID II	Officers	Investment
Q4 2022	15/12/2022	Actuarial Method	Employer Covenants	Officers	Administration
Q1 2023	02/03/2023	Financial Markets and Products Knowledge	Responsible Investment Modelling	Officers	Investment
Q1 2023	30/03/2023	Administration	Pension Payroll & NFI	Officers	Administration

### Board

Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Meeting Focus
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### New 4 Year Policy & Strategy approved

#### MiFID II self certification

Q1 2022	17/02/2022	Committee Role & Pension legislation	Legal framework – External bodies, scrutiny framework & Statutory obligations	Officers	Committee members to be invited
Q2 2022	19/05/2022	Governance	Breaches of Law	Officers	Committee members to be invited

### Member Effectiveness Review

Q3 2022	25/08/2022	Administration	Pension Administration Strategy	Officers	Committee members to be invited
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### MiFID II self certification

#### Annual self-assessment review

Q4 2022	17/11/2022	Administration	Record keeping & Data Improvement	Officers	Committee members to be invited
Q1 2023	23/02/2023	Governance	Scheme Advisory Board	Officers	Committee members to be invited

## LGPS OFFICER QUALIFICATIONS AND TRAINING

Officers and Managers of Wiltshire Pension Fund come from a wide range of backgrounds; accountancy, communications, consulting, pensions, and information systems, bringing a wealth of experience and range of qualifications. These include those issued by chartered accountancy bodies, the CFA Institute, the Chartered Insurance Institute (CII), the Chartered Institute for Securities & Investment (CISI), the Pensions Management Institute (PMI) and PRINCE2.

The Fund has an internal Officer training policy (separate from the Committee, Local Board training and "LGPS senior officer" document as covered above). Training requirements are role dependent; CIPFA published its "Knowledge and skills framework for LGPS committee members and LGPS officers" in 2021. The level of knowledge and understanding in any or all areas depend on the service, practice or role performed by individual officers. This guidance is expected to be updated following consultation expected from DLUHC for England and Wales and the outcome of the Scheme Advisory Board Good Governance Review relating to the expectations for knowledge and skills.

Related to development and research and in addition to the above, investment officers have been set responsible investment and stewardship objectives as part of the annual goal setting process. Assessment of progress against these objectives will form part of the annual appraisal performance review.



### HIGH PERFORMING TEAMS

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

In implementing the training policy referenced above, team members from across pension fund service areas will be working with the Communications, Projects & Training Manager in 2022/23 to develop training plans that bring together the values of transparency and accountability for staff development. Examples of recent initiatives that have adopted the 'one fund' approach include style guides and templates for letters, presentations and fund documents. Guides for using MS Teams have also been introduced including branded backgrounds of Wiltshire scenes for webinars and meetings.

Web development is another area where skills from across pension fund service areas have been brought together and shared collaboratively. Wiltshire Pension Fund website content is managed via the GOSS digital platform. Team members from across pension fund service areas plan to attend training in more advanced aspects of design over the coming months.



### WORKING TOGETHER AS ONE FUND

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

CASE STUDY

# RISK MANAGEMENT

The Administering Authority has an active risk management programme in place. Controls are in place to cover the following risks.

## FINANCIAL/FUNDING RISK

This is essentially the risk that the funding level drops and/or contribution rates must rise due to one or more of the following factors:

**Investment Risk** – This is the risk that the investments assets underperform the level assumed in the Triennial Actuarial Valuation. This can occur due to poor economic/market conditions, the wrong investment strategy or poor selection of investment managers.

**Liability Risk** – This is the risk that there is a fall in the so-called “risk free” returns on Government bonds, which form the basis of assumptions about future investment returns. The assumed future investment return is used to “discount” future liabilities (i.e. over the next 0-80 years) back to today’s values (net present value). Therefore, falling bond yields means higher liabilities.

**Inflation Risk** – Notwithstanding other factors, Pension Fund liabilities increase in line with inflation, because the CPI is applied to pensions annually. Therefore, rising inflation causes the liabilities to increase.

**Insufficient Funds Risk** – This is the risk that there is insufficient money in the Fund to pay out pensions as they become due.

## DEMOGRAPHIC RISK

This is the risk of that the pensioners live longer and therefore the liabilities of the Fund increase.

## REGULATORY RISK

This risk could manifest itself in several ways. For example, it could be the risk that the liabilities will increase due to the introduction of an improved benefits package, or that investment returns will fall due to tighter regulation being placed on what can be invested in.

It could also arise through a failure to comply with LGPS or other regulations.

## GOVERNANCE RISK

This is the risk that governance arrangements of the Fund are sub-optimal. For example, this could arise through a lack of expertise on the Committee arising from insufficient training. Another possibility is that potential conflicts of interest between the Fund and the Council are not managed sufficiently well.

## EMPLOYER RISK

There is a risk to the Pension Fund that an employer will be unable to meet its financial obligations during its membership or when it ceases. An employer may cease due to the end of a service contract, or the last active contributing member leaves the Fund. If a guarantor is in place, then they will pick up the cost of any default, if there is no guarantor and the employer is unable to meet its obligations the cost will be spread across all the employers in the Pension Fund.

## MANAGEMENT RISK

This risk can manifest itself in several ways:

- Failure to process pensions
- Failure to collect contributions
- Failure to have proper business continuity plans in place
- Fraud or misappropriation
- Failure to maintain up-to-date and accurate data and hold it securely
- Failure to maintain expertise or over-reliance on key staff
- Failure to communicate effectively with members and employers
- Failure to provide the service in accordance with sound equality principles

A Risk Register has been formally adopted by the Wiltshire Pension Committee and risks are reviewed by the Committee quarterly at each non-investment focused meeting. In 2019 the risk register was reconfigured to make it a more dynamic document by splitting the risks into Horizon, Dynamic, Ongoing & Dormant risks to better manage the nature of each risk from its identification through to its mitigation. Risks in a dormant or closed phase will continue to be monitored by officers & will only be represented to the Committee if a circumstance has changed. This approach enables the Committee to take a more responsive approach to risks as they arise. It is intended that a review of the structure of the risk register will take place during 2022/23, and this is included as an action within the Business Plan. The risk register is published in full in the quarterly Committee papers, which are available at the following link:

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

Other risks concerning the Fund are disclosed in the Funding Strategy Statement and note 16 of the Statement of Accounts relating to Financial Instruments.

## THIRD PARTY RISKS

Contribution payments are monitored closely for accuracy and timeliness. A reporting process is in place to escalate any late/inaccurate payments to ensure all payments are received.

In respect of Investment Managers, internal control reports (ISAE3402 and SSAE16) are received and reviewed regularly for any non-compliance issues. These are also reviewed by our internal and external auditors.

# ACTUARIAL POSITION

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

## DESCRIPTION OF FUNDING POLICY

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS). In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

## FUNDING POSITION AS AT THE LAST FORMAL FUNDING VALUATION

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £2,589 million, were sufficient to meet 97% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £92 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund's funding policy as set out in its FSS.

## PRINCIPAL ACTUARIAL ASSUMPTIONS AND METHOD USED TO VALUE THE LIABILITIES

Full details of the methods and assumptions used are described in the 2019 valuation report.

### METHOD

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

### ASSUMPTIONS

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	3.8%
Salary increase assumption	2.7%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.7 years	24.0 years
Future Pensioners*	22.5 years	25.5 years

*\*Aged 45 at the 2019 Valuation.*

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

## EXPERIENCE OVER THE PERIOD SINCE 31 MARCH 2019

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020/21 and 2021/22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at the previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.



**Barry Dodds FFA**

4 May 2022

For and on behalf of Hymans Robertson LLP

# STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibility for the Financial Statements, which form part of this Annual Report, is set out below.

## ADMINISTRATION AUTHORITY

The Administering Authority is required to:

- Make arrangements for the proper administration of the financial affairs of the Pension Fund and to secure that an officer has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Procurement
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets,
- Prepare, approve and publish a statement in accordance with the Accounts and Audit (Amendment) Regulations 2021.

## DIRECTOR OF FINANCE & PROCUREMENT

The Director of Finance & Procurement is responsible for the preparation of the Fund's financial statements, which in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Based on International Reporting Standards (the Code), are required to present a true and fair view of the financial position of the Fund for the year ended 31 March 2022. This report includes the financial statements for the Pension Fund only.

In preparing these financial statements, the Director of Finance & Procurement has:

- Selected and applied consistently suitable accounting policies;
- Made judgements and estimate that were reasonable and prudent;
- Complied with the Code of Practice;
- Ensured proper accounting records are maintained;
- Ensured systems of internal control are in place.

## CERTIFICATE

I hereby certify that the following Annual Report and Accounts give a true and fair view of the financial position of the Wiltshire Pension Fund for the financial year ending 31 March 2022.



**Andy Brown**  
**Corporate Director Resources &**  
**Deputy Chief Executive – (S. 151 Officer)**  
**Wiltshire Pension Fund**



## AUDIT OPINION

The audit of this year's accounts has been delayed due to national resourcing issues seen across the whole audit sector. We have taken the decision to publish the Annual Report and Accounts in July 2022 so that the information is made available to stakeholders as early as possible. Once the audit has been concluded and signed off, the Annual Report and Accounts will be re-issued.

# STATEMENT OF ACCOUNTS (UNAUDITED)

## FUND ACCOUNT

For the year ended 31 March 2022

	Notes	2021/22 £'000	2020/21 £'000
<b>Dealings with members, employers and others directly involved in the Fund</b>			
Contributions	5a	124,513	118,383
Transfers in from other pension funds	5b	8,291	228
		<b>132,804</b>	<b>118,611</b>
Benefits	6	(101,860)	(104,268)
Payments to and on account of leavers	7	(8,323)	(7,999)
		<b>(110,183)</b>	<b>(112,267)</b>
<b>Net additions from dealings with members</b>		<b>22,621</b>	<b>6,344</b>
Management Expenses	8 & 9	(33,016)	(29,164)
Net additions inc. Fund management expenses		<b>(10,395)</b>	<b>(22,820)</b>

<b>Returns on investments</b>			
Investment income	10	13,594	10,027
Profits and losses on disposal of investments and changes in market value of investments	12a	267,203	468,900
<b>Net return on investments</b>		<b>280,797</b>	<b>478,927</b>

<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		<b>270,402</b>	<b>456,107</b>
Opening net assets of the scheme		2,959,985	2,503,878
<b>Closing net assets of the scheme</b>		<b>3,230,387</b>	<b>2,959,985</b>

The following notes on pages 108 to 132 form an integral part of these financial statements

## NET ASSET STATEMENT

At 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
<b>Long term investments</b>			
Brunel Pension Partnership		838	768
		<b>838</b>	<b>768</b>
<b>Investment assets</b>			
Pooled funds		2,628,984	2,536,397
Other investments		566,348	393,619
Cash deposits		10,755	32,507
		<b>3,206,087</b>	<b>2,962,523</b>
<b>Total Investment Assets</b>		<b>3,206,925</b>	<b>2,963,291</b>
<b>Total net investments</b>	12	<b>3,206,925</b>	<b>2,963,291</b>
Current assets	17	38,317	15,002
Current liabilities	18	(14,087)	(15,044)
Long term liabilities	18a	(768)	(3,264)
<b>Net assets of the scheme available to fund benefits at the end of the reporting period</b>		<b>3,230,387</b>	<b>2,959,985</b>

# NOTES

Related notes form an integral part of these financial statements

## 1. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2021/22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

The accounts have been prepared on a going concern basis.

## 2. Summary of Significant Accounting Policies

The principal accounting policies of the Fund are as follows:

Fund account – revenue recognition

### a) Contributions

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

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

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

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

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

### b) Transfers to and from other schemes

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

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

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

### c) Investment Income

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

## Fund account – expense items

### d) Benefits payable

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

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

### e) Taxation

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

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

### f) Management expenses

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

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

## Net Asset Statement

### g) Financial assets

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

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

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

## Valuation of Investments

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

### (i) Unquoted securities

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

### (ii) Pooled investment vehicles

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

### (iii) Foreign Currency Transactions

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2022.

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

### (iv) Cash and cash equivalents

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

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

### h) Financial liabilities

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

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

### i) Actuarial present value of promised retirement benefits

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

#### j) Additional Voluntary Contributions (AVCs)

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

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

#### k) Contingent assets and contingent liabilities

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

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

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

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

### 3. Critical Judgements in Applying Accounting Policies

#### Pension Fund Liability

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

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

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

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

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

The items in the net asset statement at 31 March 2022 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

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

## 5a. Contributions receivable

	2021/22 £'000	2020/21 £'000
<b>Employers' contributions</b>		
Normal	86,957	82,683
Augmentations	1,192	2,123
Deficit recovery contributions*	11,223	9,517
	<b>99,372</b>	<b>94,323</b>
<b>Employees' contributions</b>		
Normal	25,061	23,956
Additional contributions	80	104
	<b>25,141</b>	<b>24,060</b>
<b>Total contributions receivable</b>	<b>124,513</b>	<b>118,383</b>

Analysis of contributions by type of employer	2021/22 £'000	2020/21 £'000
<b>Contributions from employees (including additional contributions)</b>		
Wiltshire Council	8,837	8,632
Other scheduled bodies	15,226	14,303
Admitted bodies	1,078	1,125
	<b>25,141</b>	<b>24,060</b>
<b>Contributions from employers (including augmentations)</b>		
Wiltshire Council	36,231	36,354
Other scheduled bodies	56,551	53,419
Admitted bodies	6,590	4,553
	<b>99,372</b>	<b>94,326</b>
<b>Total contributions receivable</b>	<b>124,513</b>	<b>118,386</b>

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

## 5b. Transfers in from other pension funds

	2021/22 £'000	2020/21 £'000
Group transfers	1,069	-3,640
Individual transfers	7,222	3,868
	<b>8,291</b>	<b>228</b>

The value for group transfers in 2020/21 is negative as £3,640k of the £9,305k due from White Horse Federation in 2019/20 was reallocated to another LGPS fund, the group transfer in 2021/22 relates to the finalisation of transfers for White Horse Federation.

## 6. Benefits Payable

By category	2021/22 £'000	2020/21 £'000
Pensions	83,955	89,109
Commutation and lump sum retirement benefits	15,683	13,060
Lump sum death benefits	2,222	2,099
	<b>101,860</b>	<b>104,268</b>

By type of employer	2021/22 £'000	2020/21 £'000
Wiltshire Council	48,053	46,938
Other scheduled bodies	42,394	39,139
Admitted bodies	11,413	9,942
Provision for underpayment	–	8,250
	<b>101,860</b>	<b>104,269</b>

## 7. Payments to and on account of leavers

	2021/22 £'000	2020/21 £'000
Individual transfers	7,862	7,706
Refunds to members leaving service	462	294
State Scheme Premiums	[1]	[1]
	<b>8,323</b>	<b>7,999</b>

## 8. Management expenses

	2021/22 £'000	2020/21 £'000
Administration costs	1,854	1,765
Investment Management expenses (Note 9)	30,247	26,611
Oversight & Governance costs	915	788
	<b>33,016</b>	<b>29,164</b>

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

### 8a. External Audit Costs

	2021/22 £'000	2020/21 £'000
Payable in respect of external audit	19	19
	<b>19</b>	<b>19</b>

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

## 9. Investment management expenses

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

	2020/21 £'000 Total	Management fees	Performance fees	Transaction Costs (Explicit)	Transaction Costs (Implicit)
Pooled funds equity	4,955	3,587	-	917	451
Fixed income unit trusts	7,862	1,270	-	305	6,287
Infrastructure funds	5,498	1,925	2,867	706	-
Private Debt	-	-	-	-	-
Private Equity	151	69	-	82	-
Emerging market multi-asset	2,715	1,713	-	233	769
Pooled property Investments	3,202	3,202	-	-	-
	24,383	11,765	2,867	2,243	7,507
Custody fees	74				
Transition costs	69				
Costs associated with investment pooling	1,501				
Indirect costs incurred in managing investment portfolios	584				
	26,611				

## 10. Investment income

	2021/22 £'000	2020/21 £'000
Income from equities	177	192
Pooled property investments	8,728	7,758
Pooled investments - unit trusts & other managed funds	3,427	1,193
Interest on cash deposits	18	22
Stock lending income	42	48
Other	1,202	814
<b>Total before taxes</b>	<b>13,594</b>	<b>10,027</b>

## 11. Stock lending

During 2021/22, the Pension Fund participated in a securities lending programme administered by Brunel Pension Partnership, for the Pension Fund's active global equities portfolio. Securities in the beneficial ownership of the Council to a value of £8.2m (0.3% of the total fund value) were on loan at 31 March 2022. Collateral held for these securities had a market value of £9.0m, which represents 110% of the value of the shares on loan. Income earned from this programme amounted to £0.04m in the year.

	2021/22 £'000	2020/21 £'000
Market value of securities on loan	8.2	15.8
(percentage of total Fund value)	0.3%	0.5%
Market value of collateral	9.0	17.2
Collateral %	110.0%	108.9%
Income earned in year	0.042	0.048

## 12. Details of investments held at year end

	31 March 2022 £'000	31 March 2021 £'000
<b>Investment assets – pooled funds</b>		
Fixed income unit trusts	941,068	842,333
Infrastructure funds	215,711	84,651
Global equity	1,180,214	1,308,053
Emerging market multi-asset	291,990	301,359
	<b>2,628,984</b>	<b>2,536,397</b>
<b>Other investments</b>		
Pooled property investments	506,464	392,126
Private debt	31,381	-
Private equity	28,503	1,493
	<b>566,348</b>	<b>393,619</b>
Cash deposits	10,642	32,291
Recoverable tax	113	216
	<b>10,755</b>	<b>32,507</b>
<b>Total investment assets</b>	<b>3,206,087</b>	<b>2,962,523</b>
<b>Long term investments</b>		
UK unquoted equity – shares in Brunel Pension Partnership	838	768
<b>Net investment assets</b>	<b>3,206,925</b>	<b>2,963,291</b>

## 12a. Reconciliation of movements in investments

	Value at 1 April 2021 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2022 £'000
<b>Pooled funds</b>					
Fixed income unit trusts	842,333	2,650,489	(2,585,755)	34,001	941,068
Infrastructure funds	84,651	118,905	(7,867)	20,022	215,711
Global equity	1,308,053	2,555,304	(2,829,628)	146,485	1,180,214
Emerging market multi-asset	301,359	-	(1,535)	(7,834)	291,990
<b>Other investments</b>					
Pooled property investments	392,126	65,088	(19,091)	68,341	506,464
Private debt	-	31,219	(1,176)	1,338	31,381
Private equity	1,493	22,677	(559)	4,892	28,503
<b>Long term investments</b>					
Brunel Pension Partnership	768	-	-	70	838
	<b>2,930,784</b>	<b>5,443,682</b>	<b>(5,445,610)</b>	<b>267,314</b>	<b>3,196,170</b>
Cash deposits	32,291			(112)	10,642
Investment income due	-			-	-
Recoverable tax	216			1	113
<b>Net investment assets</b>	<b>2,963,291</b>			<b>267,203</b>	<b>3,206,925</b>

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

	Value at 1 April 2020 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2021 £'000
<b>Pooled funds</b>					
Fixed income unit trusts	785,516	2,078,520	(1,964,342)	(57,361)	842,333
Infrastructure funds	62,598	43,467	(29,992)	8,577	84,651
Global equity	1,025,876	24,278	(195,089)	452,989	1,308,053
Diversified Growth Fund	33,096	1,326	(38,881)	4,459	-
Emerging market multi-asset	238,182	-	(1,452)	64,629	301,359
<b>Other investments</b>					
Pooled property investments	329,510	77,269	(9,212)	(5,440)	392,126
Private debt	-	-	-	-	-
Private equity	-	928	(151)	716	1,493
<b>Long term investments</b>					
Brunel Pension Partnership	427	-	-	341	768
	<b>2,475,205</b>	<b>2,225,788</b>	<b>(2,239,119)</b>	<b>468,911</b>	<b>2,930,784</b>
Cash deposits	17,950			(11)	32,291
Investment income due	6			-	-
Recoverable tax	240			-	216
<b>Net investment assets</b>	<b>2,493,401</b>			<b>468,900</b>	<b>2,963,291</b>

## 12b. Investments analysed by Fund Manager

	31 March 2022 £'000	31 March 2021 £'000
<b>Investments managed by Brunel Pension Partnership asset pool</b>		
Brunel - Paris Aligned Hedged Passive Equities	501,100	-
Brunel - Gilts	462,211	-
Brunel - Global High Alpha active global equities	255,033	609,552
Brunel - Global Sustainable Equities active global equities	256,780	-
Brunel - secured income	210,303	91,758
Brunel - Multi Asset Credit	153,720	-
Brunel - private debt	31,381	-
Brunel - private equity	28,503	1,493
Brunel - generalist infrastructure	14,748	54
Brunel - renewable infrastructure	6,211	5,016
Brunel - Low Carbon Hedged Passive Equities	-	557,832
	<b>1,919,990</b>	<b>1,265,705</b>
Long-term investment – Brunel Pension Partnership	838	768
<b>Investments managed outside of Brunel Pension Partnership asset pool</b>		
CBRE Global Multi Manager – Property	408,775	346,803
Pinebridge – Bank Loans	325,135	219,561
Ninety One – Emerging Markets	291,990	301,359
Magellan Select Infrastructure Fund	167,301	140,669
Partners Group – Infrastructure	92,596	62,823
Cash held at custodian	297	2,614
M&G – Financing Fund	3	3
Loomis Sayles – Multi Asset Credit	-	154,766
Baillie Gifford – Global Equity	-	216
Legal & General – Gilts	-	468,003
	<b>1,286,097</b>	<b>1,696,818</b>
<b>Total</b>	<b>3,206,925</b>	<b>2,963,291</b>

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

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

	Market value 31 March 2022 £'000	% of total market value
<b>Security</b>		
Brunel - Paris Aligned Hedged Passive Equities	501	15.63%
Brunel - Gilts	462	14.41%
Pinebridge - Bank Loans	325	10.14%
Ninety One - Emerging Markets	292	9.10%
Brunel - Global High Alpha active global equities	255	7.95%
Brunel - Global Sustainable Equities active global equities	257	8.01%
Magellan Select Infrastructure Fund	167	5.22%
	<b>2,259</b>	<b>70.46%</b>

	Market value 31 March 2021 £'000	% of total market value
<b>Security</b>		
Brunel - Global High Alpha	610	20.58%
Brunel - GPCU MSCI World Low Carbon OFC	558	18.83%
BBAE 2071 Gilt Fund	468	15.80%
Ninety One - Emerging Market Multi-Asset Fund	301	10.17%
Pinebridge Global Secured Credit Funds	220	7.41%
Loomis Sayles - Multi Asset Credit	155	5.22%
	<b>2,312</b>	<b>78.01%</b>

## 13. Derivative Contracts

There are no balances to report for the 2021/22 or 2020/21 financial year.

## 14. Fair value basis of valuation

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

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

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

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

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

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

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

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

Sensitivity of assets valued at level 3	Assessed valuation range (+/-)	Value at 31 March 2022 £'000	Value on increase £'000	Value on decrease £'000
Pooled property	15.48%	165,180	190,750	139,610
M&G Financing Fund - residual holding	0.0%	4	4	4
Infrastructure	15.6%	215,711	249,406	182,017
Private equity	25.2%	5,744	7,194	4,294
Brunel Pension Partnership	0.0%	838	838	838
		<b>387,477</b>	<b>448,192</b>	<b>326,763</b>

### 14a. Fair value hierarchy

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

2022	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Fixed income unit trusts	-	941,065	4	941,069
Infrastructure funds	-	-	215,711	215,711
Global equity	-	1,180,214	-	1,180,214
Emerging market multi-asset	-	291,990	-	291,990
Pooled property investments	-	341,284	165,180	506,464
Private debt	-	31,381	-	31,381
Private equity	-	22,759	5,744	28,503
Cash deposits	64	10,578	-	10,642
Investment income due	-	-	-	-
Recoverable tax	113	-	-	113
Amounts receivable for sales	-	-	-	-
Shares in Brunel Pension Partnership	-	-	838	838
	<b>177</b>	<b>2,819,271</b>	<b>387,477</b>	<b>3,206,925</b>

#### 14a. Fair value hierarchy (cont'd)

2021	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Fixed income unit trusts	-	842,330	3	842,333
Infrastructure funds	-	-	84,651	84,651
Global equity	-	1,308,053	-	1,308,053
Emerging market multi-asset	-	301,359	-	301,359
Pooled property investments	-	248,202	143,924	392,126
Private debt	-	-	-	-
Private equity	-	-	1,493	1,493
Cash deposits	1,033	31,258	-	32,291
Investment income due	-	-	-	-
Recoverable tax	216	-	-	216
Amounts receivable for sales	-	-	-	-
Shares in Brunel Pension Partnership	-	-	768	768
	<b>1,249</b>	<b>2,731,203</b>	<b>230,840</b>	<b>2,963,291</b>

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

As at 31 March 2021 £12m of assets held in Cordatus Property Trust as part of a pooled property investment were subject to a trading restriction. These assets were classified as Level 3 in the accounts.

#### 14b. Reconciliation of fair value measurements within Level 3

The following tables present the movement in level 3 instruments for the year end 31 March 2022.

	2022 £'000	2021 £'000
Opening balance	230,840	237,758
Adjustment for reclassifications	-	(20,971)
Total gains/losses	40,494	616
Purchases	127,826	44,395
Sales	(11,683)	(30,959)
Transfer out of Level 3	-	-
<b>Closing balance</b>	<b>387,477</b>	<b>230,839</b>

## 15. Classification of Financial Instruments

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

2021/22				2020/21		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Financial assets</b>			
941,068			Fixed income unit trusts	842,333		
215,711			Infrastructure funds	84,651		
1,180,214			Global equity	1,308,053		
291,990			Emerging market multi-asset	301,359		
506,464			Pooled property investments	392,126		
31,381			Private debt	-		
28,503			Private equity	1,493		
838			Shares in Brunel Pension Partnership	768		
	38,954		Cash		37,847	
	113		Other investment balances		216	
	10,004		Sundry debtors and prepayments		9,446	
<b>3,196,170</b>	<b>49,071</b>	<b>-</b>		<b>2,930,784</b>	<b>47,509</b>	<b>-</b>
			<b>Financial liabilities</b>			
		(14,087)	Sundry creditors			(15,044)
		(768)	Long-term creditors			(3,264)
<b>3,196,170</b>	<b>49,071</b>	<b>(14,855)</b>	<b>Total</b>	<b>2,930,784</b>	<b>47,509</b>	<b>(18,308)</b>
		<b>3,230,386</b>	<b>Grand total</b>			<b>2,959,985</b>

## Net gains and losses on financial instruments

2021/22 £'000		2020/21 £'000
	<b>Financial assets</b>	
247,314	Fair value through profit and loss	468,911
(111)	Amortised cost – realised/ unrealised gains	(11)
<b>267,203</b>	<b>Total</b>	<b>468,900</b>

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

## 16. Nature and extent of risks arising from financial instruments

### Risk and risk management

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

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

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

### 16.1. Market Risk

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

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

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

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

### Other Price Risk

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

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

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

### Market Price – Sensitivity Analysis

Movements in market prices would have increased or decreased the net assets valued at 31 March 2022 and 2021 by the amounts shown below.

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

## Market Price – Sensitivity Analysis (cont'd)

As at 31 March 2021	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Baillie Gifford - residual holding	216	0.00%	-	-
Brunel - Global High Alpha	609,552	18.04%	109,963	(109,963)
Brunel - Low Carbon Equities	557,832	14.75%	82,280	(82,280)
CBRE Global Multi Manager - Property	346,803	3.20%	11,098	(11,098)
Legal & General - Gilts	468,003	22.30%	104,365	(104,365)
Magellan - Listed Infrastructure	140,669	14.50%	20,397	(20,397)
Partners Group - Infrastructure	62,823	11.10%	6,973	(6,973)
Ninety One - Emerging Markets	301,359	11.20%	33,752	(33,752)
Loomis Sayles - Multi Asset Credit	154,766	9.70%	15,012	(15,012)
Pinebridge - bank loans	219,561	8.85%	19,431	(19,431)
Brunel - Private Equity	1,493	24.20%	361	(361)
Brunel - Infrastructure	5,070	11.10%	563	(563)
Brunel - Secured Income	91,758	3.20%	2,936	(2,936)
M&G - Financing Fund - residual holding	3	0.00%	-	-
Cash held at custodian	2,614	0.00%	-	-
Long-term investment - Brunel Pension Partnership	768	0.00%	-	-
	<b>2,963,291</b>		<b>407,132</b>	<b>(407,132)</b>

## 16.2. Interest Rate Risk

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

### Interest Rate – Sensitivity Analysis

	As at 31 March 2022			As at 31 March 2021		
	Asset values £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000	Asset values £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	38,954	-	-	37,847	-	-
Fixed Interest Securities	615,931	(6,159)	6,159	622,769	(6,228)	6,228
Loans	325,135	-	-	219,564	-	-
	<b>980,020</b>	<b>(6,159)</b>	<b>6,159</b>	<b>880,180</b>	<b>(6,228)</b>	<b>6,228</b>

### 16.3. Currency Risk

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

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

	2022		2021	
	US Dollar £'000	Euro £'000	US Dollar £'000	Euro £'000
Net currency exposure	200	53	118,205	33,657

#### Currency Risk – Sensitivity Analysis

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

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2022 and 31 March 2021 would have increased or decreased the net assets by the amount shown below.

	2022			2021		
	Assets held at fair value £'000	Change in net assets		Assets held at fair value £'000	Change in net assets	
		+10% £'000	-10% £'000		+10% £'000	-10% £'000
US Dollar	200,154	20,015	(20,015)	118,205	11,820	(11,820)
Euro	53,458	5,346	(5,346)	33,657	3,366	(3,366)
<b>Net Currency Exposure</b>	<b>253,612</b>	<b>25,361</b>	<b>(25,361)</b>	<b>151,862</b>	<b>15,186</b>	<b>(15,186)</b>

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

## 16.4. Credit Risk

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

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

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

The Fund's exposure to credit risk at 31 March 2022 and 2021 is the carrying amount of the financial assets.

	Balances as at 31 March 2022 £'000	Balances as at 31 March 2021 £'000
<b>Summary</b>		
Cash held at custodian	10,642	32,291
Bank current account – HSBC	1,269	(305)
Money Market Funds	27,043	5,862
	<b>38,954</b>	<b>37,847</b>

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2022 and 31 March 2021 (£8.4m and £8.3m respectively) were received in the first two months of the financial year.

## 16.5. Liquidity Risk

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

The following tables analyse the Fund's non-investment financial liabilities as at 31 March 2022 and 2021, grouped into relevant maturity dates.

	2021/22			2020/21		
	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Sundry creditors	4,675	4,675	-	6,953	4,355	2,598
Benefits payable	1,161	1,161	-	650	650	-
Other	8,908	8,251	657	10,704	10,039	666
	<b>14,743</b>	<b>14,087</b>	<b>657</b>	<b>18,308</b>	<b>15,044</b>	<b>3,264</b>

## 17. Current assets

	31 March 2022 £'000	31 March 2021 £'000
Contributions due - employees	1,878	1,887
Contributions due - employers	6,489	6,423
	<b>8,367</b>	<b>8,310</b>
Sundry debtors	1,470	743
Prepayments	167	393
	<b>1,637</b>	<b>1,136</b>
Cash balances	<b>28,313</b>	<b>5,556</b>
<b>Net current assets</b>	<b>38,317</b>	<b>15,002</b>

## 18. Current liabilities

	31 March 2022 £'000	31 March 2021 £'000
Sundry creditors	4,675	4,355
Benefits payable	1,161	650
Payable to Wiltshire Council	1	1,789
Provision for pension underpayments	8,250	8,250
	<b>14,087</b>	<b>15,044</b>

A provision of £8.250m was made in 2020/21 for underpayment of pensions which have arisen due to discrepancies between the Funds membership database and payroll system. The provision calculated includes the maximum possible underpayment adding in potential interest and compensation costs. At 31 March 2022 this provision has been retained as work to resolve payments due to pensioners is still ongoing.

## 18a. Long Term Creditors

	31 March 2022 £'000	31 March 2021 £'000
Manager fees	-	2,598
Brunel Pension Partnership pension reimbursement liability	768	666
<b>Total</b>	<b>768</b>	<b>3,264</b>

During 2020/21 a pension recharge agreement was signed by all 10 shareholders in Brunel Pension Partnership (BPP), in which shareholders have guaranteed that any pension costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long term liability in the Pension Funds accounts, at a value of £666k, this was revalued in 2021/22 to £768k.

## 19. Additional Voluntary Contributions (AVCs)

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

Contribution data was not available from the Funds AVC provider, Prudential, at year end due to a significant system issue affecting all Prudential AVC funds. Therefore, it is not possible to provide in-year information on contributions paid and the value of the funds invested. In 2020/21 Fund members paid contributions totalling £0.962million into AVC funds held with Prudential during the year. At 31 March 2021 the value of funds invested on behalf of members with Prudential was £4.8m.

## 20. Employer Related Assets

There were no employer related assets within the Fund during 2021/22.

## 21. Related Party Transactions

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

The Council incurred costs of £2.068m (2020/21: £1.804m) in relation to the administration of the Fund. The Council is also the single largest employer of members of the Pension Fund and contributed £45.1m to the Fund in 2021/22 (2020/21: £45.0m) in respect of employers and employees contributions, £2.8m of which was due to the Pension Fund as at 31 March 2022, and was paid in April 2022.

Part of the pension fund cash holdings are invested in the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2022, the fund had an average investment balance of £14.3m (31 March 2021: £6.8m), earning interest of £19k (2020/21: £20k) in these funds.

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

Each of the 10 local authorities, including Wiltshire Pension Fund own 10% of BPP Ltd. In 2017/18 the Pension Fund paid BPP £0.8m and there has been no subsequent investment. The fair value of the shareholding as at 31

March 2022 was £0.8m. During 2021/22 the Pension Fund paid BPP £1,032k (£835k in 2020/21) in respect of the costs of delivering investment pooling. During 2020/21 a pension recharge agreement was signed by all 10 shareholders in BPP, in which shareholders have guaranteed that any pension

costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long term liability in the Pension Funds accounts, at a value of £768k. This is also included in the cost of pooling for 2021/22 in Note 9. BPP are an employer in the Wiltshire Pension Fund as an admitted body. During 2021/22 BPP paid contributions of £1,217k into the Fund (£904k in 2020/21) in respect of employers and employees contributions.

## 21.1. Governance

During the 2021/22 Scheme Year two members of the Pension Fund Committee were active members of the Pension Fund. In addition, two members of the Local Pension Board were pensioner members, two were active members and another one is now a deferred member of the Pension Fund. Each member of the Pension Fund Committee is required to declare their interests at each meeting. Two declarations were made during the year, both concerning the directorship of a sponsoring employer.

## 22. Guaranteed Minimum Pension (GMP)

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

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

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

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

## 23. Contingent Liabilities and Contractual Commitments

### Capital Commitments

Outstanding capital commitments (investments) at 31 March 2022 totalled £818.2m (£618.5m at 31 March 2021). £675.2m of these commitments relate to amounts committed to private equity, infrastructure, secured income and private debt portfolios managed by the Brunel Pool. A further £91.8m relates to outstanding call payments for investments in UK affordable housing portfolios. The balance of £51.1m relates to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

### Transitional protections

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

### The "McCloud" case

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

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

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

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

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

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

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

# IAS26 STATEMENT

## Actuarial Statement in respect of IAS26 as at 31.03.2022

### Introduction

CIPFA's Code of Practice on Local Authority Accounting 2021/22 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Pension Fund ("the Fund").

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

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

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

### Present value of Promised Retirement Benefits

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Active members	1,864	1,822
Deferred pensioners	1,158	1,247
Pensioners	1,304	1,403
<b>Total</b>	<b>4,326</b>	<b>4,472</b>

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

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

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

### Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2022 and 31 March 2021. I estimate that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £338m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £22m.

### Financial assumptions

Year ended (%p.a.)	31 March 2022 £'000	31 March 2021 £'000
Pension Increase Rate (CPI)	3.20%	2.85%
Salary Increase Rate	3.60%	3.25%
Discount Rate	2.70%	2.00%

### Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.7 years	24.2 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.6 years	26.0 years

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

## Sensitivity Analysis

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

Change in assumption at 31 March 2022	Approximate % Increase promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	87
1 year increase in member life expectancy	4%	173
0.1% p.a. increase in the Salary Increase Rate	0%	6
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	80

## Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2022' which identifies the appropriate reliance's and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by



**Barry Dodds FFA**

4 May 2022

For and on behalf of Hymans Robertson LLP

## ANNEX 1

# EMPLOYER (ER'S) AND EMPLOYEE (EE'S) CONTRIBUTIONS BY EMPLOYER

£000's Employer	Contributions			£000's Employer	Contributions		
	Ee's	Er's	Total		Ee's	Er's	Total
Wiltshire Council	8,836.6	36,234.7	45,071.4	Diocese of Bristol Academy	104.8	454.5	559.3
Swindon Council	5,587.5	20,198.4	25,785.9	Athelstan Trust	101.8	441.8	543.6
Wiltshire PCC & CC	2,263.8	6,077.6	8,341.5	Westlea	3.2	530.4	533.6
White Horse Academies Federation	917.2	3,496.2	4,413.4	The Mead Primary Academy	101.6	391.6	493.2
Wiltshire College	497.5	2,669.1	3,166.7	St Joseph's Academy	112.5	374.9	487.5
Dorset & Wiltshire Fire Authority	689.1	2,197.5	2,886.6	Aster Group	2.7	447.7	450.4
Town & Parish Councils	654.6	2,057.4	2,712.0	Springfields Academy	76.8	357.7	434.5
CIPFA	94.3	2,073.8	2,168.1	Goddards Park Academy	81.6	321.3	402.9
New College Swindon	437.3	1,591.2	2,028.4	Hardenhuish School Ltd	81.3	308.7	390.0
Brunel SEN MAT	277.1	1,555.4	1,832.5	Lavington Academy	78.5	305.1	383.6
Wootton Bassett Academy	279.4	1,059.6	1,338.9	Commonweal Academy	71.9	293.3	365.2
Magna Learning Partnership	249.2	993.8	1,242.9	St Laurence Academy	71.1	292.4	363.5
Brunel Pension Partnership (BPP)	349.9	867.1	1,216.9	Corsham Secondary Academy	69.7	292.7	362.3
Excalibur Academy	171.4	955.4	1,126.8	Sheldon Academy	70.1	285.5	355.6
Kingdown Academy	210.5	830.7	1,041.2	Salisbury Plain MAT	69.4	283.2	352.6
Blue Kite Academy	191.4	826.3	1,017.7	John of Gaunt Academy	63.1	254.9	318.0
Lydiard Academy	171.2	724.3	895.4	South Wilts UTC	-	315.0	315.0
The Hills Group Ltd (Admitted)	124.3	642.1	766.4	Bishop Wordsworth Academy	54.4	233.5	287.9
Pickwick Academy	124.0	592.9	716.9	Dorcan Technology Academy	57.4	199.3	256.7
Somerset Road Academy	105.2	609.6	714.8	St Augustine's School	50.8	195.3	246.1
River Learning Trust	118.6	591.1	709.8	South Wilts Grammar Academy	50.4	194.3	244.7
Selwood Housing Society	89.7	620.1	709.7	Salisbury CC	82.1	143.9	226.0
Swindon Academy	164.3	531.1	695.4	Ringway	27.0	191.5	218.5
Diocese of Salisbury Academy	113.8	492.0	605.9	Millbrook Academy	33.5	180.4	213.9
Highworth Warneford Academy	47.2	157.9	205.2	Peatmoor Primary Academy	12.8	52.4	65.2
Idverde	53.8	144.7	198.5	SWLEP	14.3	49.8	64.0
Pewsey Vale Academy	19.8	178.7	198.5	Aster Property Management	11.0	52.1	63.1

£000's Employer	Contributions			£000's Employer	Contributions		
	Ee's	Er's	Total		Ee's	Er's	Total
Palladian MAT - Fitz	27.2	153.8	181.0	Holy Trinity Calne Academy	10.9	50.6	61.5
Lethbridge Academy	31.4	134.7	166.1	Woodford Valley Academy	10.9	48.5	59.5
Adoption West	49.3	110.4	159.7	Bybrook Valley Academy	10.2	47.7	57.9
Alina Homecare	28.9	130.0	158.9	Atkins Ltd	15.7	41.0	56.7
Holy Rood Infants Academy	27.9	128.5	156.3	St Edmunds Calne Academy	9.8	46.7	56.5
Malmesbury Primary Academy	28.5	126.7	155.2	Aster Communities	10.4	39.1	49.4
Grove Learning Trust	30.0	122.1	152.1	St Joseph's Devizes Academy	7.8	37.4	45.2
Great Western Academy	28.6	120.6	149.2	Holy Trinity Academy	8.9	35.9	44.9
St Mary's Academy Swindon	29.2	117.4	146.6	UTC Swindon	6.1	37.9	44.0
Westlea Academy	26.2	113.1	139.3	King William Academy	7.7	36.2	44.0
Pewsey Primary Academy	21.5	115.4	136.9	Dauntsey Primary Academy	7.2	33.4	40.6
Swindon Commercial Services	35.6	98.9	134.4	Morgan Vale & Woodfall	7.0	33.5	40.4
Holy Family Academy	24.8	102.6	127.4	Aspens Services Ltd	6.5	29.1	35.7
Shawridge Academy	22.6	100.9	123.5	DC Leisure	7.0	26.0	33.0
GLL Part 2	14.8	104.0	118.7	Aspens - Lethbridge	5.4	27.0	32.4
Holy Rood Junior Academy	19.0	87.9	106.8	Swindon Music Service	9.1	22.4	31.5
Hazelwood Academy	16.2	68.2	84.4	Lex Leisure Ltd	2.9	26.0	28.9
St Catherine's Academy	14.3	53.9	68.2	Order of St John	26.4	-	26.4
ABM Catering - JOG -	8.1	59.0	67.1	Community First	4.5	19.5	24.0
Oasis Community Learning	4.3	18.0	22.2	First City Nursing	1.0	5.1	6.1
Community Golf & Lei	4.0	17.6	21.7	Harrison Catering Se	1.2	4.7	5.9
Devizes Museum	-	21.0	21.0	Swindon Dance	1.2	4.5	5.7
SEQOL GWH NHS	6.5	13.1	19.5	Thera South West	0.9	4.5	5.4
Collaborative School	3.2	15.9	19.2	Innovate Services Ltd 2	1.0	4.3	5.3
Classes Abroad	3.9	14.4	18.3	Somerset Care Pt1 (Wiltshire)	5.0	-	5.0
Agincare	4.0	12.7	16.8	Direct Cleaning - Westbury School	0.8	4.0	4.8
Oxford Health NHS Trust	2.9	10.4	13.3	Braybourne Facilities Services Ltd	0.7	3.1	3.8
Administration Costs	-	13.2	13.2	Expedite - Brunel SE	0.5	2.3	2.8
GLL	11.0	1.5	12.5	Sodexo - Lydiard - 4	0.3	2.1	2.4

£000's Employer	Contributions			£000's Employer	Contributions		
	Ee's	Er's	Total		Ee's	Er's	Total
Spurgeons	1.3	11.2	12.4	Direct Cleaning Sali	0.4	1.9	2.3
Brunel Education Tru	1.7	9.9	11.6	Direct Cleaning (Mal	0.3	1.9	2.3
WASP	11.6	-	11.6	Imperial Cleaning Hi	0.4	1.7	2.1
Mears Care East 2	2.5	8.5	11.0	Direct Cleaning (Wansdyke)	0.3	1.7	2.0
St Leonard's (Andrews) Academy	-	10.1	10.1	Great Western Hospitals	0.5	1.3	1.8
Pinnacle FM Limited	1.9	8.2	10.1	Mears Care Ltd	1.6	-	1.6
Capita Business	1.9	7.3	9.2	Churchill Contract Services 2	0.2	1.3	1.5
Mears Care North 1	1.6	7.1	8.8	Deeland Ltd t/a Servicemaster	0.2	1.2	1.4
NHS South Central & West	2.5	6.2	8.7	Swindon College	0.3	1.0	1.3
Churchill Services	1.2	7.3	8.5	Imperial Cleaning Se	0.2	0.8	1.0
Direct Janitorial Su	1.3	7.0	8.4	Somerset Care Pt2 (Selwood)	0.9	-	0.9
Wyclean	1.3	5.6	6.9	Imperial Cleaning -	0.1	0.3	0.4
BSW CCG (Banes Swind	1.6	5.2	6.7	Colebrook Infants Academy	-	0.1	0.1
Rapid Commercial Cle	0.9	5.7	6.6	Other	-	- 16.0	- 16.0
Caterlink - Gorsehil	0.9	5.4	6.4	Grand Total	25,141	99,373	124,513

## ANNEX 2

# STATUTORY STATEMENTS

The latest version of all these documents can be found via the following website link:

<https://wiltshirepensionfund.org.uk/article/3756/Governance>

## BUSINESS PLAN

The latest Business Plan was approved by the Pension Fund Committee in April 2022. It outlines the planned activities of the Fund for the next 12 months. During 2022/23, this extensive one-year business plan will seek to make some key changes to the management of the Fund's administration. From 2023/24 an overarching 3-year business plan will be implemented with specific objectives identified on a year by year basis.

## FUNDING STRATEGY STATEMENT (FSS)

The FSS outlines how the Fund calculates employer contributions, what other amounts might be payable in different circumstances, and how this fits in with the investment strategy. The document follows CIPFA guidance ("Preparing and maintaining a funding strategy statement in the Local Government Pension Scheme 2016").

The FSS is prepared in collaboration with the Fund's Actuary, Hymans Robertson and forms an integral part of the framework within which they carry out triennial valuations to set employers' contributions and to provide recommendations on funding decisions.

The latest FSS was approved by the Pension Fund Committee in October 2019 as part of the 2019 valuation. With a valuation as at 31 March 2022 in progress, a new FSS will be approved towards the end of 2022.

## INVESTMENT STRATEGY STATEMENT

The Committee last approved the current ISS at its meeting on 25 November 2021.

The ISS sets out the Fund's current Investment Strategy. Investment regulations specify the areas that must be included in the statement.

The statement is kept under review and revised from time to time, in particular when there is a material change in risk, and at least every three years. The current version of the ISS incorporates more information about the Fund's position regarding responsible investment, and climate change risk. The current ISS can be found here: <https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies>

## RESPONSIBLE INVESTMENT POLICY

The Responsible Investment Policy was approved by the Committee at its meeting on 30 September 2021. This policy is an integral part of the ISS, and sets out how the Fund deals with responsible investment issues, including climate change risk. The policy will be reviewed and updated annually. The current Responsible Investment Policy can be found here: <https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies>

## STEWARDSHIP REPORT

This document describes the Fund's approach to stewardship and how it seeks to comply with the principles outlined in the FRC Stewardship Code 2020. This report was first published for the year ending 31 March 2022, and can be found here: <https://www.wiltshirepensionfund.org.uk/article/6176/Summary>

## TREASURY MANAGEMENT STRATEGY

The purpose of this strategy is to outline the process and policies for the cash held by the Fund. The strategy aims to achieve the optimum return on the cash held commensurate with the high levels of security and liquidity required. These funds are invested separately from cash balances held by Wiltshire Council.

The strategy was reviewed & approved by the Pension Fund Committee in April 2022, and the current version can be viewed on the Wiltshire Pension Fund website at the following link: <http://www.wiltshirepensionfund.org.uk/media/4214/wpf-treasury-management-strategy.pdf>

## PENSION ADMINISTRATION STRATEGY

The pension administration strategy outlines the roles, responsibilities and expectations in terms of provision of data and service delivery of both the administration teams of the Wiltshire Pension Fund and the employer organisations. An updated policy is due to be approved by the Pension Fund Committee in the summer 2022 following consultation with employers.

This pension administration strategy incorporates the Fund's transition to an automated way of working with its sponsoring employers & seeks to improve data quality, efficient working practices & cost savings.

## COMMUNICATIONS POLICY STATEMENT

The latest Communications Policy was approved by the Wiltshire Pension Fund Committee in December 2021. Its purpose aims to meet the Fund's communication responsibilities and build on the digital platform changes which commenced in 2019. Greater emphasis will now be placed on the Fund's branding and identity.

## CESSATION POLICY

The latest Cessation Policy was approved by the Pension Fund Committee in December 2020. The Policy outlines the process and the flexibilities available to the Fund to work with employer organisations to pay off any cessation deficit payment.

## WILTSHIRE PENSION FUND DISCRETIONS POLICY

This policy outlines discretions made under the following LGPS Regulations approved by the Fund's Committee on 30 March 2021

## WILTSHIRE PENSION FUND FULL PRIVACY NOTICE

This notice is designed to give members of the Fund information about the data we hold about them, how we use it, their rights in relation to it and the safeguards that are in place to protect it.

## GOVERNANCE POLICY STATEMENT

The Governance Compliance Statement lays out the overarching framework within which the Wiltshire Pension Fund Committee operate. Notably it identifies the structure of operations, the representation & Selection of Members, their voting rights and scope of the Committee's responsibilities. The Statement was approved in March 2021 & will be reviewed as required, subject to a formal review every three years.

On receipt of SAB's final Good Governance report, it is intended that such a review will take place to ensure that both the governance policy statement & the Council's constitution are consistent with the findings of the report.

## DATA IMPROVEMENT STRATEGY AND PLAN

This document outlines Wiltshire Pension Fund's Data Improvement Strategy & Plan.

## TRIENNIAL VALUATION REPORT 2022

A triennial valuation is used to set employers' contributions and to provide recommendations on funding decisions. The Fund is currently undergoing a valuation and the results will be available later in the year.

The strategic fund documents reviewed during the year were as follows:

Strategic Fund documents approved during the Fund Year	
Date	Document
24/06/2021	Annual Report & Accounts 2020-21
24/06/2021	Responsible Investment Plan 2021-22
30/09/2021	Data Improvement Strategy & Plan 2021-22
30/09/2021	Responsible Investment Policy 2021-22
25/11/2021	Investment Strategy Statement
16/12/2021	Member Training Policy
16/12/2021	Member Training & Skills Framework 2021-25
16/12/2021	Member Training Plan 2022-23
16/12/2021	Communication Strategy

## ANNEX 3

# MEMBER ATTENDANCE AT MEETINGS

Members Table							
Name	Role	*Meeting attendance	Appointed	Left	Committee Member	Investment sub-Committee Member	Board Member
Cllr R Britton	Committee Chair	10	18/05/2021	–	•	•	
Cllr S Heyes	Committee Vice Chair	7	06/05/2021	–	•	•	
Cllr G King	Committee Member	7	–	–	•	•	
Cllr C Newbury	Committee Member	5	–	–	•		
Cllr E Threlfall	Committee Member	9	18/05/2021	–	•		
Cllr J Seed	Committee Member	5	20/07/2021	–	•		
Cllr V Manro	Committee Member	6	06/05/2021	–	•		
T Adams	Committee Employer rep.	5	–	–	•		
C Anthony	Committee Employer rep.	7	20/07/2021	–	•		
Cllr E Kirk	Former Committee Vice Chair	1	18/05/2021	20/07/2021	•	•	
Cllr T Deane	Former Committee Chair	0	–	06/05/2021	•	•	
Cllr P Church	Former Committee Vice-Chair	1	–	18/05/2021	•	•	
Cllr G Jeans	Former Committee Member	0	–	18/05/2021	•		
Cllr S Allsop	Former Committee Member	0	–	06/05/2021	•		
Cllr R Jandy	Former Committee Member	0	–	06/05/2021	•	•	
C Moore	Former Committee Employer rep.	0	–	30/04/2021	•		

Members Table							
Name	Role	*Meeting attendance	Appointed	Left	Committee Member	Investment sub-Committee Member	Board Member
S Dark	Employee Member Observer	0	–	–	•		
M Pankiewicz	Committee & Board Vice Chair & Member rep.	10	–	–	•	•	•
M Spilsbury	Board Chairman	5	–	–			•
Cllr Britton	Board Employer rep.	0	–	18/05/2021			•
I Jones	Board Employer rep.	2	–	10/03/2022			•
P Smith	Board Employer rep.	3	–	–			•
L Fisher	Board Employer rep.	3	03/09/2021	–			•
M Corbey	Board Member rep.	7	–	–			•
R Lauder	Board Member rep.	6	–	17/02/2022			•

\*The Investment sub-Committee was formerly stood down on 30 September 2021 and replaced by an equal number of Committee meetings. Meeting attendance includes attendance at the other group meetings.

Please note the following points concerning Members.

### Key Committee changes

06/05/2021 Local Govt. Elections  
 18/05/2021 Full Council meeting - Cllr appointments  
 10/06/2021 Cllrs Britton, Heyes & Kirk added to the Investment sub-Committee  
 30/09/2021 Investment sub-Committee formerly stood down  
 20/07/2021 Cllr Seed, replaces Cllr Kirk  
 20/07/2021 Employer Representative C Anthony, replaces C Moore  
 26/01/2022 Cllr Heyes replaces Cllr Kirk as Vice Chair

### Key Board changes


03/09/2021 L Fisher replaces, Cllr Britton - appointed Committee Chair  
 17/02/2022 R Lauder resigned  
 10/03/2022 I Jones resigned

## ANNEX 3

# GLOSSARY

<b>Accrual (accounting)</b>	amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at year end, 31 March.
<b>Administering Authority</b>	means a body required to maintain a pension fund under the LGPS Regulations, usually this is a local authority. For the Wiltshire Pension Fund, this is Wiltshire Council.
<b>Admitted Body</b>	an organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.
<b>Asset manager</b>	for the purpose of reporting and in the context of the LGPS, "asset manager" is interchangeable with "investment manager" as defined in the LGPS (Management and Investment of Funds) Regulations 2016 (9).
<b>Augmentation</b>	the provision of an additional benefit or benefits in respect of a particular member or group of members of an occupational pension scheme, where the cost is borne by the scheme and/or the employer.
<b>Benchmark</b>	a benchmark is used to measure the performance of a fund, or asset manager against the investment objective. The FTSE 100 is a common benchmark for UK equities, for example.
<b>Brunel Pension Partnership ("Brunel")</b>	one of eight national LGPS asset pools that bring together investments of ten partner funds, including Wiltshire.
<b>Creditors</b>	amounts owed by the Fund for services received but not paid for as at year end, 31 March.
<b>Custody</b>	the safe keeping of securities and other investments by a custodian.
<b>Debtors</b>	amounts owed to the Fund for services provided but where the associated income was not received as at year end, 31 March.
<b>Employee</b>	in general, an employee is also a member of the Wiltshire Pension Fund. The LGPS has a very low opt out rate, nearly all employees are members of the scheme.
<b>Employer</b>	in general, an employer is either scheduled or admitted to the Wiltshire Pension Fund so its employees are members of the scheme.
<b>Environmental, Social and Governance (ESG)</b>	a broad range of factors which investors can assess to identify risks and opportunities.
<b>Fiduciary duty</b>	the Committee's responsibility to act in the best interest of the Fund's beneficiaries.
<b>Freedom of Information (FOI)</b>	the Freedom of Information Act 2000 provides for public access to information held by public authorities.
<b>Fund account</b>	in pension scheme accounting, a 'fund account' is required rather the more familiar 'profit and loss' for company accounting. This sets out the income and expenditure (contributions and benefits) and is also designed to give capital movements of the fund over the year.

<b>Governance Policy &amp; Compliance Statement</b>	the Governance Policy & Compliance Statement sets out the statutory framework under which the administering authority delegates statutory functions to committees, sub-committees or to officers.
<b>Investment Strategy Statement (ISS)</b>	a key document of the Fund, which sets out the Fund's investment strategy.
<b>Key performance indicator (KPI)</b>	the Fund uses key performance indicators to measure performance of services.
<b>Local Authority</b>	an administrative body in local government. A local authority may act as an administering authority for its own pension fund and those of other local authorities.
<b>Local Pension Board</b>	is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator.
<b>Long term investments</b>	a long-term investment is accounted for differently in that it may not be sold for years or may never be sold.
<b>Member</b>	unless proceeded or followed by reference to the Committee or Local Pension Board, member refers to a member of the Wiltshire Pension Fund.
<b>Net Assets Statement</b>	in pension scheme accounting, a 'net assets statement' is required rather the more familiar 'balance sheet' for company accounting. This sets out the assets and liabilities and designed to give a true and fair financial statement.
<b>Officers</b>	internal Wiltshire staff that manage the investment arrangements of the Fund and support and assist the Committee with their role.
<b>Paris Aligned Benchmark</b>	developed with Brunel, FTSE Russell's Paris-aligned benchmark series aims to achieve a 50% reduction in carbon emissions over a 10-year period and integrate forward-looking metrics and governance protections from the transition pathway initiative (TPI).
<b>Pension Fund Committee (the "Committee")</b>	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.
<b>Pooled</b>	an investment term which refers to the grouping together of investment holdings. This method of investing offers significant economies of scale and is well suited to investors sharing the investment objectives.
<b>Pooling (LGPS)</b>	in November 2015, investment reform and criteria were published that required administering authorities to commit to a suitable investment pool to achieve benefits of scale among other aims. Eight pools, including Brunel were operational in January 2019.
<b>Scheduled Body</b>	an organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.
<b>Scheme Advisory Board</b>	the function of the LGPS Advisory Board (SAB) (E&W) is to provide advice to the Secretary of State on the desirability of making changes to the Scheme and provide advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme.



<b>State Scheme Premium</b>	a payment made to HMRC in certain circumstances to reinstate all or part of an individual's State Earnings Related Pension (SERPS) benefits.
<b>Stewardship</b>	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).
<b>Strategic Asset Allocation (SAA)</b>	the mix of different types of assets held in order to generate the required investment return for an appropriate amount of risk.
<b>Sustainability</b>	investing in a way that incorporates ESG criteria and active ownership, to generate superior risk-adjusted returns.
<b>Task Force on Climate-related Financial Disclosures (TCFD)</b>	reporting on climate change risk, set out under governance, strategy, risk management and carbon metric headings.
<b>Unrealised Gains/Losses</b>	the increase or decrease in the market value of investments held by the fund since the date of their purchase.
<b>Weighted Average Carbon Intensity (WACI)</b>	a measure of a portfolio's carbon intensity, also referred to as the carbon footprint. The WACI generally measures scope 1 and 2 emissions.