

## Welcome to the Wiltshire Pension Fund Annual General Meeting

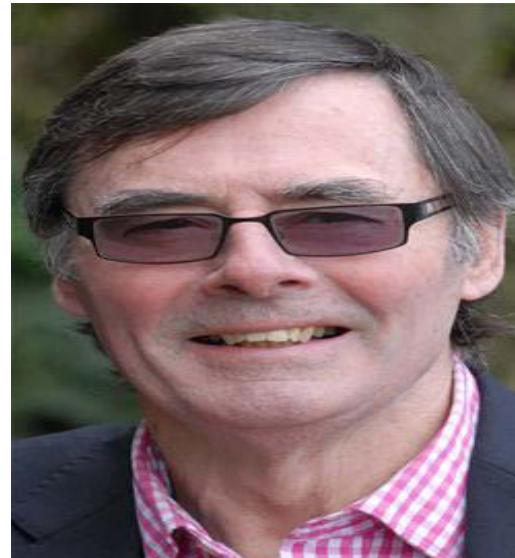
St John's Conference Centre,  
Trowbridge

21 June 2017

## Welcome

Tony Deane

Chairman of The Pension Fund Committee



## Annual General Meeting

- Inaugural AGM
- Review of Wiltshire Pension Fund
- Forum to meet stakeholders:
  - Scheme employers organisations
  - Scheme members
  - Committee members
  - Pension Fund Team

# Local Government Pension Scheme (LGPS)



## Objectives of the meeting

Michael Hudson  
Treasurer to the Pension Fund



# Local Government Pension Scheme (LGPS)



## Agenda

- 10.00am - Welcome and objectives of the meeting  
Tony Deane – Chairman of Wiltshire Pension Fund  
Michael Hudson – Treasurer to the Pension Fund
- 10.15am - Review of the year  
David Anthony – Head of Pensions
- 10.30am - Funding level update & current actuarial developments  
Catherine McFadyen – Fund Actuary, Hymans Robertson
- 11.00am - Investment performance & current themes for Risk Mitigation  
Joanne Holden – Fund Investment Advisor, Mercers
- 11.30am - Refreshment break

# Local Government Pension Scheme (LGPS)

## Agenda

- 11.50am - The Investment Managers view – Global Trends, Brexit & the LGPS  
Tim Garrett & Tom Wright – Baillie Gifford
- 12.20pm - Investment Pooling & The Brunel Pension Partnership  
Catherine Dix – Strategic Pensions Manager
- 12.40pm - The role of the Local Pension Board – 2 years on  
Howard Pearce – Chairman of the Local Pension Board
- 12.50pm - Administering the scheme & current issues & developments  
Peter Riedel – Strategic Pension Advisor
- 13.10pm - Open Forum – opportunity to raise and discuss issues  
David Anthony – Head of Pensions
- 13.30pm - Finish and Lunch

## Wiltshire Pension Fund Review of the Year

David Anthony  
Head of Pensions

21 June 2017

# Local Government Pension Scheme (LGPS)

## Annual Report



13. STATEMENT OF ACCOUNTS			
Fund Accounts for the year ended 31 March 2013			
	2012-13	2013-14	2014-15 Budgeted
Contributions and benefits	£1,442.00	£1,442.00	£1,442.00
Benefits payable	4	-160	-160
Transfers to and from accumulated assets	8.6.13	8.6.14	8.6.15
Revaluation gains	11	12.2m	14.52
Changes in value of investments	12	12.2m	21.40
Revaluation losses	13	-10.9m	-204.00
Net investment result for the year	14	-10.9m	-182.58
Net assets at the end of the year	15	1,442.00	1,442.00
Total assets	16	1,442.00	1,442.00
Other assets	17	0	0
Other investments	18	0	0
Investment returns	19	0	0
Investment expenses	20	0	0
Investment gains	21	0	0
Investment losses	22	0	0
Investment income	23	0	0
Investment expenses	24	0	0
Investment gains	25	0	0
Investment losses	26	0	0
Investment income	27	0	0
Investment expenses	28	0	0
Investment gains	29	0	0
Investment losses	30	0	0
Investment income	31	0	0
Investment expenses	32	0	0
Investment gains	33	0	0
Investment losses	34	0	0
Investment income	35	0	0
Investment expenses	36	0	0
Investment gains	37	0	0
Investment losses	38	0	0
Investment income	39	0	0
Investment expenses	40	0	0
Investment gains	41	0	0

- Management and Governance
- Investments
- Financial performance
- Administration report

# Local Government Pension Scheme (LGPS)

## Fund Account For the year ended 31 March 2017

	2016-17 £000	2015-16 £000
<b>Contributions and benefits</b>		
Contributions receivable	95,901	89,449
Individual transfers	3,604	2,491
	<b>99,505</b>	<b>91,940</b>
Benefits payable	-78,814	-76,841
Payments to and on account of leavers	-4,808	-3,948
	<b>-83,622</b>	<b>-80,789</b>
Management Expenses	-11,181	-9,335
	<b>4,702</b>	<b>1,816</b>
<b>Returns on investments</b>		
Investment income	10,076	11,764
Change in market value of investments	334,031	-27,522
	<b>344,107</b>	<b>-15,758</b>
<b>Net increase in the fund during the year</b>		
Add opening net assets of the funds restated	1,838,661	1,852,603
	<b>2,187,470</b>	<b>1,838,661</b>

- Continued increase in contributions received £96m
- Offset by pension increases £78m
- Management expenses includes operational costs and investment manager fees £11m
- Excellent market returns £334m

# Local Government Pension Scheme (LGPS)

## Net Asset Statement At 31 March 2017

	31-Mar-17 £000	31-Mar-16 £000
<b>Investment assets</b>		
Fixed interest securities	0	0
Index linked securities	0	0
Equities	372,221	320,848
Pooled investment vehicles	1,519,157	1,252,637
Property	262,758	230,505
Derivative assets	0	4,170
Cash held on deposit	19,799	20,977
Other investment balances	170	179
	<b>2,174,105</b>	<b>1,829,316</b>
<b>Investment liabilities</b>		
Derivatives liabilities		-2,924
<b>Total net investments</b>	<b>2,174,105</b>	<b>1,826,392</b>
Current assets	17,047	16,183
Current liabilities	-3,682	-3,914
<b>Net assets of the scheme at 31 March</b>	<b>2,187,470</b>	<b>1,838,661</b>

- Net assets now in excess of £2bn
- Diversification of assets provides better protection in different investment markets

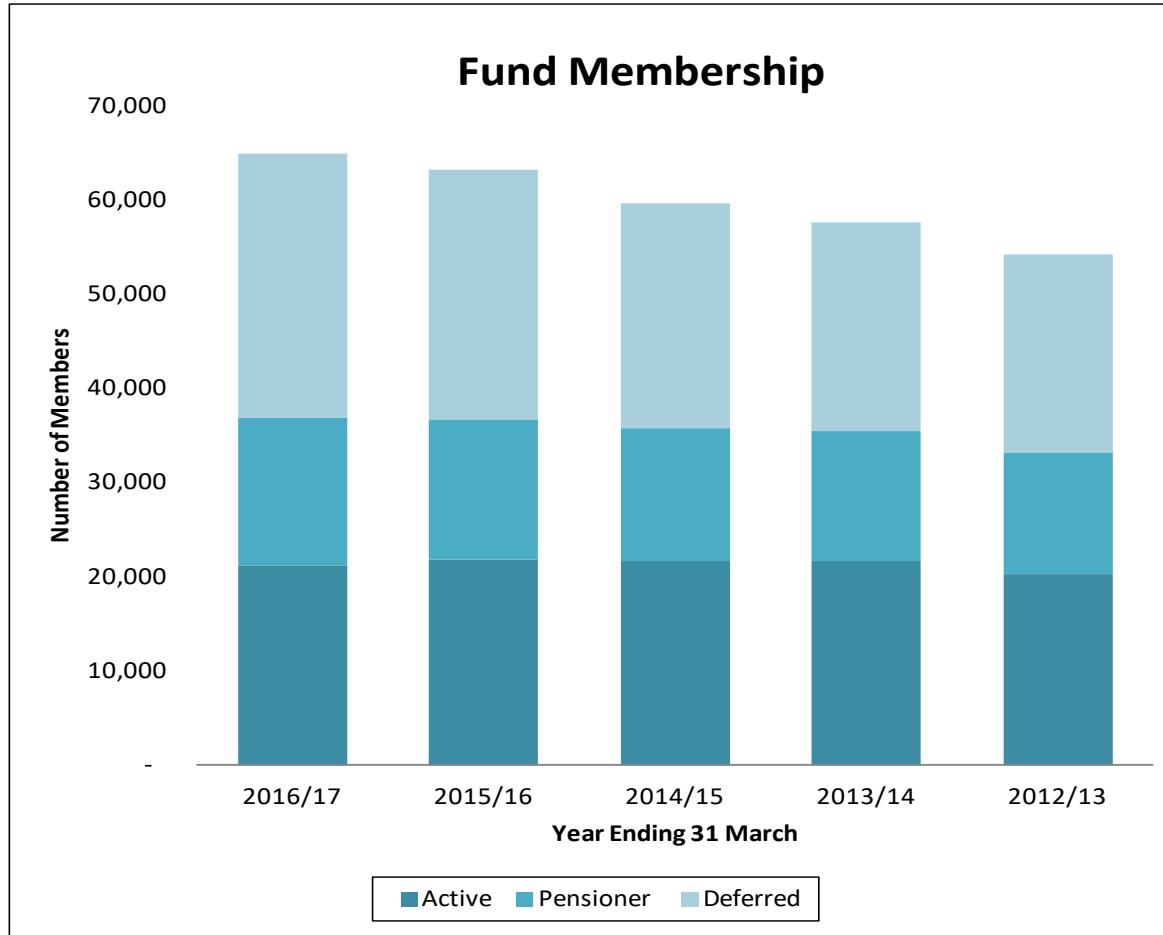
# Local Government Pension Scheme (LGPS)

## Fund Administration – Operational Costs

	2017/18 <i>Budget</i> £000	2016/17 <i>Budget</i> £000	2016/17 <i>Actual</i> £000	2015/16 <i>Budget</i> £000	2015/16 <i>Actual</i> £000
Investment Administration Recharge	120	113	112	108	105
Investment Custodial & Related Services	23	30	-304	56	22
Investment Professional Fees	149	107	222	153	107
Corporate Governance Services	40	40	38	39	39
Performance Measurement	37	40	31	46	40
<b>Investment Administration Costs</b>	<b>369</b>	<b>330</b>	<b>99</b>	<b>402</b>	<b>313</b>
<b>Scheme Administration</b>					
Pension Scheme Administration Recharge	1,632	1,514	1,556	1,459	1,276
Actuarial Services	123	234	373	111	194
Audit	33	58	33	58	10
Legal Fees	20	20	8	20	19
Committee and Governance Recharge	95	90	57	82	62
<b>Scheme Administration Costs</b>	<b>1,903</b>	<b>1,916</b>	<b>2,028</b>	<b>1,730</b>	<b>1,562</b>
<b>Grand Total</b>	<b>2,272</b>	<b>2,246</b>	<b>2,127</b>	<b>2,132</b>	<b>1,875</b>

- Operational costs remain broadly in line with budgets

# Local Government Pension Scheme (LGPS)



Number of actives broadly static

Pensioners & deferred members increasing

Supports “maturing” profile

# Local Government Pension Scheme (LGPS)

Age profile of Fund Membership at 31 March 2016

Age Band Years	Pensioner Type % of members			
	Active	Deferred	Pensioner	Total
<20	226	12	121	359
20 - 24	860	402	28	1290
25 - 29	1372	1465	1	2838
30 - 34	1670	2013	4	3687
35 - 39	2195	2682	11	4889
40 - 44	2882	3722	19	6623
45 - 49	3591	5459	53	9103
50 - 54	3731	5923	129	9783
55 - 59	2834	4513	589	7936
60 - 64	1506	1697	2844	6047
65 - 69	313	151	4360	4824
70 - 74	64	39	3157	3261
75 - 79	0	8	1833	1841
80 - 84	0	1	1315	1316
85 - 89	0	0	746	746
>90	0	0	312	312

Main contributors & those with a deferred pension are those aged between 35-60

Need to keep younger members coming into the scheme to ensure longer term sustainability

Impact of Auto-Enrolment?

# Local Government Pension Scheme (LGPS)

(a) Schedule of employer bodies

**Scheduled/ Resolution bodies**

Wiltshire Council  
 Swindon Borough Council  
 Wiltshire & Swindon Fire Authority  
 Wiltshire Police PCC & CC  
 Alderbury Parish Council  
 Amesbury Parish Council  
 Blunsdon St Andrews Parish Council  
 Bradford-on-Avon Town Council  
 Calne Town Council  
 Chippenham Town Council  
 Corsham Town Council  
 Cricklade Town Council  
 Devizes Town Council  
 Heydon Wick Parish Council  
 Highworth Town Council  
 Malmesbury Town Council  
 Marlborough Town Council  
 Melksham Town Council  
 Melksham Without Parish Council  
 Mere Parish Council  
 Purton Parish Council  
 Redlynch  
 Royal Wootton Bassett Town Council  
 Salisbury City Council  
 Steeple Ashton Parish Council  
 Stratton St Margaret Parish Council  
 Trowbridge Town Council  
 Wanborough Town Council  
 Warminster Town Council  
 Westbury Town Council  
 Wilton Town Council  
 Wroughton Parish Council  
 All Saints (Netheravon) Academy  
 Acorn Academy  
 ATOM  
 Athelston Trust (Bradon Forest)  
 Athelston Trust (Malmesbury Academy)  
 Bishop Wordsworth Academy  
 Blue Kite Academy  
 Bybrook Valley Academy  
 Christian Malford Academy  
 Churchfield Academy  
 Colebrook Infants Academy  
 Commonweal Academy  
 Corsham Primary Academy  
 Corsham Secondary Academy  
 inc Corsham Regis  
 Daunseys Academy  
 Devizes Academy  
 Diocese of Bristol Academy Trust  
 Diocese of Salisbury Academy Trust  
 Dorcan Technology Academy  
 Eastrop Infants Academy  
 Education Fellowship  
 Excalibur Academy  
 Goddards Park Academy  
 Gorse Hill Academy  
 Hardenhush School Ltd  
 Hazelwood Academy  
 Highworth Warneford Academy  
 Holy Family Academy

Holy Rood Primary Academy  
 Holy Cross Catholic Primary  
 Holy Trinity Calne Academy  
 Holy Trinity Devizes Academy  
 John Bentley Academy  
 John of Gaunt Academy  
 King William Academy  
 Kingsdown Academy  
 Lavington Academy  
 Lethbridge Academy  
 Lydiard Academy  
 Malmesbury Primary Academy  
 The Mead Primary Academy  
 inc Castle Mead Academy  
 inc River Mead Academy  
 Millbrook Academy  
 Morgan Vale Academy  
 New College  
 Oasis Community Learning  
 Peatmoor Primary Academy  
 Pewsey Primary Academy  
 Pewsey Vale Academy  
 Queens Crescent Academy  
 Rowde Academy  
 Royal Wootton Bassett School  
 Salisbury 6th Form Academy  
 Sarum Academy  
 Sevenfields Academy  
 Shaw Ridge Academy  
 Sheldon Academy  
 Somerset Road Academy  
 Southbrook Infants Academy  
 South Wilts Grammar School  
 South Wilts UTC  
 Southfield Junior Academy  
 Springfields Academy  
 St Augustine's School  
 St Catherine's Academy  
 St Edmund's Caine Academy  
 St Edmunds Girls Academy Salisbury  
 St Joseph's Academy Devizes  
 St Joseph's Academy Swindon  
 St Laurence Academy  
 St Leonard's Academy  
 St Mary's Swindon Academy  
 Swindon College  
 The Parks Academy Trust  
 United Learning Trust  
 Uplands Education Trust  
 UTC Swindon  
 Wansdyke Academy  
 Wellington Academy  
 West Ashton Academy  
 Westlea Academy  
 White Horse Academies  
 Wiltshire College  
 Woodford Valley Academy

**Admitted bodies**

Agincare  
 Aster Communities  
 Aster Group  
 Aster Living  
 Aster Property Management  
 Atkins Ltd  
 Capita Business Services Ltd  
 Care Home Select (CHS)  
 Caterlink 1  
 Caterlink 2  
 Caterlink 3  
 Churchill Services 1  
 Churchill Services 2  
 CIPFA  
 Collaborative Schools  
 Create Studios  
 Community First  
 Change Grow Live  
 Devizes Museum  
 Direct Cleaning  
 Direct Cleaning Wansdyke  
 Edwards and Wards  
 Ellor UK  
 First City Nursing  
 FCC Environment  
 GLL  
 Greenwich Leisure Limited pt2  
 Great Western Hospital  
 Greenwich Leisure Limited  
 Innovate Services  
 Idverde  
 Lifeways  
 Mears Care Ltd North 1  
 Mears care Ltd West 1  
 Mears Care East 2  
 Places For People Leisure  
 The Order Of St John Care Trust  
 Oxford Health NHS Trust  
 Ringway  
 Reach  
 Salisbury and South Wilts Museum  
 Sarsen Housing  
 Selwood Housing  
 Sodexo  
 Seren Group  
 Somerset Care Ltd  
 Southern Health NHS Foundation Trust  
 Spurgeons  
 Public Power Solutions  
 Swindon Wildcats  
 Swindon Dance  
 The Cleaning Company  
 Twigmarket  
 Visit Wiltshire  
 Greensquare (Westlea Housing Association)  
 Wiltshire and Swindon Sports Partnership  
 Wiltshire CCG

## Summary of employers in the fund

	<b>Active</b>
Scheduled body	118
Admitted body	57
Total	175

To many to read but WPF now provides pension for over 170 employer organisations.....

Challenge is to meet the needs of all these organisations

# Local Government Pension Scheme (LGPS)



## WM Performance Ranking Against Peer Group 31 March 2016

	3 Years	5 Years
Ranking (Percentile)	16	37
Average % of returns	7.6%	7.4%
Benchmark	6.4%	7.1%

# Local Government Pension Scheme (LGPS)



## Governance Structure: Wiltshire Pension Fund Committee

### Wiltshire Council Members

Councillor Tony Deane (Chairman)

Councillor Roy While (Vice Chairman)

Councillor Gordon King

Councillor Simon Jacobs

Councillor Christopher Newbury

### Employer Bodies Reps

Mrs Linda Stuart

Mrs Diane Hall

### Employee Member Reps

Mike Pankiewicz

Stuart Dark

### Swindon Borough Council Members

Councillor Steve Allsopp

Councillor Steve Weisinger

# Local Government Pension Scheme (LGPS)



## Business Plan

- 2016 Triennial Valuation
- Response to investment pooling (Brunel Pension Partnership)
- Implement employer covenant review framework
- Held scheme members clinics / seminars
- Developed social media offering
- Retender print contract
- Implemented investment “flight paths”
- tPR compliance assessment
- Implemented tax changes (Annual Allowance)
- Reviewed effectiveness of Investment Sub Committee
- Refreshed Funding Strategy Statement

*Plus other areas not in the plan.....*

## New Investment Regulations

- **Issued in November 2016**
  - enable investment pooling
  - Government back stop legislation
  - Removed historical investment limits
  - Prudential framework
- **Investment Strategy Statement**
  - Replaced Statement of Investment Principles
  - Additional guidance / more relevant documents
  - Consult all stakeholders
  - Approved Committee March 2017

# Local Government Pension Scheme (LGPS)



## Unitisation

- WPF first LGPS Fund to be Unitised in 2002
- Transparency & auditable cashflows
- Employers know all their costs / liabilities
- Increasing complexity with numbers of employers
- Worked with Actuary to utilise HEAT system

## Other areas

- Stewardship Code
- Cost Transparency



# Local Government Pension Scheme (LGPS)

## Website

29 Mar 2017, Time: 15:16

**Pensions Made Simple**  
*Local Government Pension Scheme*

Contact Us | About Us | Request Information | Publications | Forms | Other Useful Sites | News Update | Type your search |

You are here: Wiltshire Pension Fund > Home > [Wiltshire Pension Fund](#)

**Wiltshire Pension Fund**

You can now follow us on Twitter [@WiltPensions](#)

We operate the Local Government Pension Scheme, one of the largest public sector pension schemes in the UK. The Pension Scheme changed significantly in April 2014 for all active members. We have updated the information on this site to reflect the changes but we will continue to update the website to provide further information concerning the scheme for members who have joined at different points in time.

We hope that our website will give you all the information you need to know about the scheme, how it is administered by Wiltshire Pension Fund and, most importantly, how you can benefit from being a member.

If you have any suggestions about how we can improve our website, please feel free to [contact us](#).

You can also visit the national [LGPS](#) website for more information.

**Important Notices**

[News Update: 2016 Annual Benefit Statements](#)

[Overseas Pensioners](#)

From time to time it is necessary for Wiltshire Pension Fund to verify that our records are in order, and to ensure pension payments should continue to be made. This ensures that our records are correct, acts as an anti-fraud exercise and safeguards the Funds' assets.

For pensioners who like overseas and have their monthly payments paid into a foreign bank, the process is slightly different. We have engaged with Western Union Business Solutions and require you to visit a Western Union Agent location to confirm your identity and that you remain entitled to receive a pension from the Fund. Details regarding this exercise will be sent out shortly.

**National Fraud Initiative (NFI) Exercise**

We are required by law to protect the public funds we administer. We may share information provided to us with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud.

The Audit Commission currently requires us to participate in its anti-fraud initiative. For this initiative, we are providing details of pensioners so that they can be compared to information provided by other public bodies. This will ensure, for example, that no pensioners are being paid to persons who are deceased or no longer entitled to a benefit.

Letters will be sent to all pensioners soon regarding this exercise.



# Local Government Pension Scheme (LGPS)

## Annual Benefit Statements

Annual Benefit Statement (ABS) 2016 for active members paying into the Local Government Pension Scheme (LGPS)

Your pension benefits as at 31 March 2016	Estimated value at your Normal Pension Date (25/08/2030)
<b>Yearly Pension: £2,013.24</b> <b>Automatic Lump Sum: £1,547.85</b>	<b>Yearly Pension: £5,435.91</b> <b>Automatic Lump Sum: £1,547.85</b>

I'm pleased to send you your latest ABS which shows how much pension benefits you've built up to 31 March 2016 in the LGPS. It also shows an estimated value of your benefits at your Normal Pension Age. These figures are shown in the boxes above but you can see a breakdown of these in the following pages of the statement.

We've also provided further information and explanations to help you understand what the benefits of the LGPS mean to you and how they're worked out. This statement is based on information provided by your employer's payroll provider. If you think the pay we've used is incorrect, then please let your employer know.

This ABS takes into account the changes in the LGPS from a Final Salary (FS) to a Career Average Revalued Earnings (CARE) scheme from 1 April 2014.

If you started paying into the LGPS before 1 April 2014 your pension benefits will be made up of both FS and CARE benefits. If you started paying into the LGPS before 1 April 2008 you'll have also built up an automatic one-off tax-free lump sum.

Notes relating to each section can be found at the end of your statement and further guidance can be found on our website [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk).

This statement is only intended to give you an indication of how your pension is building up. It doesn't give you any rights under law and you shouldn't make any future decisions based purely on the information given in this statement. If you're considering retiring, we can prepare an estimate of your pension benefits. To get an estimate of your pension please complete a 'Pension Estimate Request Form' which you can find on our website.

If you want to discuss your ABS please contact us by email. Our contact details are shown below. If you're querying your pay information then please contact your employer.

*Wiltshire Pension Fund, County Hall, Trowbridge, Wiltshire BA14 8JN*

*By email: [pensionenquiries@wiltshire.gov.uk](mailto:pensionenquiries@wiltshire.gov.uk) or Telephone: 01225 713613 between 8.30am and 5.30pm Monday to Friday. Website: [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk)*

Yours sincerely,



David Anthony  
Head of Pensions  
Wiltshire Pension Fund

# Local Government Pension Scheme (LGPS)

## Newsletters



- All retired members of the scheme
- Relevant information and pay/tax details
- Keeping contact and engagement
- Health and Lifestyle tips/Competitions

# Local Government Pension Scheme (LGPS)

## Newsletters



- All active members of the scheme
- Relevant information and regulation updates
- Advertising Pension Clinics and AGM

### Recent regulation changes to the LGPS

There have been a few changes to the rules of the LGPS that we feel you should inform you of:

**Joining the LGPS**

If you are an employee on a contract for less than 3 months, and you are eligible to be a member of the LGPS, then you can apply to join the scheme. However, the rules of the LGPS now say that, if you apply to join, you will be brought in at the start of your next pay period and not from the day you apply to join.

**50 sections of the scheme**

If you choose to be in the 50/50 section of the scheme, your employer will sometimes put you back into the main section and when they do they write to inform you. The rules of the LGPS now say that one of these letters from your employer will put you back into the main section if you are on ordinary maternity, paternity or adoption leave and you have not chosen to be in the 50/50 section.

#### Leave and buying back pension

If your employer allows you to take unpaid leave, you can buy back the pension you have lost. If you choose to do this within 30 days of returning to work, your employer must share the cost with you. The rules of the LGPS say that if you choose to buy back your pension, you must do this within 30 days of returning to work. Then your employer can now choose to share the cost with you. You can ask your employer if they will do this.

**Changes to the LGPS after 1 April 2015, and entitled to deferred pension**

If you leave the LGPS after 1 April 2015, and you're entitled to deferred pension, you will be left on hold in the Pension Fund, and you re-join the scheme later then you will not be allowed to join your deferred pension again. This may affect your future membership of the LGPS (in which case you will have two separate periods of membership).

### Expression of Wish nomination

It is very important that you tell us what you would like us to pay a death grant payment to if you die as a member of the LGPS. This way we are making sure that your wishes are clear.

A death grant of 2 x your actual salary is payable as a lump sum if you die while paying into the LGPS.

It is also important that you update your expression of wish if your circumstances or wishes change. If you have not made an expression of wish, we will either select who we consider to be the most appropriate beneficiary (i.e. pay the death grant to your estate). However, by completing an 'Expression of Wish' form you will help to speed up the process as it avoids problems. You can find the Expression of Wish form on our website.

Each new form we receive will supersede the previous one if you decide to change your beneficiary.

Wiltshire Pension Fund will have the greatest regard to your wishes; however, it is not legally bound by them.

### The New State Pension and National Insurance (NI) Changes

The Government is introducing a new "single-tier" State Pension for people who reach State Pension age on or after 6 April 2016. This will replace the existing basic and additional State Pensions.

#### What does this mean for members of the Local Government Pension Scheme?

As a member of the LGPS, you are currently 'benefit-entitled' of the additional State Pension. You receive a rebate on the National Insurance contributions you pay on any earnings between £824 and £16,400 per year (unless you are already over State Pension age or if a widow's reduced rate of member still paying the married woman's or widow's reduced rate of National Insurance). This means that when you're or widow's reduced rate of LGPS you are not building up rights to any additional State Pension; you are building up pension benefits in the LGPS instead.

From 6 April 2016 the new single-tier State Pension replaces the basic and identical State Pension for those who reach State Pension age after 6 April 2016 and the increased rates for all LGPS members (from 5 to 8 years reaching State Pension age after 6 April 2016) no longer exist. It means that you will no longer receive the National Insurance rebate (unless you are already over State Pension age or if a widow's reduced rate still paying the married woman's or widow's reduced rate of National Insurance).

There are no plans to change the benefits the LGPS provides as a result of introduction of the new State Pension.

To find more information about these changes including Q&A, News Update page on the website [www.wiltshirepensionfund.gov.uk](http://www.wiltshirepensionfund.gov.uk). This page includes information about the LGPS news update.

# Local Government Pension Scheme (LGPS)



## Pension Clinics



Benefits of 1-2-1 Meetings

- 4 locations around the County over a period of 8 months
- Meet with a member of staff from benefits team
- 20 minute appointments
- Opportunity to discuss individual pension queries

## Workplace Presentations

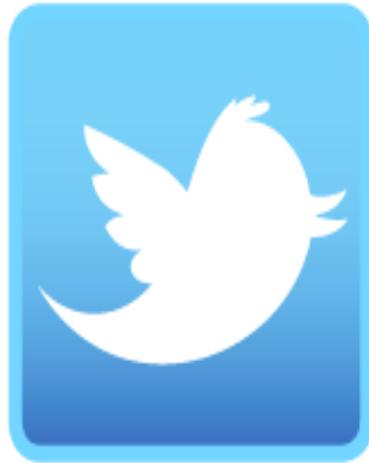


- Requested by the employer
- We visit the workplace
- Detailed presentation showing the benefits of the scheme and how it is calculated
- Opportunity to ask questions

# Local Government Pension Scheme (LGPS)



## Twitter



Follow us on  
twitter

@WiltsPensions

# Local Government Pension Scheme (LGPS)



## Working with Employers

- Dedicated contact – Denise Robinson (Employer Relationship Manager)
- Employer Forums quarterly
- Bi-monthly newsletters
- Website tools / forms
- 1:1 meetings / staff training
- Outsourcing / LGPS provision advice
- Academisation / MATs

## Employers Developments

Aim to work with our scheme employers to improve knowledge, performance & understanding:

- IDRP employer process
- Authorisation signatory lists
- Ill-health insurance
- Different investment strategies for employers

# Thank You

**all feedback is welcome**

**David Anthony**

Head of Pensions

[David.Anthony@Wiltshire.gov.uk](mailto:David.Anthony@Wiltshire.gov.uk)

01225 713620

## Funding Level Update & current actuarial developments

Catherine McFadyen  
Fund Actuary

Hymans Robertson

# Wiltshire Pension Fund

Annual General Meeting - 2017

- Catherine McFadyen FFA
- 21 June 2017

# What are we going to cover?

## Quiz



## What has happened since the 2016 valuation?



## Employer Categorisation





# Quiz



# Quiz

1. How many members at the last valuation were over 100 years old?

- a) 6
- b) 10
- c) 25



2. Members of the WPF have relocated to which of the following areas?

- a) Mandurah, Australia
- b) Rancho Cucamonga, California
- c) Miyazaki, Japan



3. What was the average annual pension amount at the last valuation?

- a) £4,600
- b) £9,200
- c) £13,800



4. How many days are there until the next valuation?

- a) 606
- b) 648
- c) 702





What has happened since the 2016 valuation?

# The scrutiny on the Fund is still greater than ever:



Public Service Pensions  
Regulations



Local Pension Board



WILTSHIRE  
PENSION FUND

Pension Fund  
Committee

The Pensions  
Regulator

Governance and administration of  
public service pension schemes



Scheme Advisory Board



# Your results

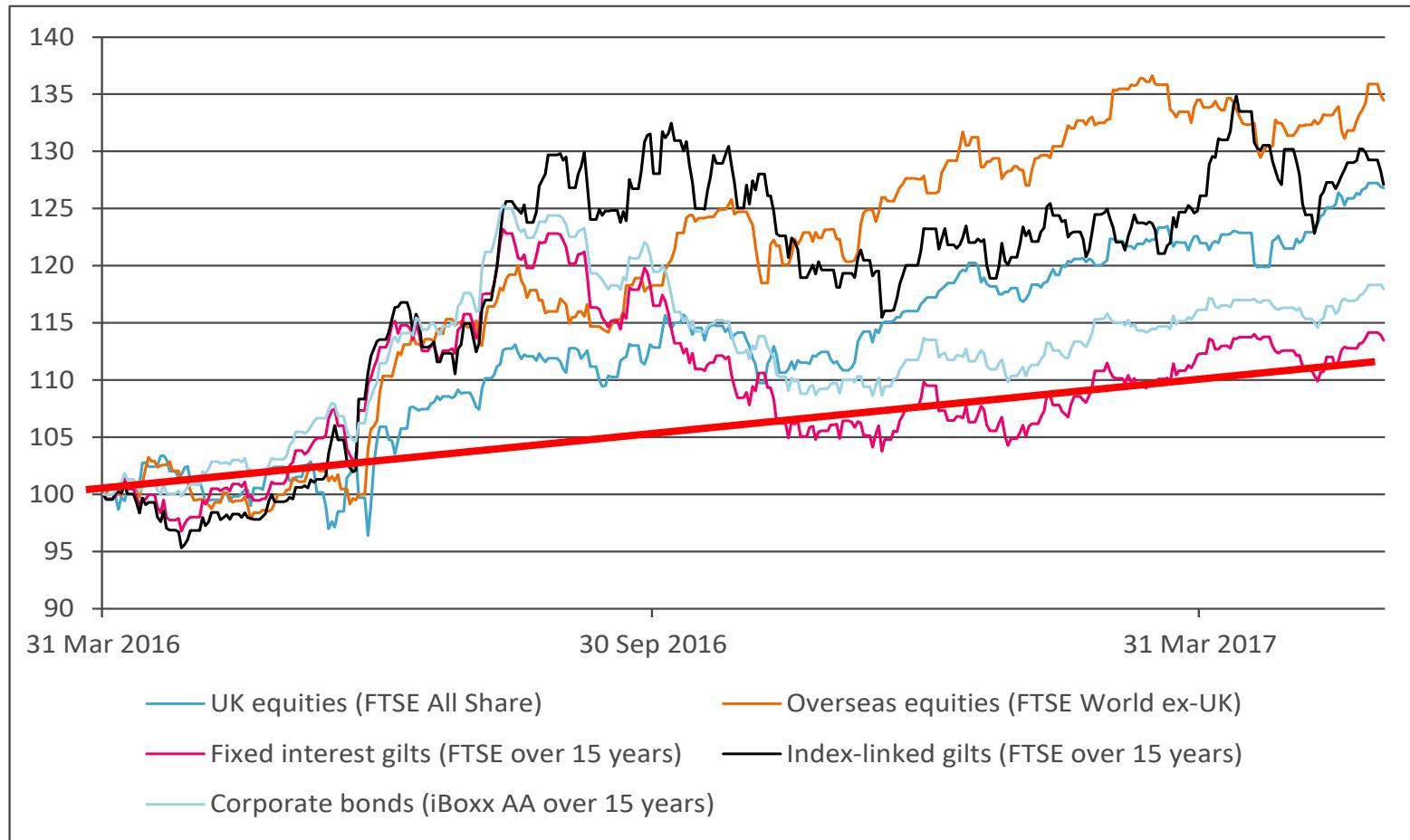


	31 March 2016	31 May 2017*
<b>Total Liabilities</b>	<b>2,246m</b>	<b>2,647m</b>
Assets	1,831m	2,214m
Surplus/Deficit	(415m)	(433m)
Funding level	82%	84%

\*based on rollforward methodology

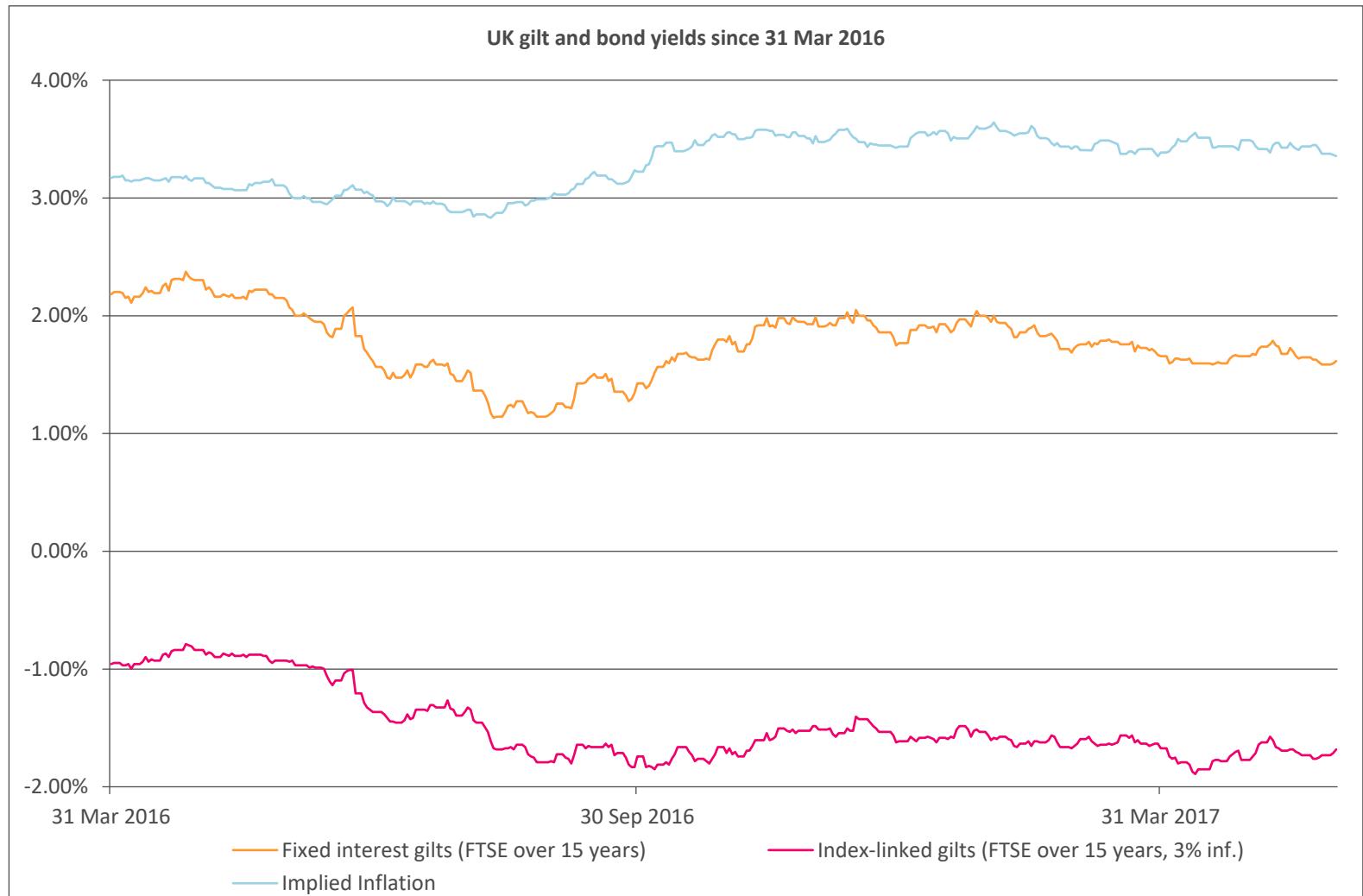
***Increase in funding level since the 2016 valuation***

# Strong asset return since 2016



Expected return

# Market price of liabilities since 2016



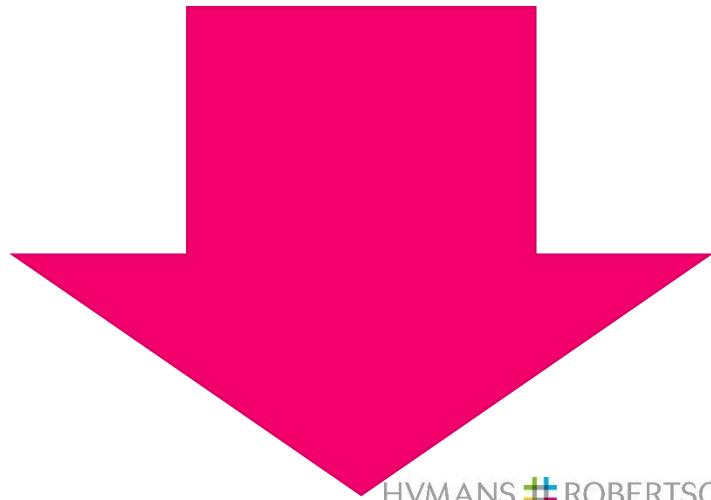
# What's happened?



- › Good asset return experience
- › Benefit increases less than expected

**Improves the funding position**

- › Falling gilt yields
- › Inflation rising

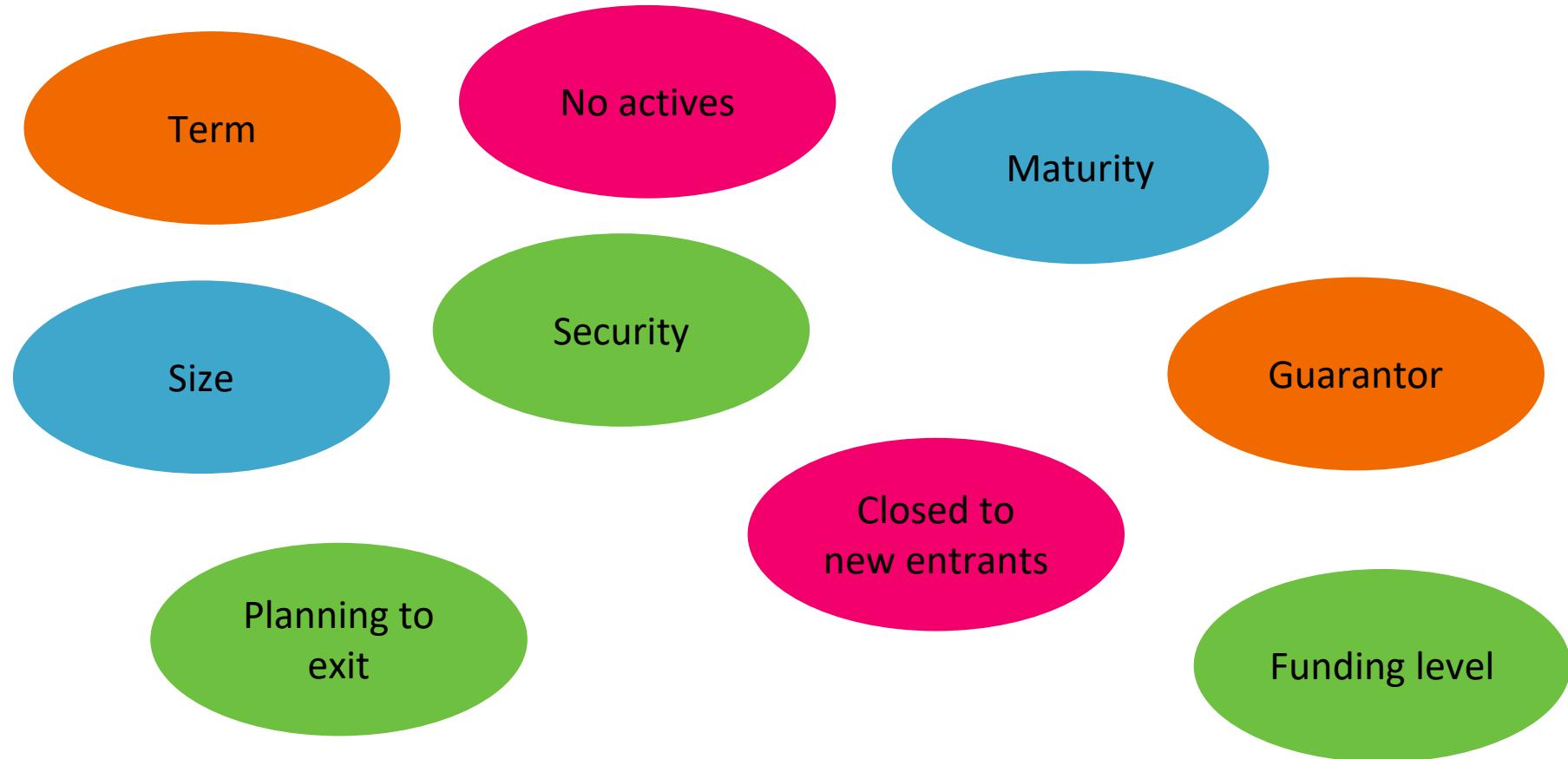


**Worsens the funding position**



# Employer Categorisation

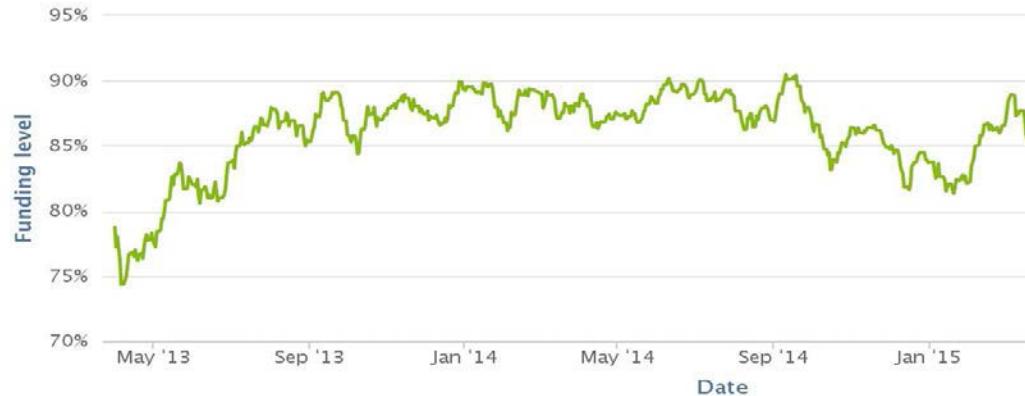
# Employers are different



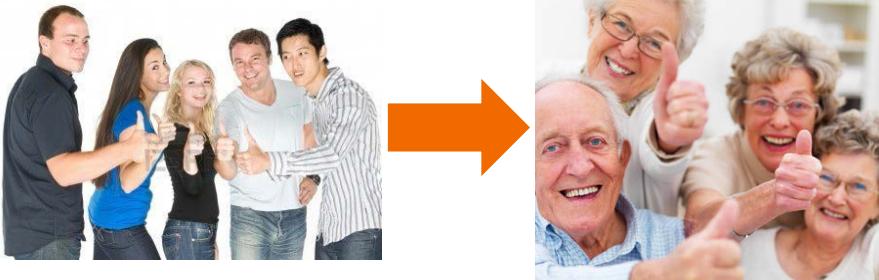
**Set a funding strategy which recognises this diversity to achieve better funding outcomes**

# Employers are different

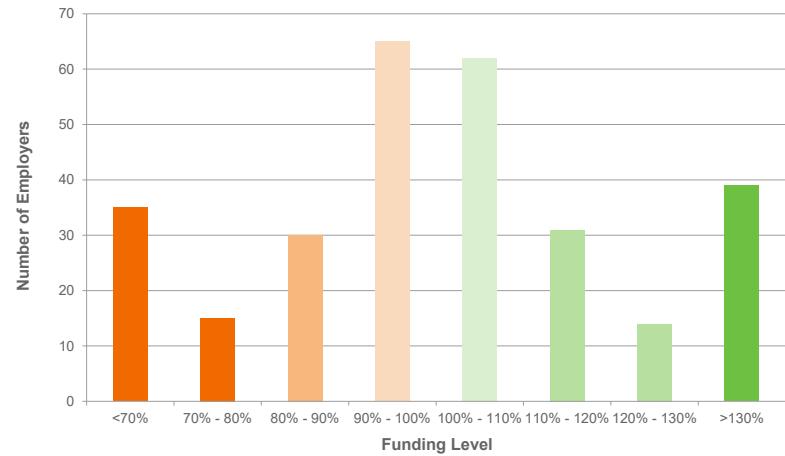
Challenging funding environment



Maturing membership profile



Increasing employer diversity



Stress test the model at individual employer level

# Examples of diversity

## **Employer W**

Academy with large deficit  
BUT higher payroll & long timescale on which to base contributions

## **Employer X**

CAB on gilts glide path towards cessation  
BUT exposed to equity market risks

## **Employer Y**

Poorly funded council needs long term investment growth  
BUT Fund may de-risk sooner than employer would choose

## **Employer Z**

Contractor in surplus  
BUT equity market risks in short term (before end contract)

# Tools to tackle employer diversity

**Contribution  
strategy**



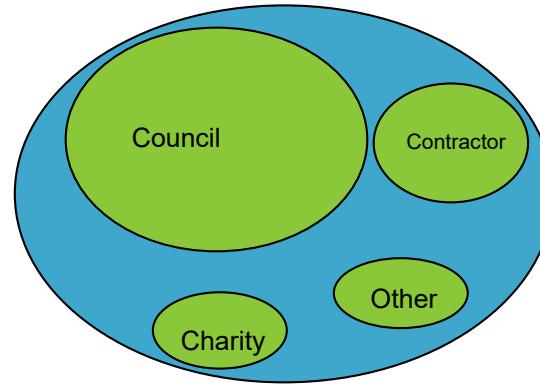
**Investment  
strategy**



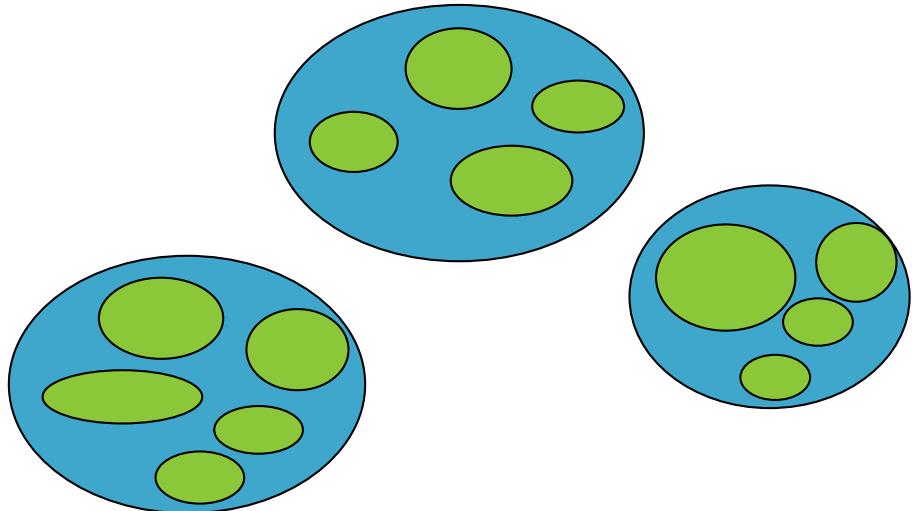
# Move to multiple investments strategies



**Historically: one  
investment strategy  
for all**



**In progress: move to  
multiple strategies to  
better suit individual  
employers**



# Investment strategies implemented (example)



Investment strategy	Employer characteristics
Growth Strategy A	Poorly funded, mature, cashflow negative, open to new entrants
Growth Strategy B	Well funded, less mature, cashflow neutral/positive, open to new entrants
Medium Growth Strategy	Admission bodies, closed, planning to exit on gilts funding
Gilts Strategy	Ceased, paid gilts cessation debt

# What this looks like in practice



Employer	Funding target	Recovery period	Risk category	Likelihood of success
Employer A	Ongoing	17 years	Low	66%
Employer B	Ongoing	17 years	Medium	75%
Employer C	Ongoing	10 years	High	80%
Employer D	Gilts	5 years	High	70% <sup>1</sup>
Employer E	Ongoing	3 years	Low	66%

Notes:

1. Charge on assets, reduction in likelihood of success from 80% to 70% to reflect additional security

- Help all parties understand approach to setting contribution rates (including SAB and DCLG)

**Transparent approach to funding plans  
Engagement with employers is key**



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## Investment Performance & current themes for Risk Mitigation

Joanne Holden  
Fund Investment Advisor

Mercers

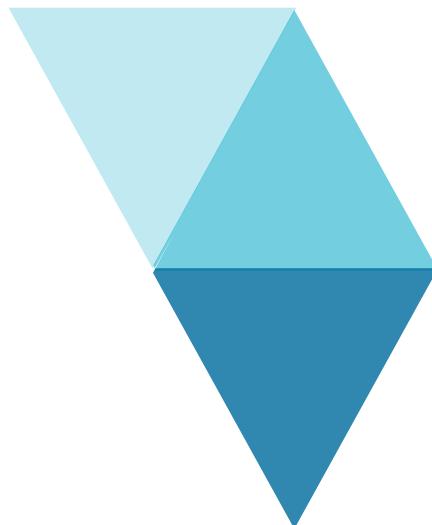
HEALTH WEALTH CAREER

# WILTSHIRE PENSION FUND

## ANNUAL GENERAL MEETING

Jo Holden

June 2017



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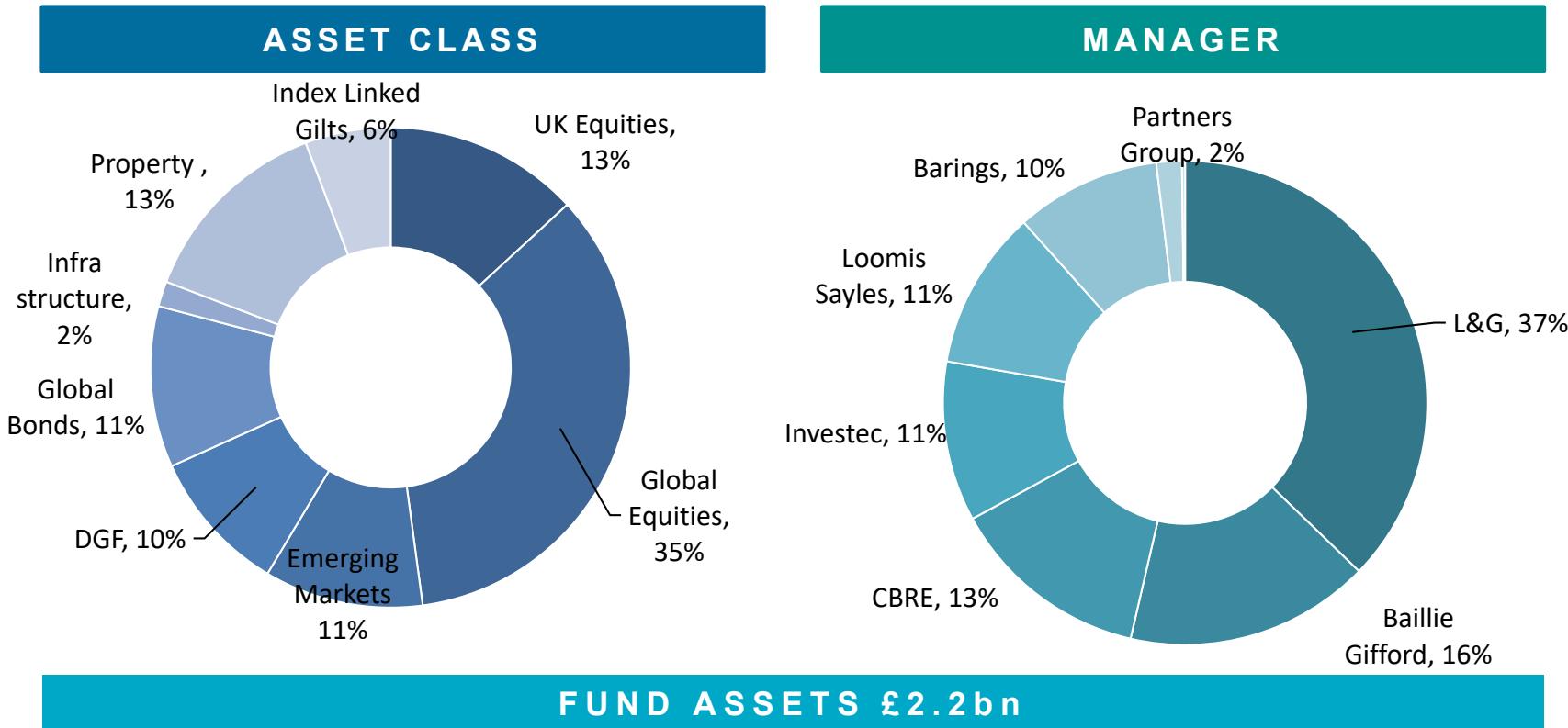
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# FUND ALLOCATION



THE EXPECTED RETURN ON THE PORTFOLIO IS 3.7% P.A. ABOVE GILTS (LIABILITIES)



THE LEVEL OF RISK THE PORTFOLIO IS RUNNING IS 14.8% P.A.

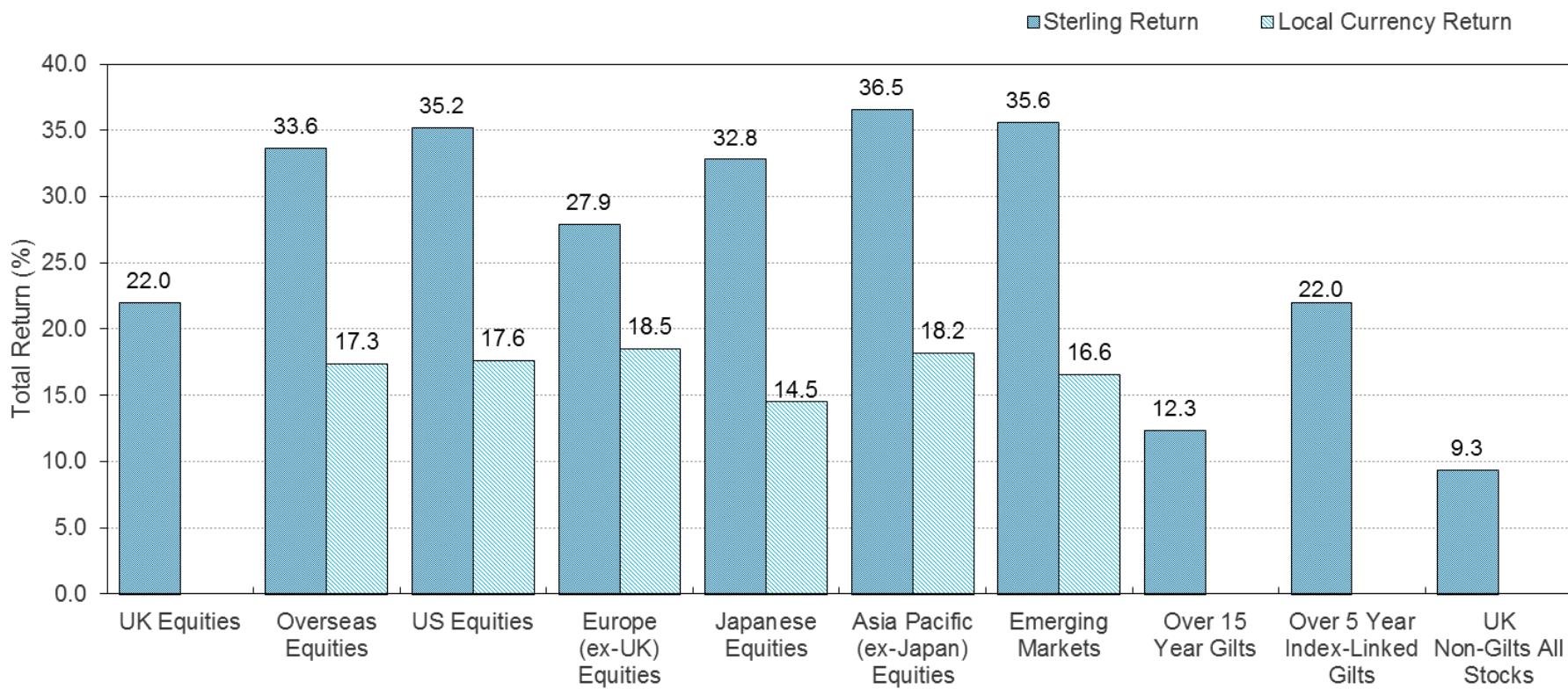
## PERFORMANCE AT A FUND LEVEL

	1 year performance to				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Fund	18.3%	-1.2%	14.0%	10.3%	3.2%
Benchmark	20.5%	1.4%	11.8%	5.9%	4.0%
Index Linked Gilts (proxy for liabilities)	22.0%	1.9%	21.1%	-4.4%	11.7%

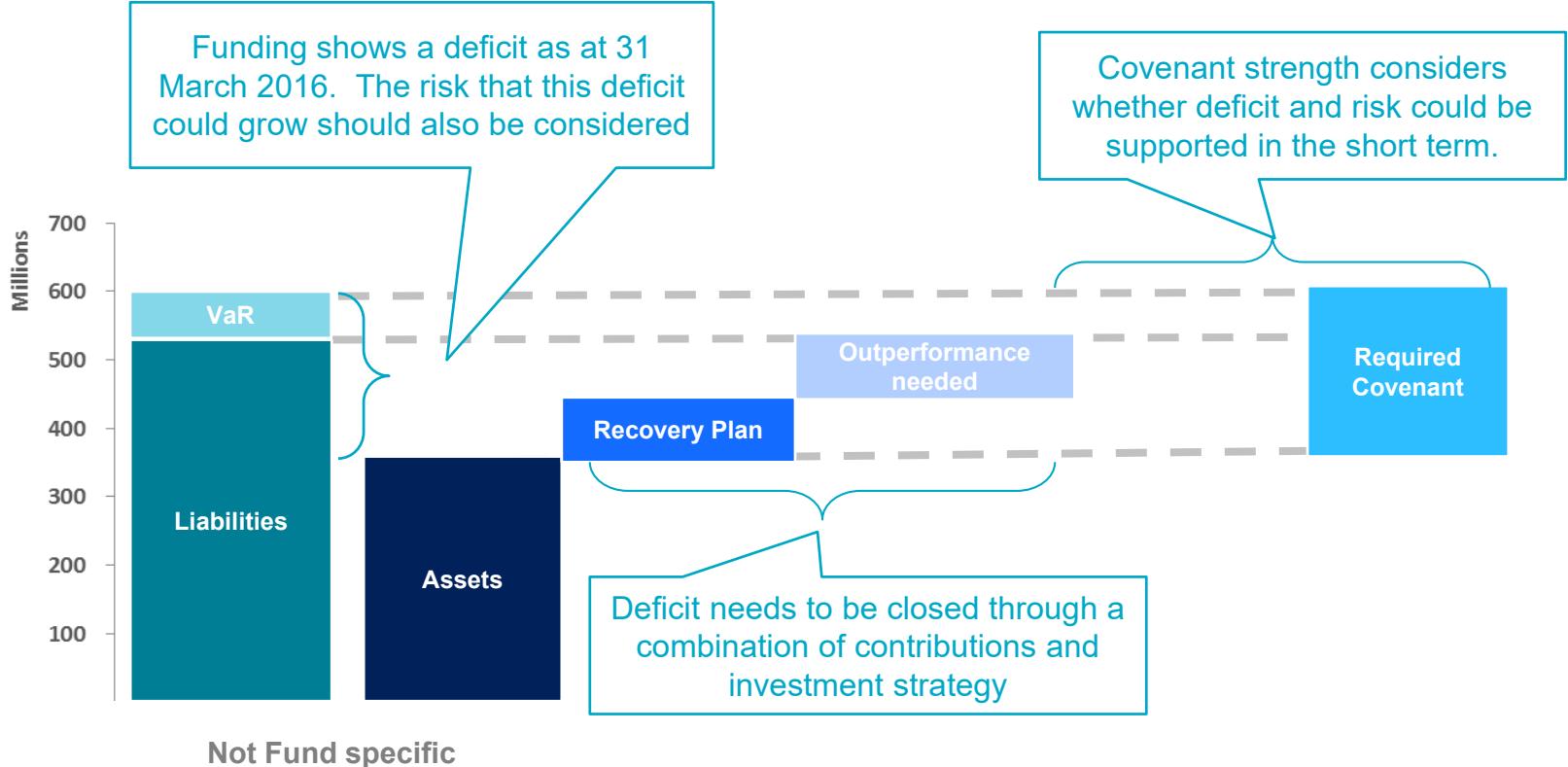
Source: Wiltshire Pension Fund – Report & Accounts  
 Returns are shown gross of management fees.

# MARKET PERFORMANCE

## 1 YEAR PERFORMANCE TO 31 MARCH 2017



## CONTEXT – FUND OBJECTIVES



A STRONG COVENANT ALLOWS FLEXIBILITY IN THE FUNDING APPROACH AND INVESTMENT APPROACH

# INVESTMENT STRATEGY

## DESIRABLE CHARACTERISTICS...



INFLATION  
LINKED



REFLECT  
BELIEFS



CASHFLOW  
GENERATING



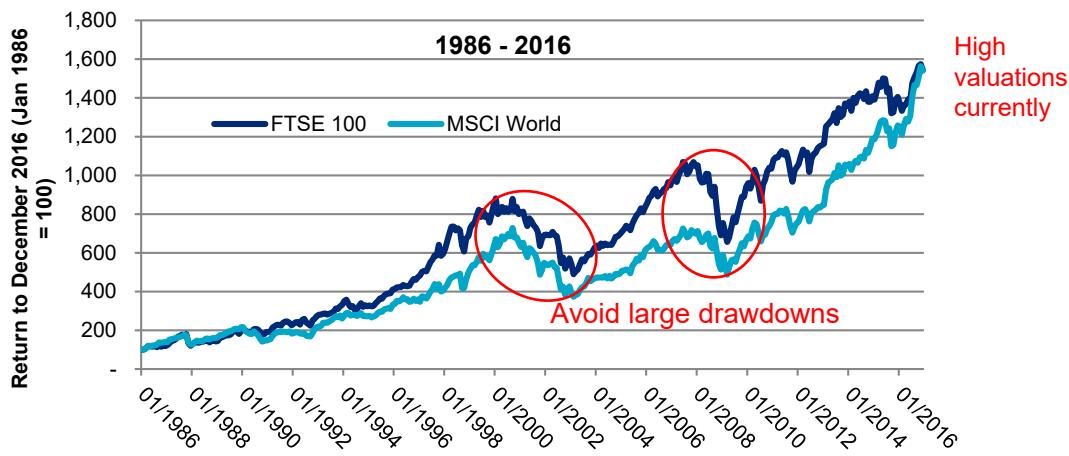
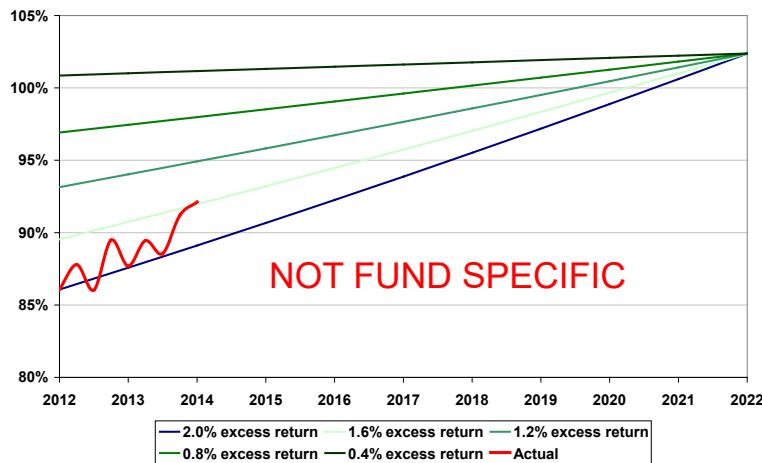
RETURN  
GENERATIVE

- The majority of benefit payments are linked to CPI inflation. It therefore makes sense to have a significant allocation to assets where returns have either an implicit or explicit link to inflation.
- The investment strategy should reflect the beliefs of the Fund. For example:
  - ESG beliefs
  - Illiquid assets (to harvest 'illiquidity premium')
  - Risk mitigation
- We should have a mind to meeting benefits without becoming forced sellers of assets. Investments that generate secure income can help to address this need. This will become more important over time.
- There is a deficit for the Fund to recover over time. Therefore, unless an investment is specifically required for risk management purposes, there should be a clear focus on long term return potential of the assets to help reduce the deficit over time.

# INVESTMENT STRATEGY STATEMENT

Asset class	Allocation %	Role (s) within the strategy
Equity	50.0	Long term growth in excess of inflation expected; Generate investment income i.e. dividends.
Index-Linked Gilts	5.0	Provide protection from changes in inflation both in terms of capital value and income
Growth Bonds	15.5	Diversified source of income and provides a degree of protection from changes in interest rates. Some growth above gilts expected
Diversified Growth / Multi - Asset	10.0	Diversification and Tactical Asset Allocation
Property	13.0	Diversification; Generate investment income; Provide some inflation-sensitive exposure; Illiquidity premium
Infrastructure	5.0	Provides the Fund with reliable long-term cash flows usually with contracted uplifts in line with inflation.
Private Loans	1.5	Offer a wide range of long-term investment opportunities; Act as diversifiers from traditional asset classes; as well as improved returns from expected illiquidity premium.

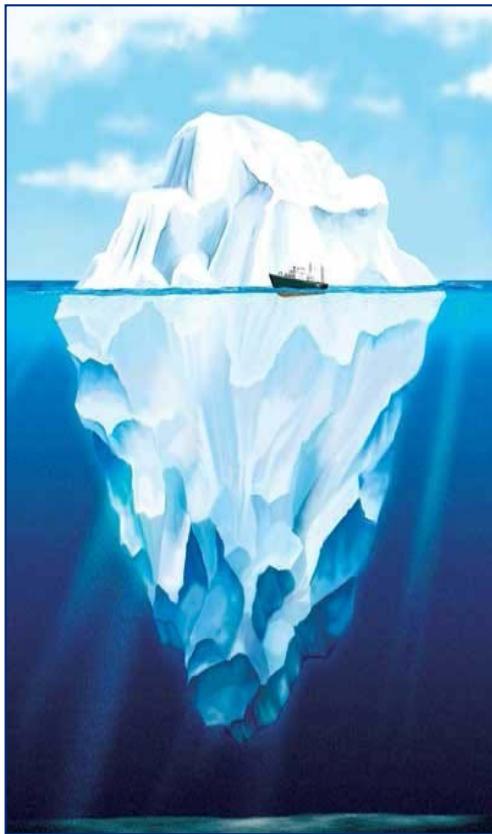
# RISK MITIGATION



# RESPONSIBLE INVESTMENT

## ESG ISSUES DEFINED

A broader perspective on risk



Environmental



- Air quality
- Energy / Climate
- Water

Social



- Diversity
- Product safety
- Working conditions

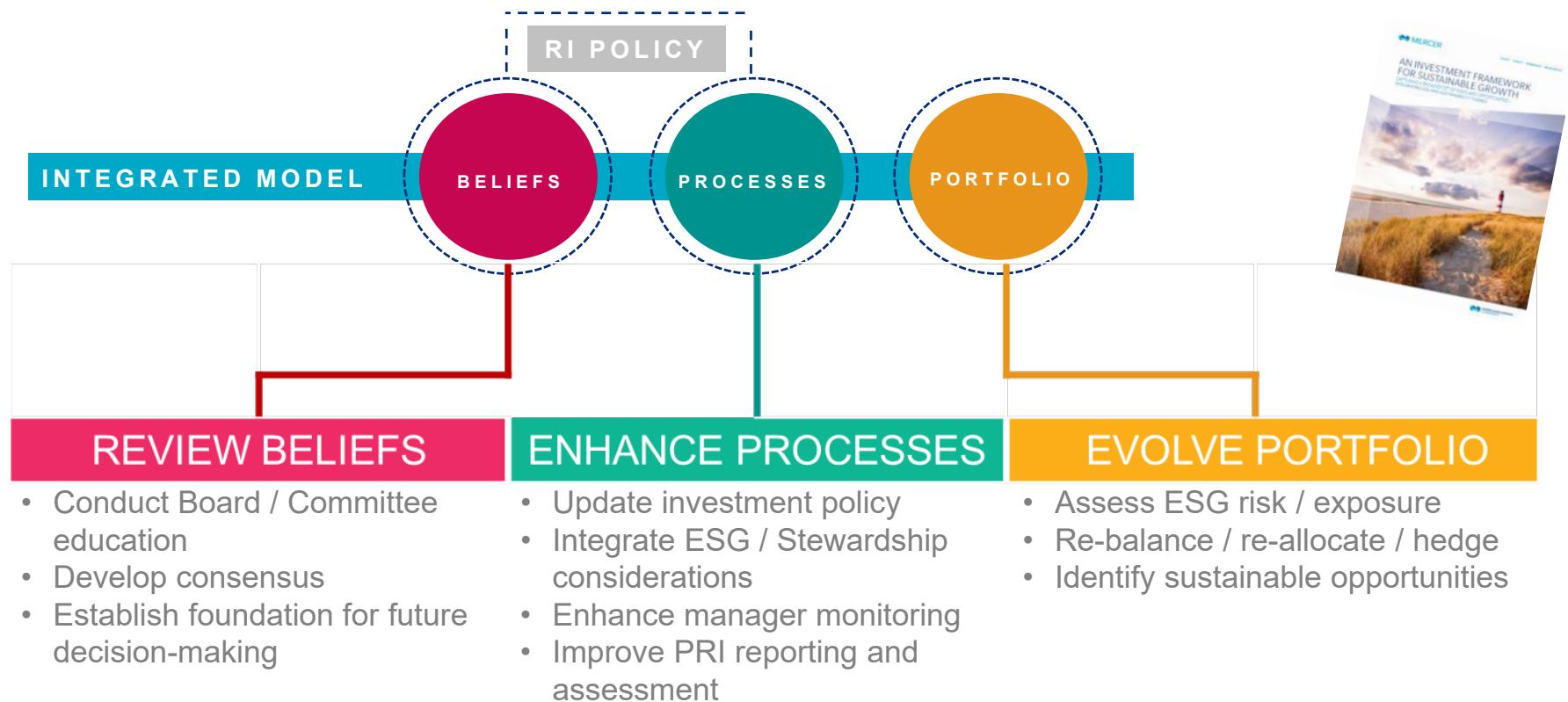
Corporate Governance



- Audit quality
- Board composition
- Remuneration

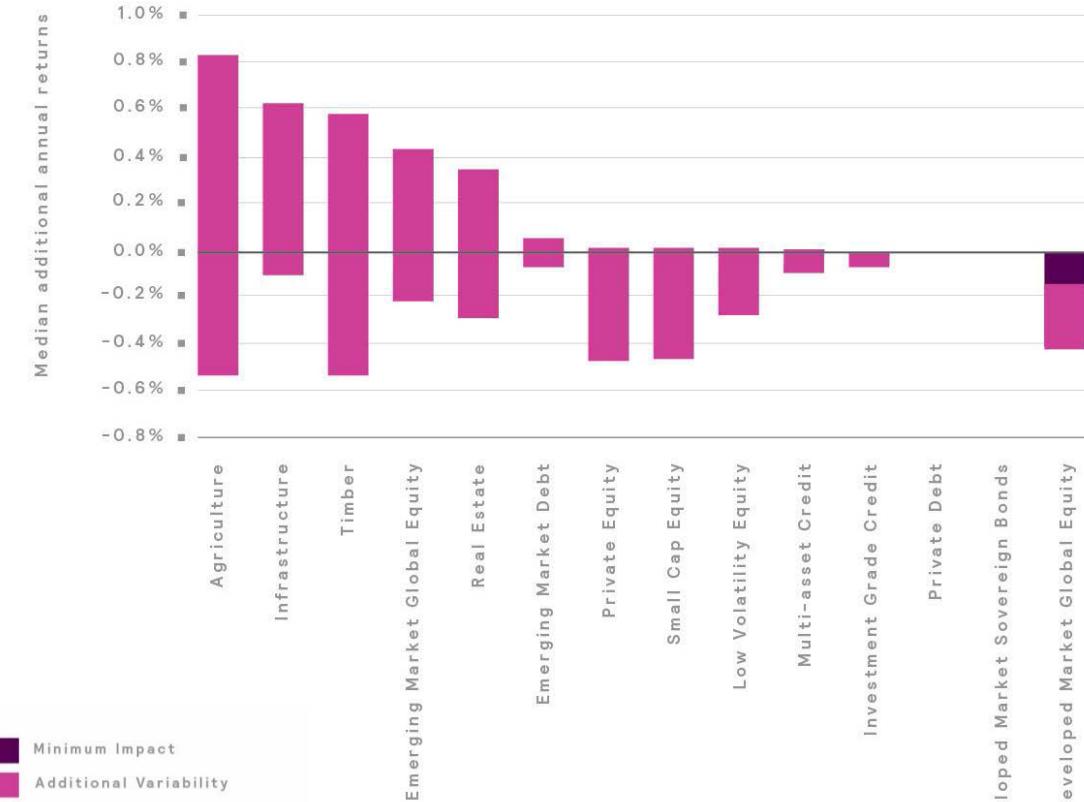
# RESPONSIBLE INVESTMENT ESTABLISHING AN RI APPROACH

Follow a systematic process when setting an RI strategy



# CLIMATE IMPACT ON RETURNS BY ASSET CLASS

(M E D I A N   A N N U A L   R E T U R N   I M P A C T   -   A L L   S C E N A R I O S   -   O V E R   3 5   Y E A R S )



# QUESTIONS ?



**MAKE  
TOMORROW,  
TODAY**



## The Investment Managers View Global trends, Brexit and the LGPS

Tim Garret and Tom Wright  
Baillie Gifford

# WILTSHIRE PENSION FUND

*ANNUAL GENERAL MEETING*

Tim Garratt and Tom Wright, 21 June 2017



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# Background

## Baillie Gifford

- Independent partnership, based in Edinburgh since 1908
- 1994–2010: managing a UK equity portfolio
- 2005–date: managing a Global equity portfolio currently worth c.£400m, 15% of your Fund
- Manage c.£20bn for 40+ LGPS funds, including Devon and Oxfordshire

# Where we Fit

## Part of Your 55% Allocation to Equities

Wiltshire's Investment Beliefs	Baillie Gifford's Approach
Investing over long term provides opportunities to improve returns	Long term time horizon of 5 years +, low portfolio turnover
Diversification... can produce a smoother returns profile	Smoothen returns will come from elsewhere!
Value for money is important, not just absolute costs	Returns net of fees are what matter Performance fee aligns our interests Other costs (trading commissions etc.) are low Pooling should lead to cost savings
High conviction active management can add value to returns, albeit with higher short-term volatility	c.30 stock, concentrated portfolio. Performance will be very different from the index

# Cumulative Returns Since Inception\*



Source: Baillie Gifford & Co and relevant underlying index provider(s).

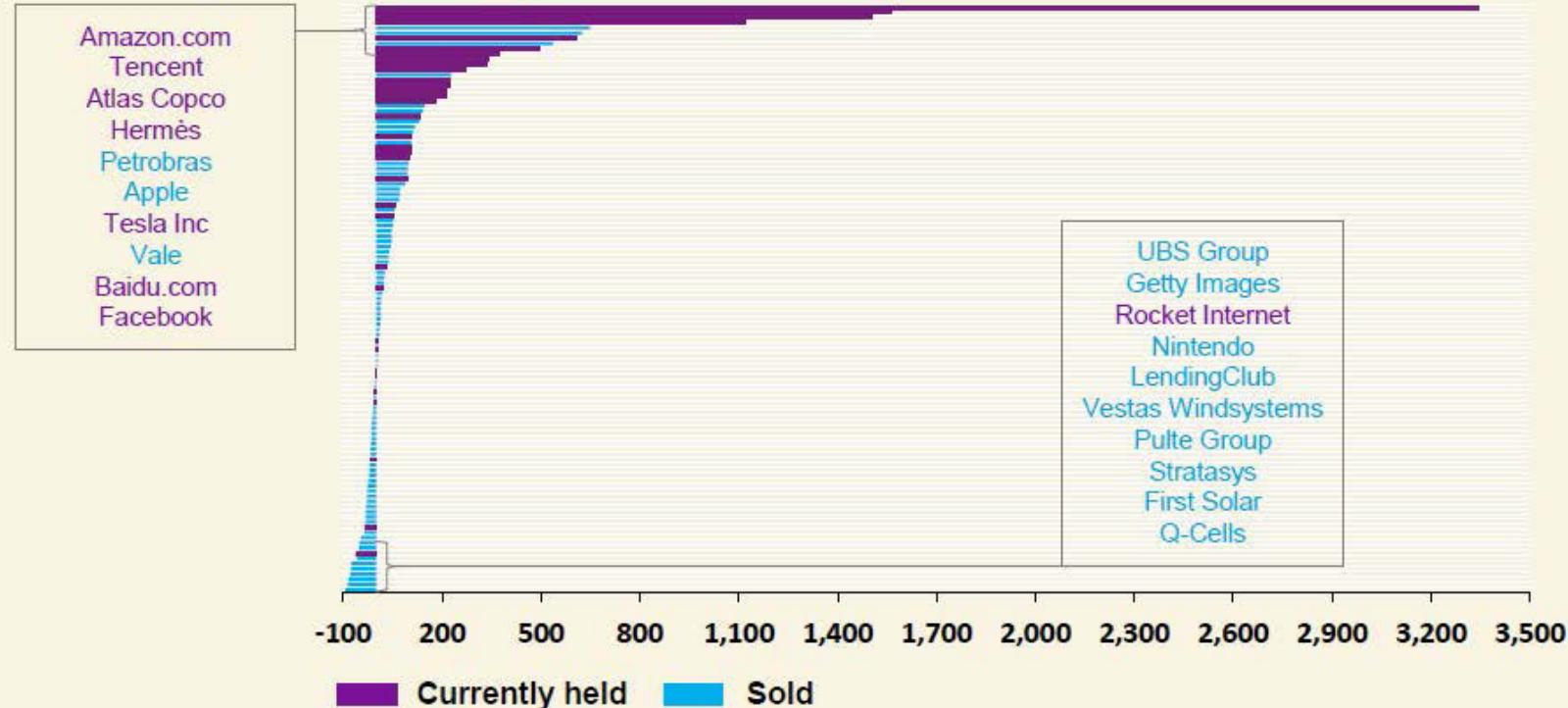
\*Inception 23 May 2005. Sterling.

Rebased to 100. Net of fees. As at 31 March 2017.

£147m added value above indices and after fees and costs

# Embracing Asymmetric Returns

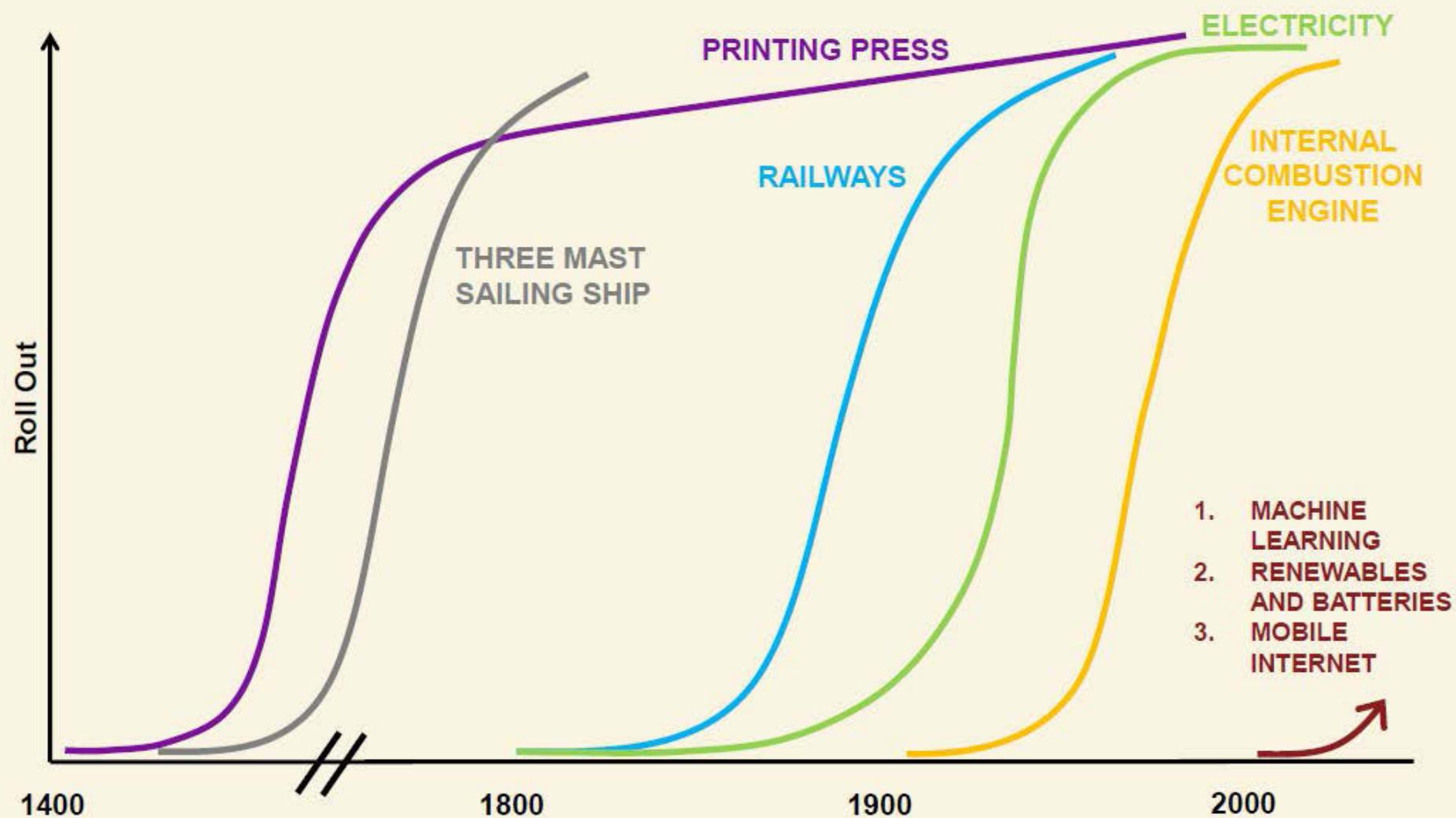
Cumulative Absolute Returns of LTGG stocks  
since inception of strategy<sup>†</sup> to end March 2017



Source: StatPro.

<sup>†</sup>21/05/04. Based on a representative portfolio. Returns in sterling.

# General Purpose Technologies



# 1. Machine Learning

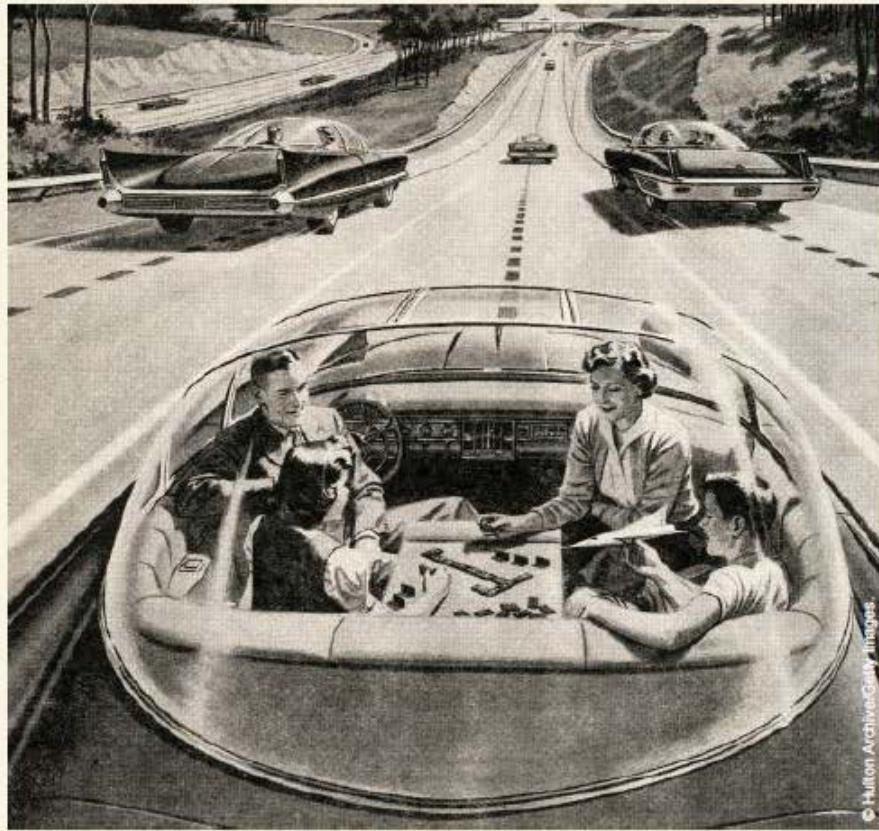
## Computer Vision



© Twitter@teamyousai.

# 1. Machine Learning

## Autonomous Vehicles



Baidu.com – Held since 2009

# 1. Machine Learning

Diagnosis: in Crops and People



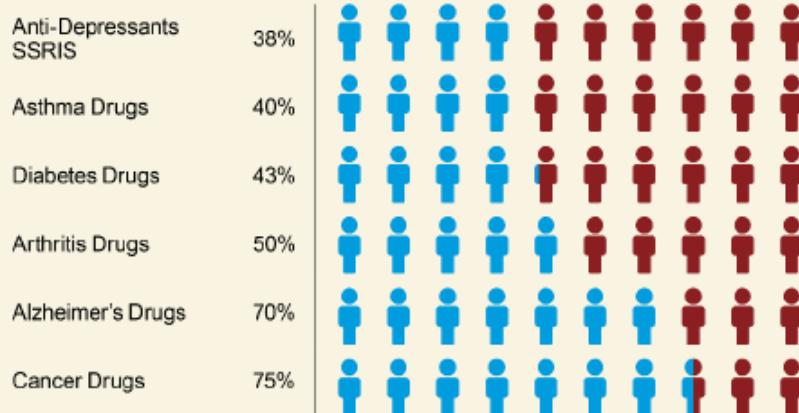
Alphabet – Held since 2008

# 1. Machine Learning

## Democratised Genomics

### Effectiveness of Drugs

Percentage of the patient population for which a particular drug in a class is ineffective, on average

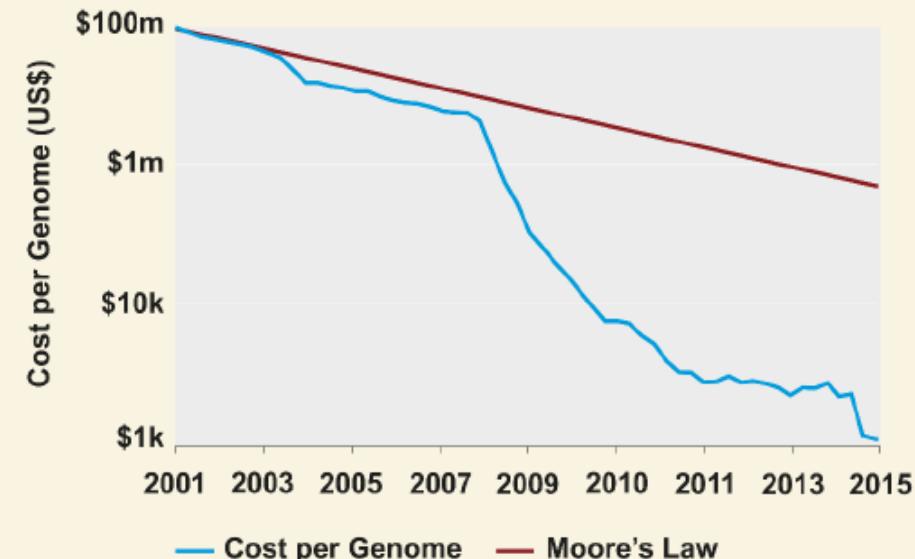


Source: Brian B. Spear, Margo Heath-Chiozzi, Jeffrey Huff, 'Clinical Trends in Molecular Medicine,' Volume 7, Issue 5, 1 May 2001, pages 201-204.

 = Drug ineffective    = Drug effective

Source: Brian B. Spear, Margo Heath-Chiozzi, Jeffrey Huff, 'Clinical Trends in Molecular Medicine', Volume 7, Issue 5, 1 May 2001, pages 201–204.

### Gene Sequencing Costs



Source: National Human Genome Research Institute.

Illumina – Held since 2011

## 2. Renewables and Batteries



© iStockphoto.com/Sergio Valente

### Four of world's biggest cities to ban diesel cars from their centres

Paris, Madrid, Athens and Mexico City will ban the most polluting cars and vans by 2025 to tackle air pollution

Guardian 2nd December

The Square Mile wants a ban on all diesel minicabs by 2020

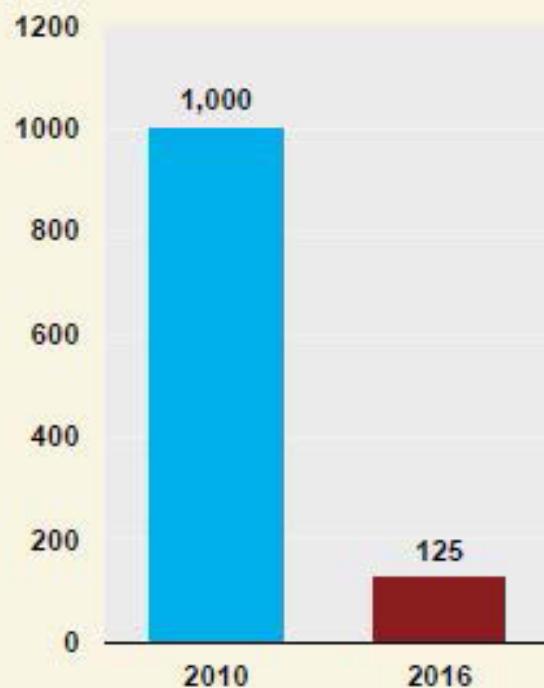
City AM 4th January

London takes 5 days to breach 2017 air pollution limit

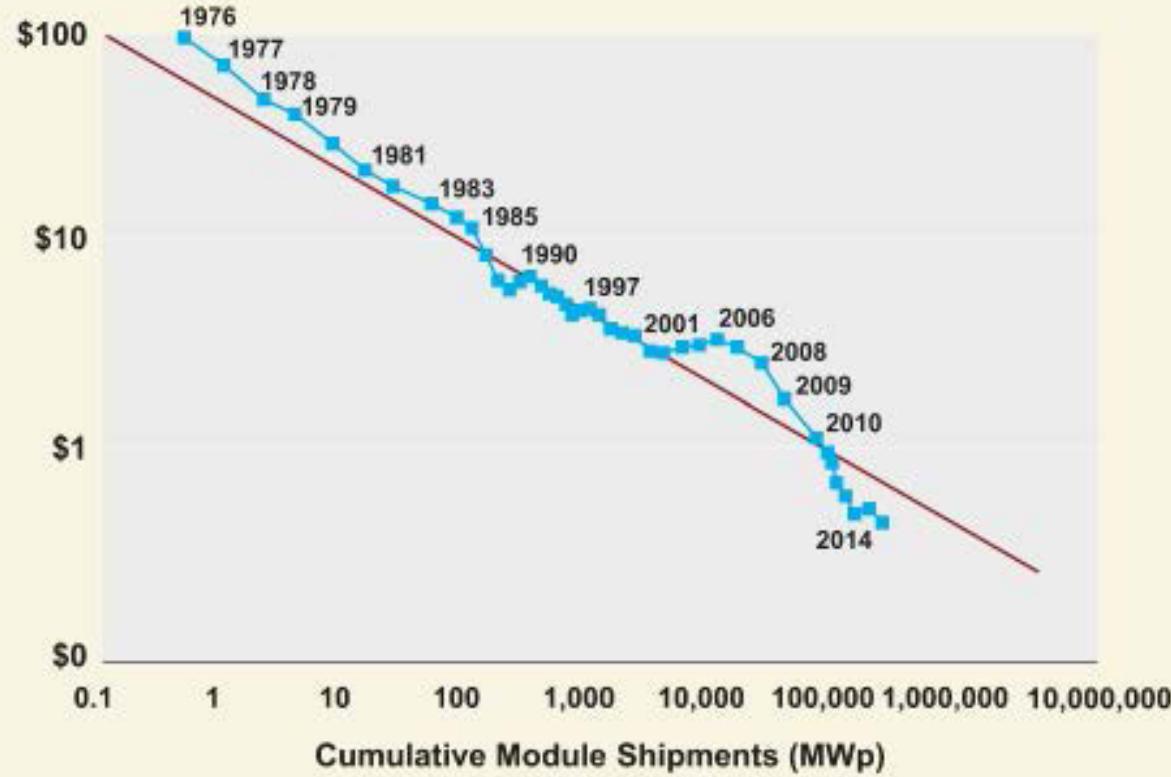
Washington Post 8th January

## 2. Renewables and Batteries

Battery costs \$/KWH



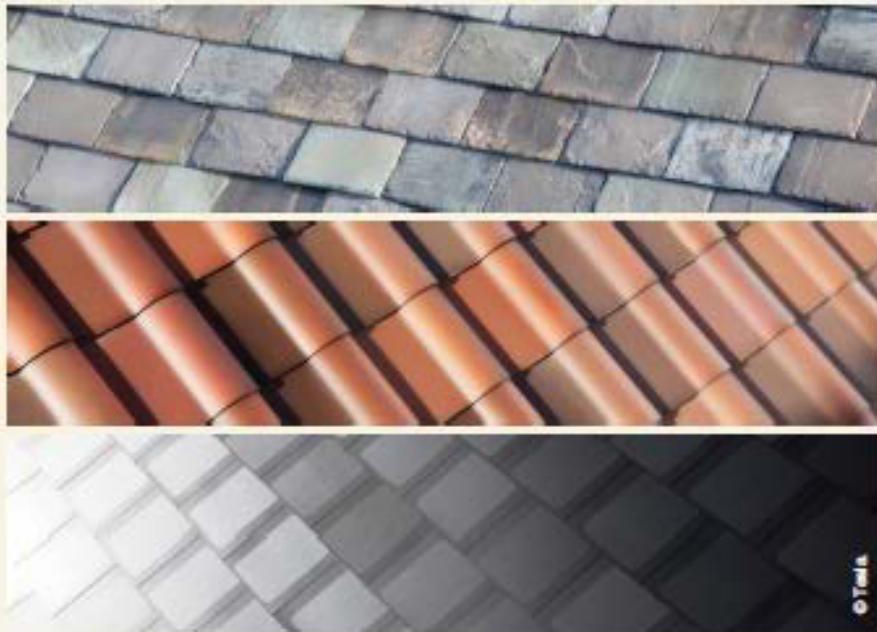
Solar Module Costs \$/Watt



Source: Tesla.

Tesla – Held since 2013

## 2. Renewables and Batteries

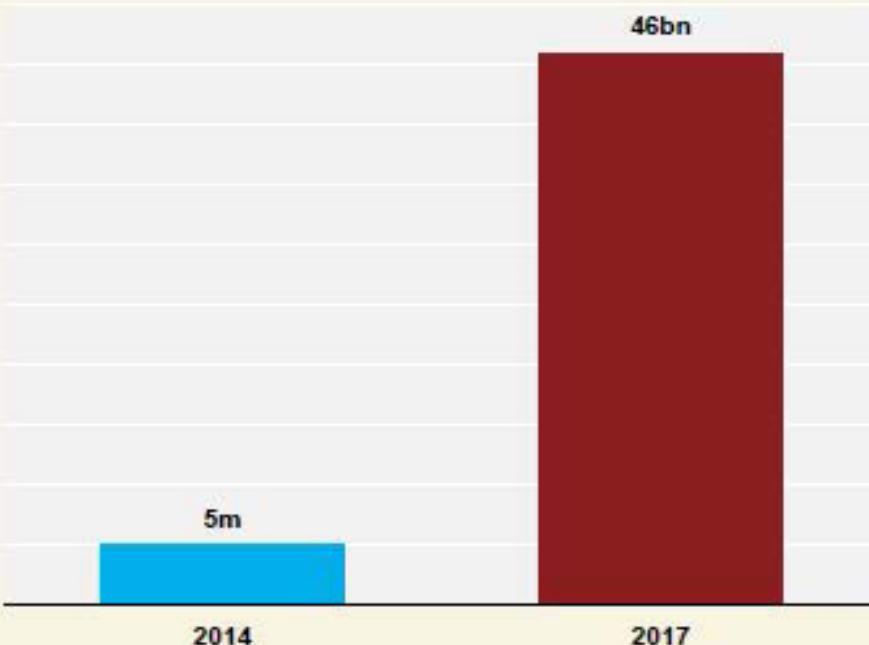


Tesla – Held since 2013

### 3. Mobile Internet

#### Democratising Finance

Chinese New Year:  
Red Envelopes Sent on WeChat Platform



Tencent – Held since 2009

### 3. Mobile Internet

#### Democratising Retail



A screenshot of the Alibaba.com website. At the top, it says "Welcome to Alibaba.com, Join Free | Sign In". The main logo features a stylized orange 'A' with the text "Alibaba.com" and "Global trade starts here." Below the logo, there is a link for "手机版" (Mobile Version) and a greeting in Chinese: "亲，欢迎来淘宝！请登录 免费注册". On the right side, there is a red button labeled "新会". The page features large red Chinese characters "淘宝网" (Taobao.com). At the bottom, there are logos for "支付宝" (Alipay.com) and "个人服务" (Personal Services).

Alibaba – Held since 2014

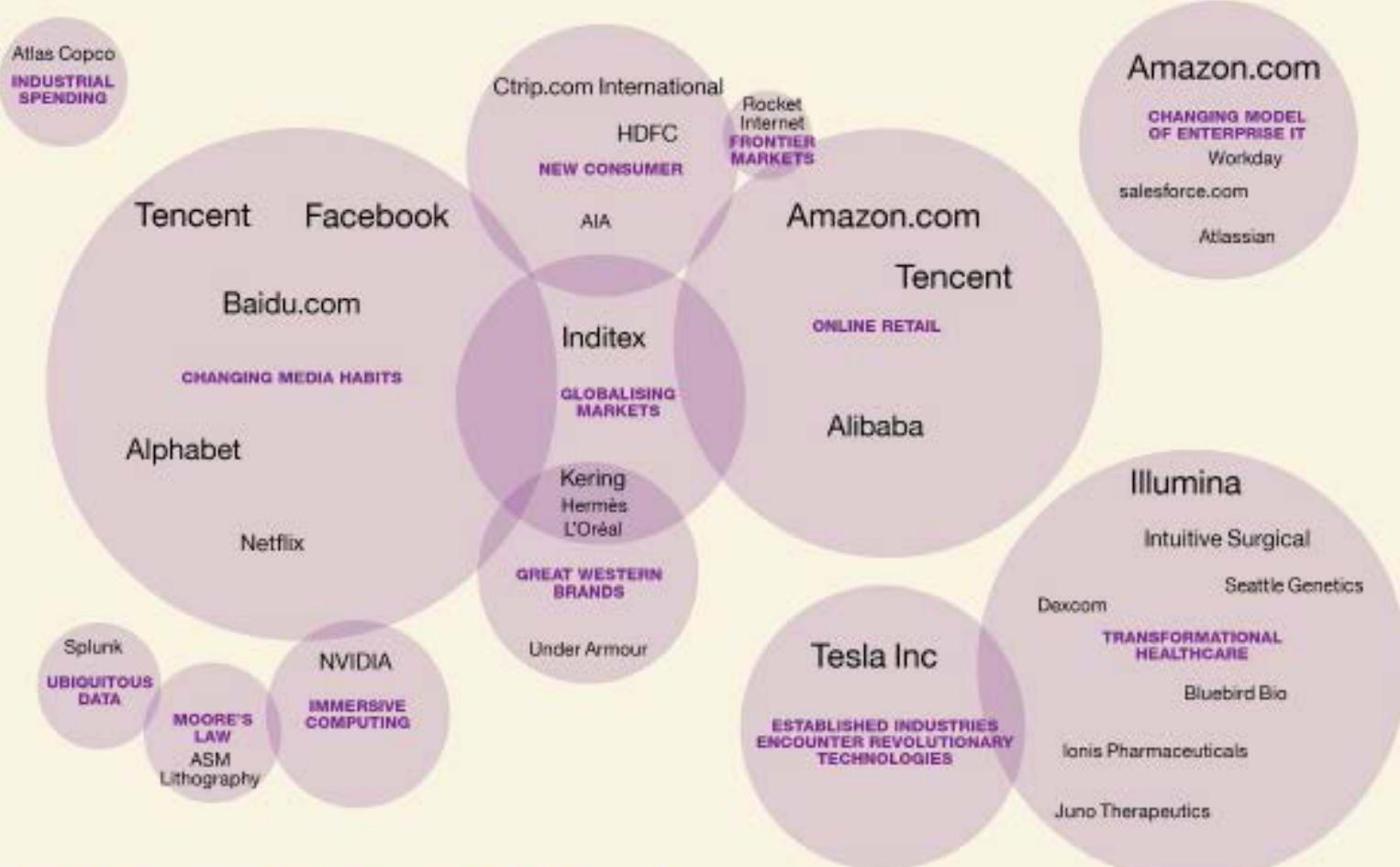
### 3. Mobile Internet

Democratising Computer Services



Amazon – Held since 2005

# Your Portfolio



Based on a representative LTGG Portfolio. As at 31 March 2017.  
Source: Baillie Gifford & Co.

## Long term view

### Pooling – opportunities and challenges

- Economies of scale, cost transparency
- Access to other investment opportunities
- Governance challenge
- Ongoing relationship between you and Brunel

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## Investment Pooling & the Brunel Pension Partnership

Catherine Dix  
Strategic Pensions Manager

# Investment Pooling Proposal

Annual General Meeting



Forging new futures by working together

June 2017

# Strategic Case for Pooling - Regulatory recap

Government driver	Pooling criteria	Intervention
<b>July 2015</b> Pooling announced <b>November 2015</b> Draft regulations <b>November 2016</b> Regulations laid	<b>A:</b> Size £25 billion <b>B:</b> Governance <b>C:</b> Costs & VFM <b>D:</b> Infrastructure Capacity & Capability	<b>Reg. 8</b> Secretary of State can intervene if deem regs. or guidance not implemented appropriately
Response	BPP	Diversification
<b>February 2016</b> BPP formed – 10 funds <b>July 2016</b> FCA regulated Savings £13m p.a. plus	<b>A:</b> c£23 billion <b>B:</b> FCA regulated, Oversight Board & Client Group <b>C:</b> Pay back 2023 <b>D:</b> 10% capacity & capability in pool	Reg. 14 restrictions removed, now determine the balance of investments & take account of risk.

# BPP funds and size of assets under management £23.3 (March 2015)



£3.9bn

**Environment Agency  
Pension Fund**

£2.9bn



£1.9bn



£2.2bn



£1.7bn



£1.6bn



£1.5bn



£1.8bn



£3.4bn



£2.3bn

## Commitment - Governance

September 2015 - Brunel Funds entered into written MoU (informal agreement)

March 2016 established with formal ToR:

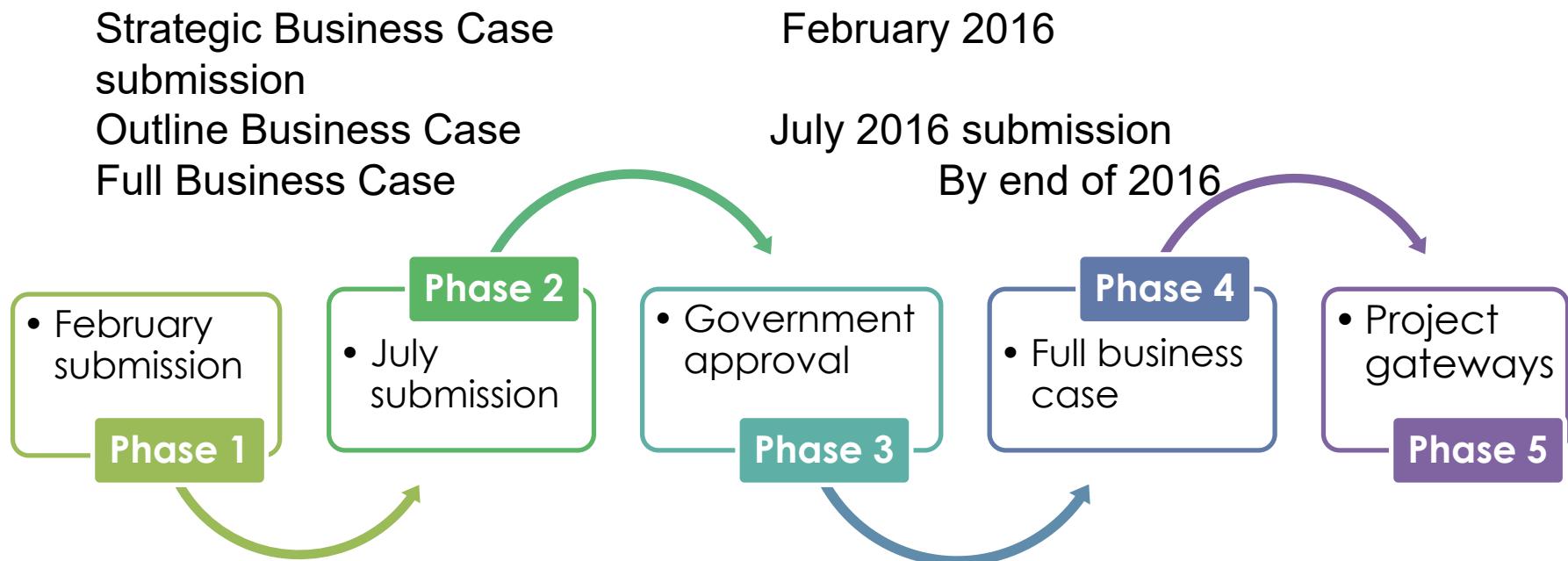
- Shadow Oversight Board (committee chairs and independent chair)
- Shadow Operations Group (Fund officers)
- Oversight on both by Chief Finance Officers (S151)

Project Executive and Project Manager roles in place

- Project plan - 7 workstreams
- Status Report including risk management and budget

# Commitment – sign off

HM Treasury 5 Case Model for business cases which involves producing 3 stages of business case:



# Commitment - Progress of High level plan

Activity	By
Outline to full business case: <ul style="list-style-type: none"> <li>• Finalise structure and resource requirements</li> <li>• Location</li> <li>• Internal management ambition and timescales</li> <li>• Detailed cost and benefit analysis by fund and pool, including sensitivity analysis</li> <li>• Culture</li> </ul>	September 2016
Full business case	October 2016
Full business case approved	December 2016
Legal entity formed	July 2017
Key appointments	July 2017
Financial Conduct Authority (FCA) application	September 2017
FCA authorisation	6 months

## Financial Case – Baseline costs

In £000s	Investment	Management	Total	BPS
2012/13	£78,268	£6,647	£84,915	45.8
2014/15	£104,677	£6,707	£111,384	48.9

From CEM benchmarking data

Current position, in region of:

75 fund managers, plus internal management

Mandates (Investment Contracts)

- 146 active (out perform an index)
- 32 passive (follow an index)



## Financial Case

BPP Financial Model developed – three key metrics

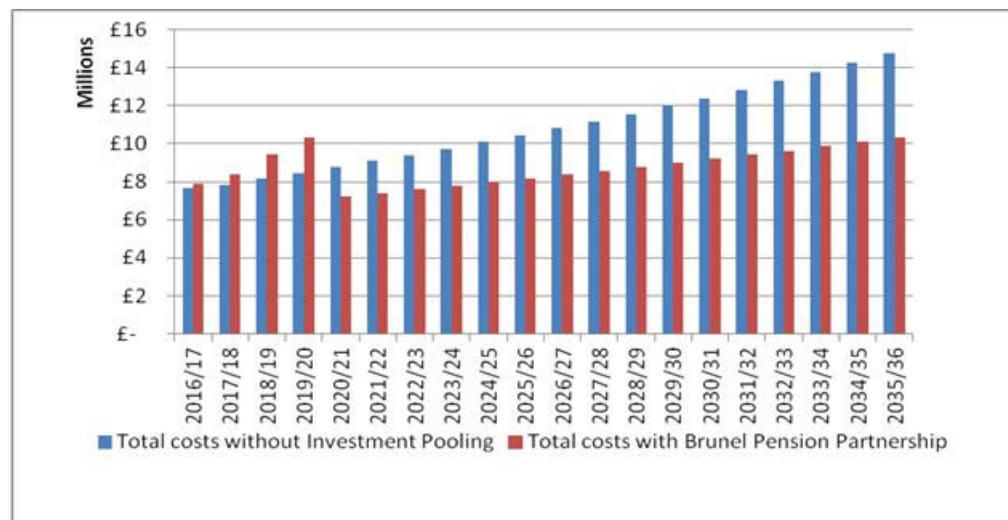
- Annual running rate of net savings
- The year of breakeven
- The total net savings (measured against a broadly 20 year period)



# Financial Case

Core model	Breakeven year	Total 20 years net gain to FY36		Running annual rate of net saving in FY25	
		£m	Discounted value £m	£m	bps of AUM
Wiltshire Pension Fund	FY23	41.0	20.2	2.1	8.3
Combined Pool	FY23	550.1	279.5	27.8	8.9

## Wiltshire Pension Fund Total Costs With / Without Pooling

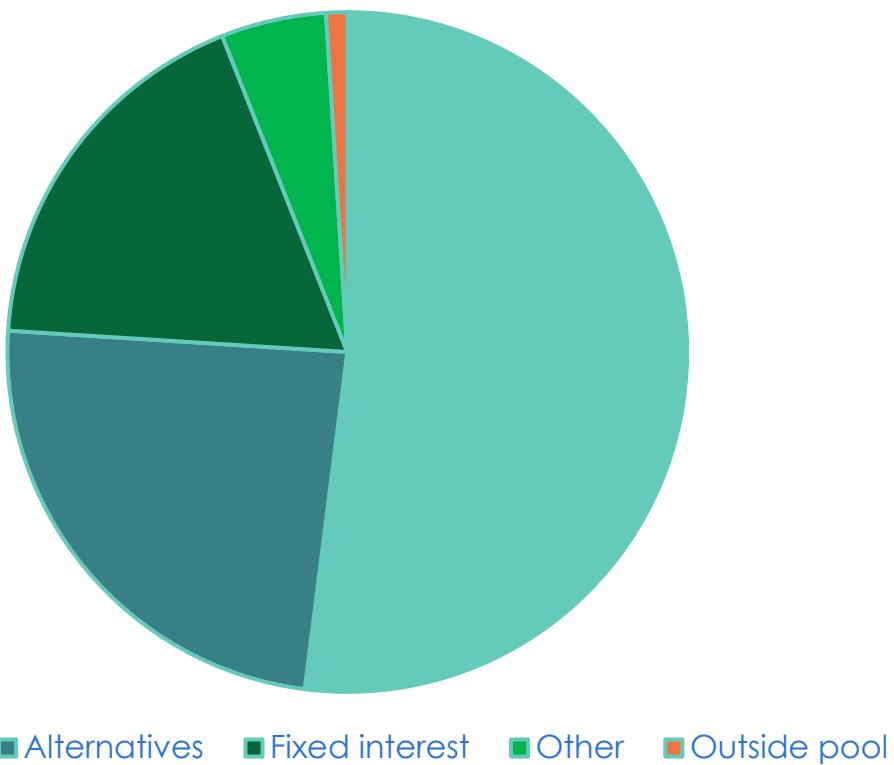


## Financial Case – Estimated costs and savings for first 5 years



# Current asset allocation

Current allocation to Portfolio groups



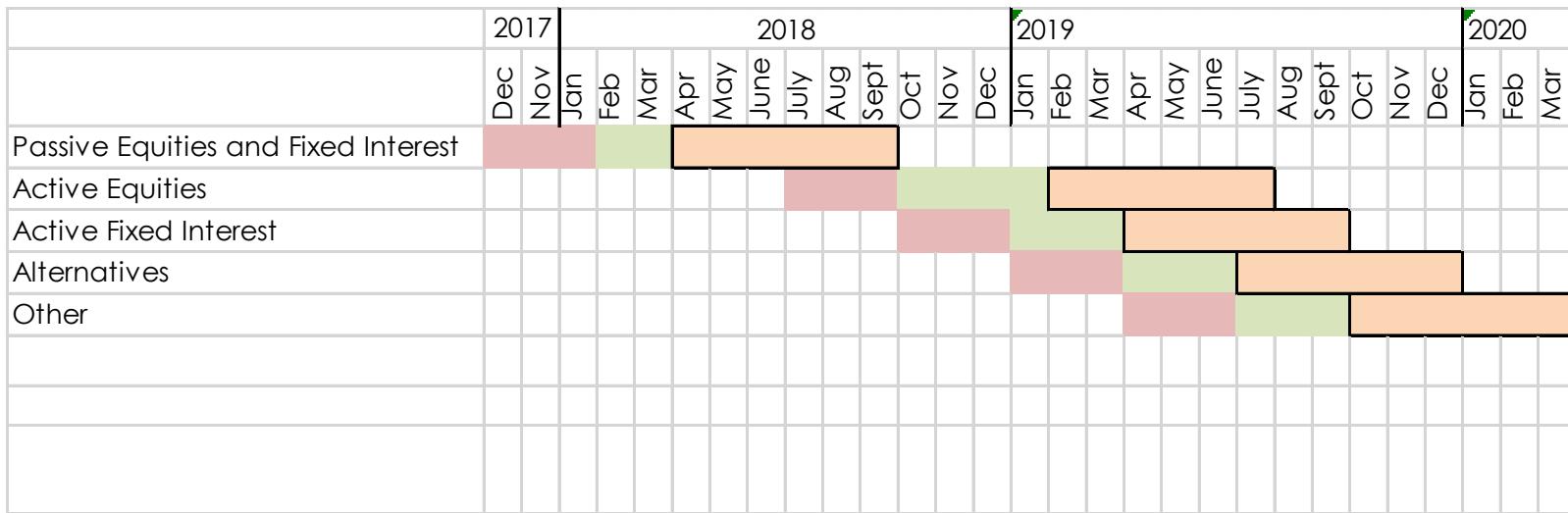
Global Equities Core (BM +1-3%)	9.9%
UK Equities Core (BM +1-3%)	3.6%
Global Equities High (BM +>3%)	7.1%
UK Equity High (BM +>3%)	4.3%
Sustainable Equities	3.1%
Emerging and Frontier Markets	4.8%
Low Volatility Global Equity	0.9%
Global Equity Income	0.0%
Equities - passive	18.2%
DGFs	7.0%
Hedgefunds	1.7%
Infrastructure Capital	1.5%
Infrastructure Income	1.8%
Private Equity	2.5%
Property (1)	8.7%
Private Debt	1.2%
Global Bonds	1.2%
Sterling Corporate Bonds Core	7.7%
UK Gilts	4.3%
Multi-Sector Credit	2.7%
Passive Fixed Interest	1.8%
Cash to be held outside	0.9%
Private equity to be held outside	0.1%
Other	4.9%



# Proposed Manager Operated Funds

Portfolio	Performance Target		Portfolio	Performance Target
UK Core Equities	FTSE All Share +1%-2%		Diversified Growth Funds	3 Month LIBOR +4.5%
Global Core Equities	MSCI World +1-2%		Hedge Funds	3 Month LIBOR +4.5%
UK Equities – High	FTSE All Share +3%		Infrastructure – Capital	+7%-8% Absolute
Global Equities – High	MSCI World +3%		Infrastructure – Income	+5%-7% Absolute
Sustainable Equities	MSCI World +1%-3%		Private Equity	7 Day Libor +5%
Global Equity Income	MSCI World +1%-3%		Property	IPD UK PPF +1%
Low Volatility Global Equity	MSCI World		Private Debt	3 Month LIBOR +4.5%
Emerging and Frontier Markets	MSCI Emerging Markets +2%-4%		Global Bonds	Barclays Global Aggregate Bond Index +0.5%-1%
Passive Global Equity	MSCI World (ACWI)		Sterling Corporate Bonds	iBoxx Sterling Non-Gilt +1%
Passive UK Equity	FTSE All Share		UK Gilts	FTSE All Stock 15 year +1%
Passive - Other	As appropriate		Multi-Sector Credit	3 Month LIBOR +3% -4%
			Liability Driven Investments	As appropriate

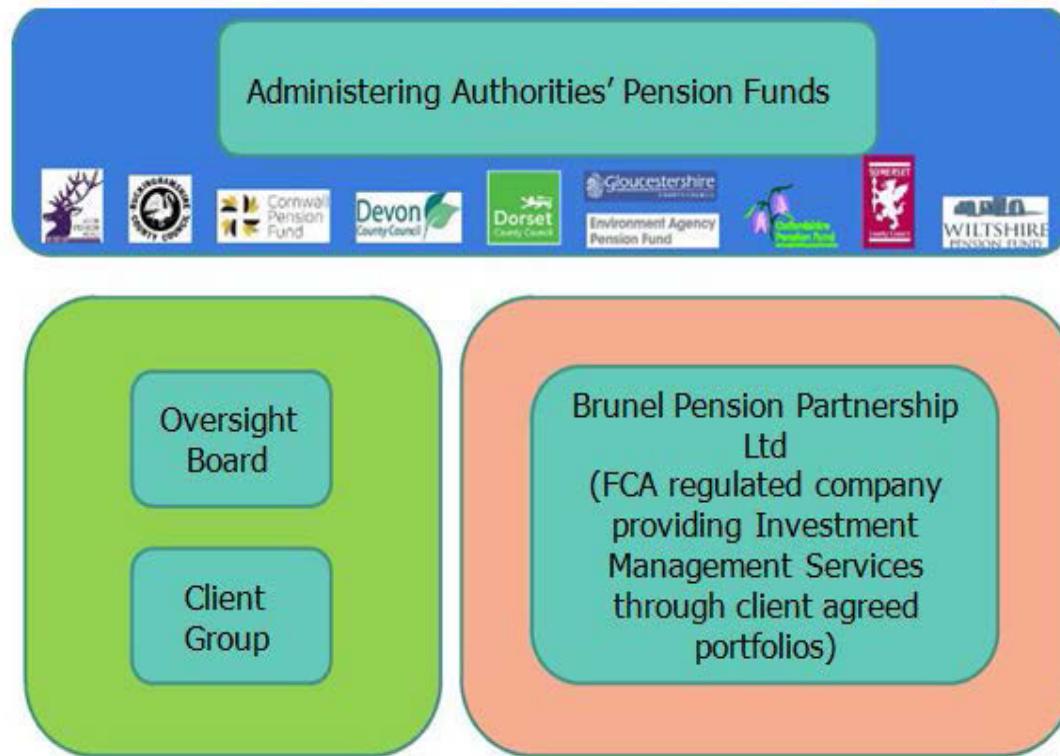
## **Asset transition plan and what will remain out of the pool**



## The BPP Model

- Brunel Manger will be a FCA regulated company:
  - staffed by appropriately qualified officers
  - board to include skilled non-executives
  - will meet FCA's risk, compliance and reporting standards
  - independent in governance and decision-making

# Governance Structure



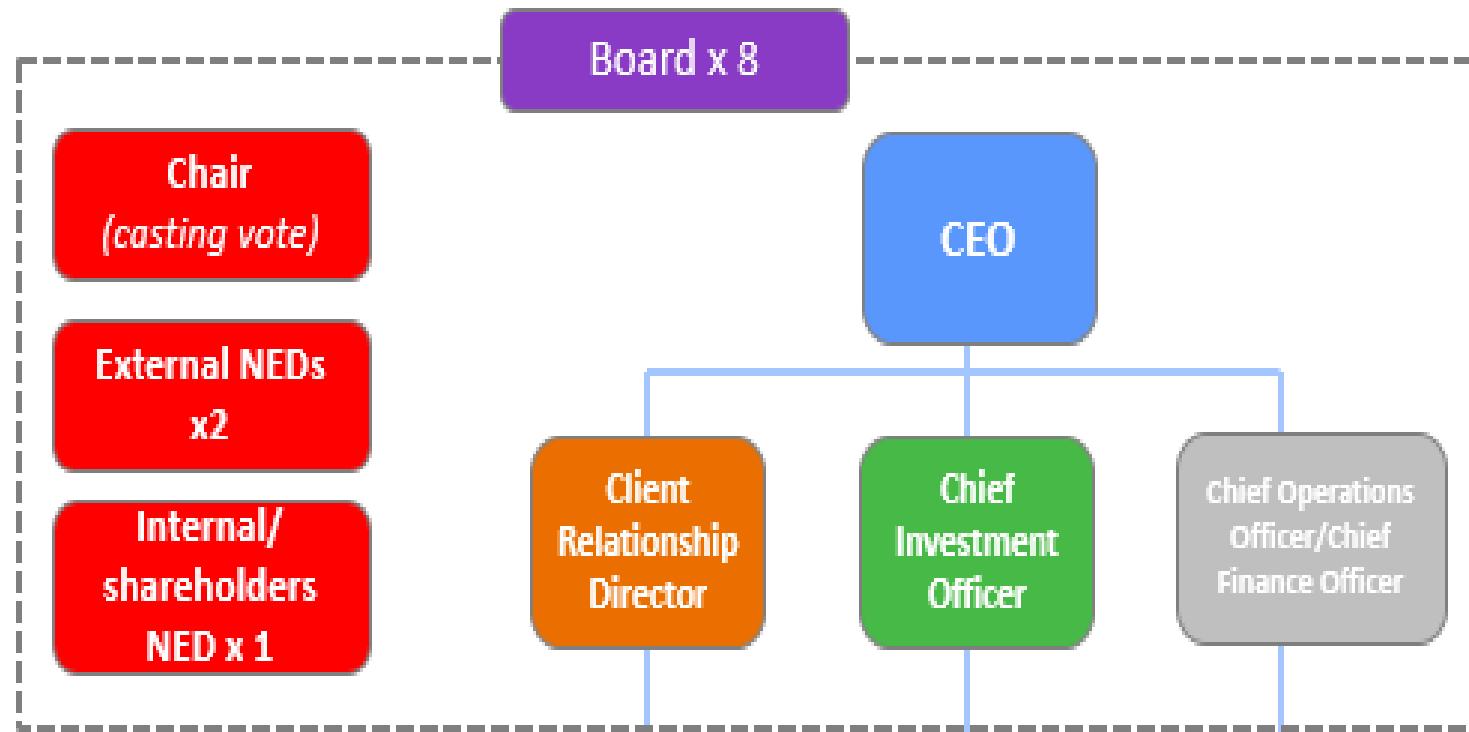
# Governance Structure

June 2017 – Legal Documents agreed by Shadow Oversight Board

- The Articles of Association
- The Shareholders Agreement
- The Services Agreement
- The terms of reference of the Company Board, the oversight Board and other committees



# Proposed Executive structure of Brunel Company



# Services for Brunel Pension Partnership Ltd

In-house	External
1. Procurement of a) Investment management b) other external services	1. Audit
2. Selection of fund managers	2. Investment Management of individual mandates
3. Accounting a) Management b) Investment	3. Custody/ depository/ administrator
4. Project Management	4. Specialist advisors e.g. Legal, compliance, tax, investment
5. Relationship Management a) With clients b) With managers and service providers	5. Performance measurement
6. Reporting to clients; external parties e.g. regulator	6. Stewardship services, e.g. proxy voting services
7. Provision of information to clients	7. Specialist monitoring and reporting of risk/ exposure
8. Communication to stakeholders	8. Benchmarking of investment costs
9. Cash management within BPP	
10. Internal Management	

# **Governance & Decision Making – Performance Reporting**

- Regular reporting to Pension Committees on delivery of asset allocation strategies and performance against benchmarks
- Reporting framework designed in consultation with Funds:
  - measuring against relevant benchmarks and indices
  - highlighting impact of manager fees on performance
  - focus on responsible investment policy implementation
- External services will be used e.g. Performance Services



# Reporting

- Added Value from Reporting delivery:
  - **Committee**
    - Client driven, BPP solution
    - Quarterly / Biannual / Annual reports
      - Brunel investment performance
      - Fund investment performance
      - Portfolio performance
      - Risk reviews
      - Transaction costs / fees
      - RI, Governance & stewardship
      - Internal controls review
      - Annual Report & Financial Statements



## Whole Fund Performance

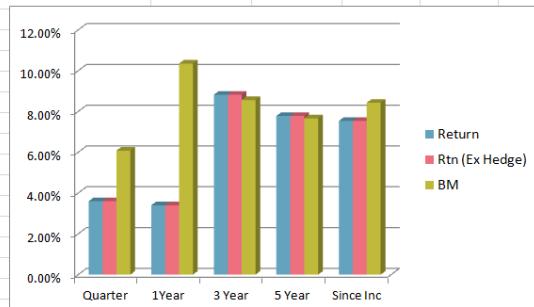
### Wiltshire Pension Fund

Period: 1/4/2017 - 30/06/2018

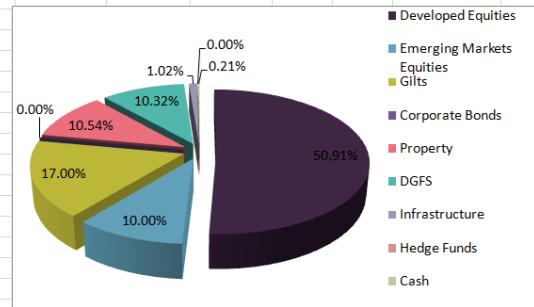
<b>Value of Assets at 30th June 2016</b>	£1,890,000,000
Investment Management Fees	£1,445,000

	Qtr	1 yr	3 yr	5 yr	Since Inception
Fund	3.6%	3.4%	8.8%	7.8%	7.5%
Fund (exc. FX)	3.6%	3.4%	8.8%	7.8%	7.5%
Index	6.1%	10.4%	8.6%	7.7%	8.4%

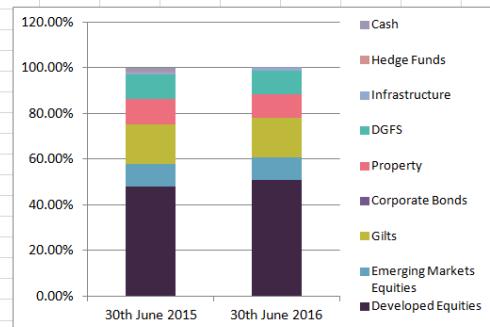
#### Investment Performance at Fund Level



#### Asset Allocation at 30th June 2016



#### Change in Asset Allocation



#### Commentary

Short term volatility in the markets has impacted on short term performance levels. However, long term performance remains in line with longer targets.

#### Commentary

The Fund remains focussed on equities that make up of 60% of its strategic asset allocation. Good levels of diversification into fixed income, property and DGF.

#### Commentary

The past 12 months have seen an increase in overall allocations to developed equities as they continue to perform ahead of other asset classes. The Fund holds lower

#### Fund valuation and allocation against target

PORTFOLIO	Opening Market Value (£m)	Net flows (£m)	Closing Market Value (£m)	Start of period %	End of Period %	Strategic Benchmark Target %	Ranges (%)	Variance (%)
Gilt Bonds	374.2	-7.1	492.0	11.3%	12.9%	12.0%	10-20	0.9%
Emerging market Equities	311.7		351.9	9.4%	9.2%	10.0%	5-15	-0.8%
DGFs	314.3		368.2	9.4%	9.6%	10.0%	5-15	-0.4%
Developed Equities	1556.7	-30.0	1729.4	46.8%	45.2%	40.0%	35-45	5.2%
Property	260.9		306.2	7.8%	8.0%	10.0%	5-15	-2.0%
Hedge Funds	162.9		162.7	4.9%	4.3%	5.0%	0-7.5	-0.7%
Infrastructure	0.0		0.0	0.0%	0.0%	5.0%	0-7.5	-5.0%
Corporate Bonds	266.4		306.2	8.0%	8.0%	8.0%	5-15	0.0%
Cash	71.7		71.6	2.2%	1.9%	0.0%	0-5	1.9%
Currency hedge	11.0	29.0	40.0	0.3%	1.0%	0.0%	0	1.0%
<b>Total Fund</b>	<b>3329.8</b>	<b>-8.1</b>	<b>3828.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		

#### Commentary

Over the quarter cash was disinvested from global equities to fund the expansion of the currency overlay programme. Developed equities remain above the strategic asset allocation due to recent out performance and consideration for rebalancing should be undertaken.

# Infrastructure definition

- Substantially backed by durable physical assets
- Long life and low risk of obsolescence
- Identifiable and reliable cash flow, preferably either explicitly or implicitly inflation-linked
- Revenues largely isolated from the business cycle and competition, for example, through long term contracts, regulated monopolies or high barriers to entry
- Returns to show limited correlation to other asset classes
- Manageable construction and development risks

## Infrastructure: Current and future investment

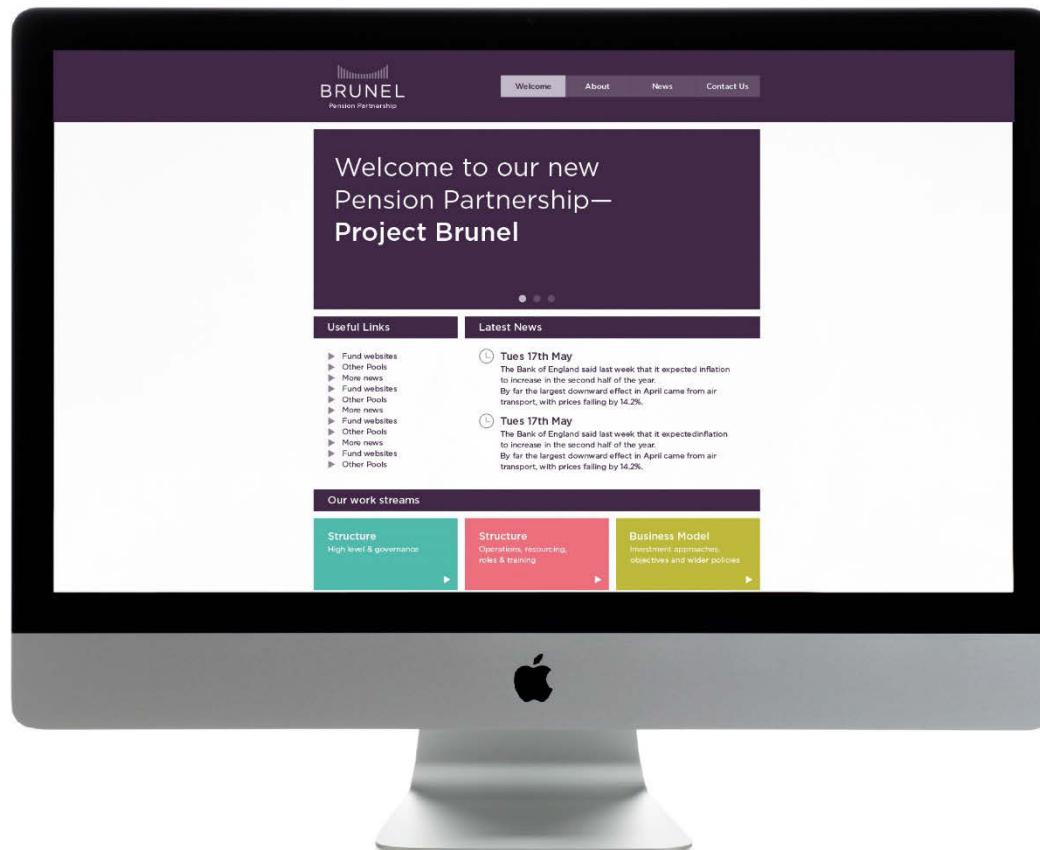
- Target asset allocation: 3.3% [£1000m]
- Current asset allocation: 2.0% [£500m]

The allocation to infrastructure will be decided by the member Funds as part of their investment strategy but the Pool is developing resources and capability on the basis of serving an ambition of:  
[5-10] %

# Infrastructure Investment approach

- Develop resources in-house - focus on allocating investments on behalf of Funds
- Support development of national framework
- Collaborate cross pool on investment in funds:
  - Achieving significant cost savings (20-50%)
- Develop direct investment capacity nationally
  - Primarily through co-investments
  - Working through national partners

# Reminder of information on website



Thank you, any Questions?



# BRUNEL

Pension Partnership

Forging new futures by working together

## Role of the Local Pension Board 2 years on

**Howard Pearce**

Independent Chairman Wiltshire Local Pension  
Board

21 June 2017

## Legal basis and purpose of the Local Pension Board

- Public Service Pensions Act 2013
  - not a Local Authority Committee
- Assist Administering Authority comply with:
  - LGPS regulations
  - The Pension Regulator's requirements, and
  - Demonstrate good practice

## Membership and Training

- Membership:
  - 3 employer organisation representatives
  - 3 scheme member representatives
  - 1 independent chair
- Training:
  - LGPS courses
  - The Pension Regulator Public Sector tool kit

## Compliance and best practice: LGPS & The Pension Regulator

- Audits
- Benchmarking

## Achievements and Plans

- TPR Code of Practice No.14
- Investment Strategy Statement Compliance
- Administration efficiency
- Investment Asset pooling

## Costs and Communications

- Operational costs £22k p.a. (0.2% of total fund management costs)
- Wiltshire Pension Fund website
- Local Pension Board Annual report

# Local Government Pension Scheme (LGPS)



# THANK YOU

Howard Pearce

## Administering the Scheme – the team, current issues & developments

Peter Reidel  
Strategic Pension Advisor  
Hymans Robertson

# Wiltshire Pension Fund - AGM

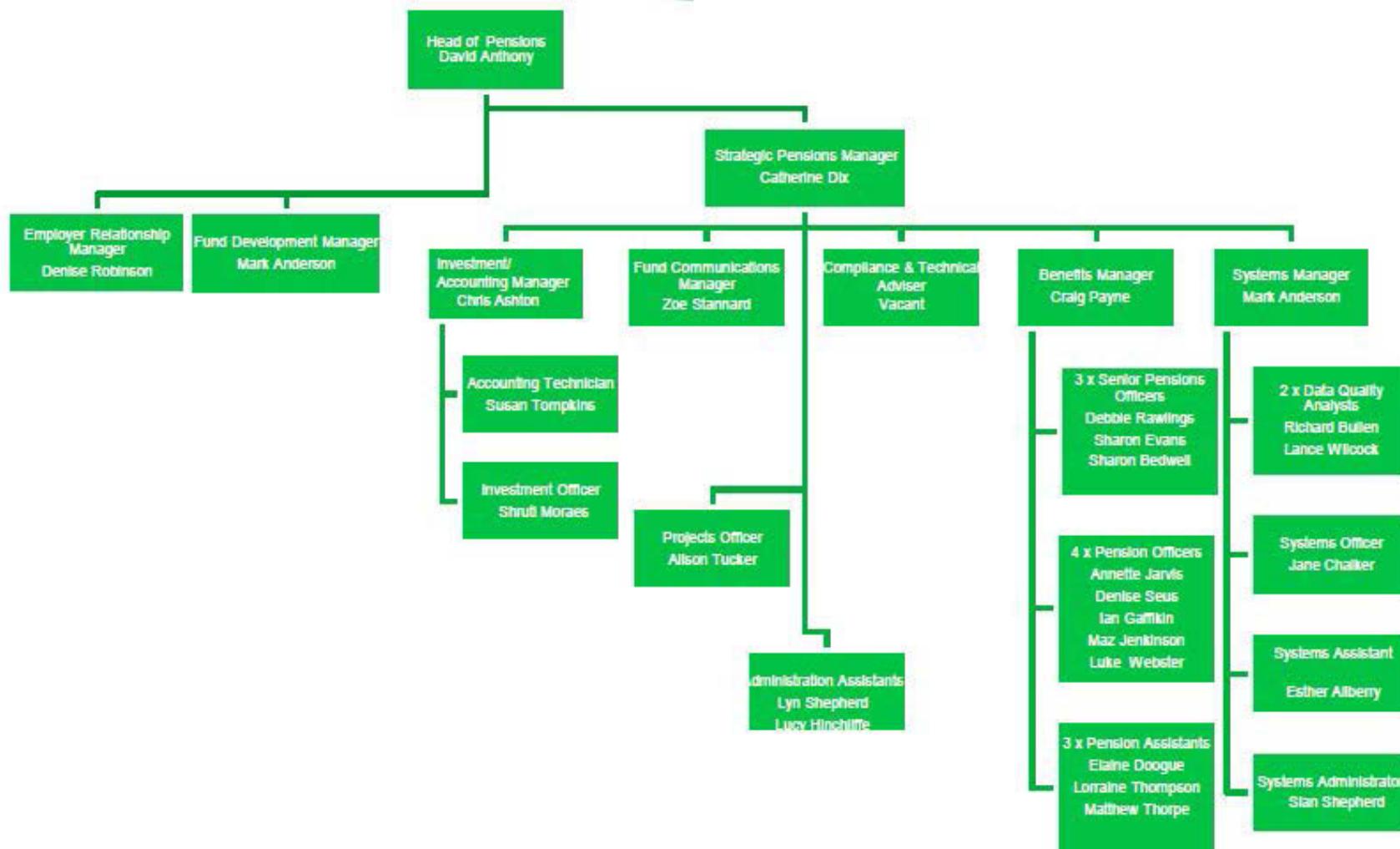
Team, Current Issues & Developments

- Pete Riedel
- 21 June 2017

# The Management Team

- David Anthony – Head of Pensions
- Catherine Dix – Strategic Pension Manager
- Jennie Green – Benefits Team Manager
  - Team of 10
- Mark Anderson – Systems/Fund Development Team Manager
  - Team of 7
- Craig Payne – Technical and Compliance Manager
- Zoe Stannard – Communications Manager
- Denise Robinson – Employer Relationship Manager
- Chris Ashton – Investment/Accounting Manager
  - Team of 2

# Pension Team



# What's keeping David and the team awake at night .....

MARCH 2017						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	31

Year end

- Reconcile active member records
- Liaison with employers
- Complete by end July
- Key annual task



**HM Revenue  
& Customs**

Annual Allowance



Annual benefit statements

- All active and deferred members
- 31 August deadline
- Report to Pensions Regulator if we breach
- Notify annual pension growth in scheme year, where AA breached
- Employer provide information 6 July
- Issue statement by 6 October

# .....and the list doesn't end there.



## GMP Reconciliation

- Reconcile between Fund and HMRC
- Completed – Active (70%), Pensioner (60%)
- Pension overpayment policy still to be confirmed
- Completion by 2018
  - Measuring performance of the team (31 March 2017)
    - Retirements – 90%
    - Estimates – 97%
    - Death payments – 87%
    - Pension sharing – 85%
    - Transfers in – 60%
    - Transfers out – 93%



Key performance indicators

## The Pensions Regulator

### Annual survey findings

- Covers all public sector schemes
- Top 2017 risks:
  - Scheme governance
  - Record Keeping
  - Internal controls
  - Member communication

# Future Developments



Contribution Framework

Entered 25<sup>th</sup> May 2018  
2 0 36 1 8

- Significant penalties for non-compliance
- Data discovery – what is held, etc.
- Data cleanse – adequate, relevant, etc.
- Data sharing agreements – ensure in place and up to date
- Liaison with employers and others

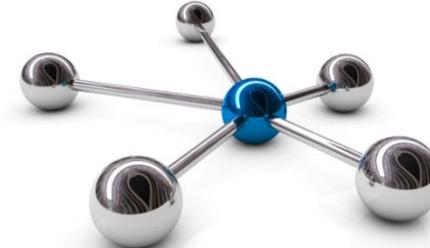
- Monthly contribution returns
- New process to be implemented
- Monitoring late payments
- Fund costs passed on to employers
- Possible reporting to Pensions Regulator

# Lets try and make our lives a bit easier!



## Employer Relationship Management

- Portal for key employer detail
- Enable better record keeping
- Currently setting up test sites
- On line access to pension information
- Perform certain tasks
  - Change of details
  - Estimates
- Late 2017/early 2018



## i-Connect Employer portal

- Efficiency
  - Cleanse data
  - Reduce errors
  - Cost savings
- Starters/Leavers
- Enable direct posting of contributions
- Interface specifications
- Late 2017



## Member self service

# Legislation changes

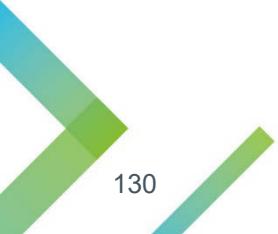


Exit payments



New Fair Deal

- Recovery of exit payments – those earning £80,000 and more
  - Exit payment cap - £95,000
  - Reform of exit payment rules
  - Recovery and cap – awaiting amends to LGPS
  - Wider reform – still in discussion
- 
- Introduced to wider public sector 2013
  - Academies included
  - Awaiting changes to LGPS



The material and charts included herewith are provided as background information for illustration purposes only. It is not a definitive analysis of the subjects covered, nor is it specific to circumstances of any person, scheme or organisation. It is not advice and should not be relied upon. It should not be released or otherwise disclosed to any third party without our prior consent. Hymans Robertson LLP accepts no liability for errors or omissions or reliance upon any statement or opinion.

# Thank you



# Open Forum

David Anthony  
Head of Pensions

