

## AGENDA

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**Meeting:** Wiltshire Pension Fund Committee

**Place:** Council Chamber - Council Offices, Bradley Road, Trowbridge, BA14 0RD

**Date:** Wednesday 22 February 2012

**Time:** 10.30 am

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

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

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<b>Briefing arrangements:</b>	<b>Date</b>	<b>Time</b>	<b>Place</b>
	(Day, Date)	(Time)	(Location)

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### **Membership:**

#### Wiltshire County Council Members:

Cllr Tony Deane (Chairman)  
Cllr Charles Howard (Vice Chairman)  
Cllr Jeff Osborn  
Cllr Mark Packard  
Cllr Sheila Parker

#### Substitute Members

Cllr John Brady  
Cllr Malcolm Hewson  
Cllr David Jenkins  
Cllr Bill Moss  
Cllr Helen Osborn  
Cllr Fleur de Rhe-Philippe

#### Swindon Borough Council Members

Cllr Des Moffatt  
Cllr Peter Stoddart

#### Substitute Members

Cllr Mark Edwards

#### Employer Body Representatives

Mrs Lynda Croft  
Mr Tim Jackson

#### Observers

Mr Tony Gravier  
Mr Mike Pankiewicz

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## **PART I**

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

1. **Membership Changes**

To note any changes of membership of the Committee.

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

To note the attendance of non-members of the Committee.

3. **Apologies for Absence**

To receive any apologies for absence.

4. **Minutes of the Previous Meeting** (*Pages 1 - 6*)

To confirm the minutes of the meeting held on 1<sup>st</sup> December 2011

5. **Chairman's Announcements**

To receive any announcements.

6. **Declarations of Interest**

Councillors are requested to declare any personal or prejudicial interests or dispensations granted by the Standards Committee.

7. **Public Participation and Councillors' Questions**

The Council welcomes contributions from members of the public.

#### **Statements**

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named above for any further clarification.

#### **Questions**

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above, no later than 5pm on **Wednesday 15<sup>th</sup> February 2012**. Please contact the officer named on the first page of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the

matter is urgent.

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

8. **Treasury Management Strategy** *(Pages 7 - 16)*

A report presenting an updated Treasury Management Strategy for 2012-13 for committee approval.

9. **Wiltshire Pension Fund Administration 2011-12 Budget Monitoring** *(Pages 17 - 18)*

An update on the current projected outturn of the Wiltshire Pension Fund budget for Members' to note.

10. **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 28<sup>th</sup> March 2012.

11. **Urgent Items**

Any other items of business which, in the opinion of the Chairman, should be considered as a matter of urgency. Urgent items of a confidential nature may be considered under Part II of this agenda.

12. **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 14 – 17 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

## **PART II**

*Item(s) during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed*

13. **Wiltshire Pension Fund Administration Budget 2012-15** (Pages 19 - 24)  
A report by the Chief Finance Officer outlining the proposed Administration budget for 2012-13 and planned expenditure in 2013-14 and 2014-15.
14. **Investment Quarterly Progress Report Update** (Pages 25 - 28)  
A confidential report is to be circulated updating the Committee on the performance of the Fund's investments for the quarter.
15. **Investment Strategy and Manager Selections Update**  
A confidential report by the Head of Pensions is to be circulated updating the Committee on the progress of the procurement of the Investment Adviser, Fundamental Index equity manager and Infrastructure Fund of Funds manager, a review of the managers for formal review and the potential resulting changes to the investment structure.
16. **Capital International - Formal Review of the Global Equities & AIG Mandates**  
A confidential Annual Report from Capital International is attached and Members are asked to consider this along with the verbal report at the meeting.
17. **Edinburgh Partners - Formal Review of the Global Opportunities Fund**  
A confidential Annual Report from Edinburgh Partners is attached and Members are asked to consider this along with the verbal report at the meeting.
18. **Fauchier Partners - Formal Review of the Jubilee Fund**  
A confidential Annual Report from Fauchier Partners is attached and Members are asked to consider this along with the verbal report at the meeting.

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## **WILTSHIRE PENSION FUND COMMITTEE**

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**DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 1 DECEMBER 2011 AT COUNCIL CHAMBER - COUNCIL OFFICES, BROWFORT, DEVIZES.**

**Present:**

Mrs Lynda Croft (Associate Member), Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Sheila Parker and Cllr Peter Stoddart

**Also Present:**

Mr Tony Gravier – UNISON (observer)  
Mr Mike Pankiewicz – UNISON (observer)  
Mr Jim Edney – Independent Advisor  
Mr Paul Potter – Hymans Robertson

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78. **Membership Changes**

There were no membership changes.

79. **Attendance of Non-Members of the Committee**

Cllr Bill Moss.

80. **Apologies for Absence**

Apologies for absence were received from Mr Tim Jackson and Cllr Jeff Osborn.

81. **Minutes**

**Resolved:**

**To confirm and sign the minutes of the previous meeting held on 29 September 2011, subject to the following amendment:-**

**Minute No 72 – KPMG Financial Controls Peer Group Comparison – last but one paragraph to read:-**

***KPMG commended the investment, reconciliations work and record keeping of the Wiltshire Fund. Ms Broom also informed those present***

*that KPMG used independent experts to obtain valuations of derivatives due to the size and complexity of the portfolios involved.*

82. **Chairman's Welcome, Introduction and Announcements**

There were no Chairman's announcements.

83. **Declarations of Interest**

There were no declarations of interest.

84. **Public Participation**

There were no members of the public present or councillors' questions.

85. **CIPFA Pension Fund Health Check**

The Committee received a report by Keith Bray of CIPFA Business Services on the findings of the CIPFA Health Check.

Mr Bray stated that the overall governance arrangements of the Fund were exceptionally good and drew Members' attention to some of the most positive aspects of governance as identified in his report. He considered that the Fund's Annual Report was comprehensive and contained all of the main statutory statements. The Fund's website was easy to access and was informative as was the annual benefits statement sent to contributors. However, Mr Bray did highlight some areas where arrangements (particularly aspects of performance assessment and the level of management resources) could be reviewed and where the Committee might need to demonstrate a continued challenge and review of its policies in order to reflect current best practice. These were set out in the following 10 recommendations:-

1. The Committee should consider regularly (ideally annually) a number of key policy decisions, including the need or otherwise for the establishment of any sub-committee or panels and publish the reasons for the decisions arrived at. (Priority 2)
2. There should be a regular review of the Committee's structure and composition. (Priority 2)
3. The Committee should consider whether all members of the Scheme can be adequately represented by union officers and how non-union members can receive the same information that union members receive. (Priority 2)
4. The results of the WM measurement of the fund should be reported to the Committee annually and in person by a WM representative. (Priority 2)



5. A framework of annual targets and periodic performance reports should be adopted by the Committee for its pensions advisors and the degree of success of its own operation and decisions. (Priority 1)

6. The adequacy of the resources available to support the Committee should be reviewed in the light of growing demands for governance, investment, administrative and communications activity. (Priority 1)

7. The Committee should consider whether to continue with a single investment strategy for all employers when considering its valuation reports. (Priority 2)

8. The Committee is making good progress towards meeting the requirements of the CIPFA KSF as it applies to members of the Committee. The Committee may also wish to receive periodic reports on the progress being made regarding officers and the KSF. (Priority 2)

9. Consideration should be given to introducing either an Annual Meeting or an equivalent to which all stakeholders and advisors would be invited. (Priority 3)

10. The principle that investment managers' reports should be considered in private session should be challenged periodically by the Committee. (Priority 3)

Mr Bray emphasised that none of the recommendations required urgent attention.

**Resolved:**

**(1) To note the contents of the report.**

**(2) To request the officers to consider the recommendations contained in the report and to report back to this Committee in due course.**

86. **Pension Fund Risk Register**

The Committee received a report by the Interim Chief Finance Officer giving an update on the Wiltshire Pension Fund Risk Register.

**Resolved:**

**To note the update of the Risk Register and the measures being taken to mitigate the current medium risks.**

87. **Draft DCLG Consultations Response**

The Committee considered a report by the Interim Chief Finance Officer which provided an update on the recent developments in the proposed changes to the Local Government Pension Scheme and also a draft response to the

Communities & Local Government consultation on proposed increases and changes to the scheme accrual rates effective from 1 April 2012.

**Resolved:**

- (1) To note the contents of the report.
- (2) To approve the draft response to the Communities & Local Government consultation on the proposed increases and changes to the scheme accrual rates effective from 1 April 2012, as set out in Appendix B to the report.

88. **Retendering of the Fund's Environment Social and Governance Services**

Consideration was given to a report by the Interim Chief Finance Officer which provided an update on the current review being undertaken on the Wiltshire Pension Fund's Corporate Governance arrangements.

**Resolved:**

- (1) To note the current review being undertaken of the Corporate Governance arrangements.
- (2) To delegate the decision regarding the appointment for the term of the new contract to officers following approval by the Chairman and Vice Chairman.

89. **Date of Next Meeting**

**Resolved:**

- (1) To note that the next regular meeting of this Committee was due to be held on Wednesday 22 February 2012.
- (2) To note that there would be two special meetings in the interim as follows:-
  - (a) Friday 6 January 2012 for the review of the Investment Advisers, and
  - (b) Friday 27 January 2012 for the presentations and appointment of an Infrastructure Fund of Fund Manager and a Fundamental Indices Manager.

90. **Urgent Items**

There were no urgent items of business.

91. **Exclusion of the Public**

**Resolved:**

That in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute numbers 92 - 98 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

92. **CIPFA Pension Administration Benchmarking Club Report**

The Committee considered a confidential report by the Interim Chief Finance Officer which reviewed the Fund's performance compared to the other members of the CIPFA Pension Administration Benchmarking Club.

**Resolved:**

**To note the contents of the report.**

93. **Wiltshire Pension Fund Structure Review**

On considering a confidential report by the Interim Chief Finance Officer,

**Resolved:**

**To approve the proposed changes to the Wiltshire Pension Fund team structure.**

94. **Investment Structure Update**

The Committee received a confidential verbal update from the Head of Pensions on the progress of the procurement of the new mandates as agreed at the July meeting of the Committee.

**Resolved:**

**To note the verbal update.**

95. **Potential Class Action**

Consideration was given to a confidential report by the Interim Chief Finance Officer asking the Committee to consider whether or not to put the Fund forward to be a lead plaintiff in a forthcoming Class Action in the USA.

**Resolved:**

**To note the potential loss associated with this action but to agree not to be considered as lead plaintiff in this case.**

96. **Investments Quarterly Progress Report**

The Fund Investment and Accounting Manager summarised her confidential report, which detailed the investment activity and performance of the entire Fund for the period ended 30 September 2011, together with a look at the performance of individual mandates for the same period.

**Resolved:**

**To note the contents of the report.**

97. **CB Real Estates (formerly ING) - Review of 2010-11 & Plans for the Future**

Jeremy Plummer, Kieran Farrelly and Max Johnson from CB Real Estates reviewed the previous year's developments and outlined their plans for the future.

**Resolved:**

**To note the information contained in the report and the verbal update on investment policy provided by CB Real Estates.**

98. **Record Currency Management - Review of 2010-11 & Plans for the Future**

Ian Harrison and Dmitri Tikhonov from Record Currency Management reviewed the previous year's developments and outlined their plans for the future.

**Resolved:**

**To note the information contained in the report and the verbal update on investment policy provided by Record Currency Management.**

(Duration of meeting: 10.30am - 1.35pm & 2.05pm – 3.00pm)

The Officer who has produced these minutes is Roger Bishton, of Democratic Services, direct line 01225 713035, e-mail [roger.bishton@wiltshire.gov.uk](mailto:roger.bishton@wiltshire.gov.uk)

Press enquiries to Communications, direct line (01225) 713114/713115

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
22 February 2012

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### **TREASURY MANAGEMENT STRATEGY**

#### **Purpose of the Report**

1. The purpose of this report is to seek Members' approval for the Annual Treasury Management Strategy prepared for the Wiltshire Pension Fund.

#### **Background**

2. As the Committee is aware, the Fund has its own bank account, entirely separate from Wiltshire Council's bank accounts. This was implemented in April 2009, at the same time as the Fund gained its own accounting entity with the introduction of the SAP system. Separate bank accounts became a requirement of the Local Government Pension Scheme Regulations from 1 April 2011.
3. Following concerns about so-called "co-mingling" of local authority and pension fund cash balances, and the associated risk of cross-subsidy, the same Regulations require that the two sets of cash investments are also managed separately. 2011/12 will be the third year that investments have been managed separately.

#### **Considerations for the Committee**

4. The Fund has net inflows from its dealings with its members, so in any month, the income from contributions and transfers-in exceed the pensions, transfers-out and costs paid out. The surplus cash accumulated (Trowbridge Cash) is sent to one of the Fund's investment managers on a monthly basis, although a float of approximately one month's cash requirement (£1.5 - £2 million) is held for cashflow purposes. This is necessary to avoid the Fund having to borrow short-term within the month.
5. There have been no changes made to the Treasury Management Strategy for Wiltshire Pension Fund since last year however a number of changes are due to be approved to the Wiltshire Council Treasury Strategy. These are in respect of the criteria used to select individual counterparties and include:
  - a) The removal of the Investment Duration Matrix (which informs the maximum duration of investments) previously shown as it is no longer necessary as the Council uses Sector Treasury Services credit rating list, which incorporates investment duration limits;
  - b) The replacement by the Fitch rating agency, of the individual counterparty ratings with new Bank Viability Ratings, this amended criteria for selecting counterparties can be seen in the attached extract from the Council's Strategy under paragraph 18 (bullet point 6). This Viability Rating represents Fitch's view "as to the intrinsic creditworthiness of a user" and is "designed to be internationally comparable."

#### **The key points of the Treasury Management Strategy**

6. The key points of the Strategy (see attached) are:

- a) The Fund will aim to achieve the optimum return on investments commensurate with high levels of security and liquidity.
- b) The monies will be invested separately from the Council's and the Fund will receive the actual interest earned.
- c) The Pension Fund will use the same criteria for maximum limits and terms with individual counterparties as approved by Wiltshire Council on an annual basis in its own Treasury Management Strategy, subject to:
  - i. A maximum of £8 million with any single counterparty.
  - ii. No investment will be made in the money market funds / cash vehicles used by the Custodian to invest any cash it holds on behalf of the Fund's investment managers.
- d) Given the nature of Trowbridge Cash (ie. short-term working capital nature), the investments will only be made either in:
  - i. Call Accounts provided by an approved deposit-taker that complies with the Counterparty Policy set out in the Strategy; or
  - ii. Money Market Funds managed by an approved investment manager.
- e) The providers of the Call Accounts, and the Money Market Fund vehicles, must have a "high credit rating" as prescribed in the minimum requirements for "high credit rating" set out in Wiltshire Council's annual Treasury Management Strategy.
- f) The Fund will not borrow except by way of temporary loan or overdraft from a bank or otherwise, and then only in exceptional circumstances where it is for the purpose of:
  - i. Paying benefits due under the Scheme; or
  - ii. Meeting investment commitments arising from the implementation of a decision by the Committee to change the balance between the different types of investment.
- g) The management of Wiltshire Pension Fund's cash will be carried out by Wiltshire Council's Treasury Management team under a Service Level Agreement.

### **Environmental Impact of the Proposal**

- 7. There is no known environmental impact of this proposal.

### **Financial Considerations & Risk Assessment**

- 8. This has been dealt with in this paper. The implementation of this Treasury Strategy mitigates the risk PEN016: Treasury Management outlined on the Wiltshire Pension Fund risk register.

### **Reasons for Proposals**

- 9. It is best practice, as well as being desirable operationally, to have a separate Treasury Management Strategy for the Wiltshire Pension Fund, so that there is no question of cross-subsidy or co-mingling.

**Proposals**

10. The Committee is asked to approve the attached Treasury Management Strategy.

MICHAEL HUDSON  
Interim Chief Finance Officer

Report Author: Catherine Dix, Fund Investment & Accounting Manager.

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

**WILTSHIRE PENSION FUND**  
**TREASURY MANAGEMENT STRATEGY**

**Operational Context**

1. The Fund has net inflows from its dealings with its members, so in any month, the income from contributions and transfers-ins exceed the pensions, transfers-out and costs paid out.
2. The surplus cash accumulated (“Trowbridge Cash”) is allocated to one (or more) of the Fund’s investment managers on a monthly basis. It is sent to the Fund’s custodian BNY Mellon, who invest the cash held on behalf of each investment manager in Money Market Funds, under the terms of the Custody Agreement. These investments are not within the scope of this Strategy.
3. However, approximately one month’s net inflow (£1.5 - £2 million) is held back as a float for cashflow purposes. This is necessary to avoid the Fund having to borrow from Wiltshire Council or elsewhere for short-term cashflow purposes within the month.

**Regulatory Context**

4. The Fund will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1 January 2010, and from 1 April 2010 have not pooled pension fund cash with Wiltshire Council’s own cash balances for investment purposes. Any investments made by the pension fund directly with Wiltshire Council after 1 April 2010 has complied with the requirements of SI 2009 No 393 (ie. will be treated in the same way as any other external investment).
5. The Fund will also have regard to:
  - a) The Department for Communities and Local Government’s (DCLG’s) Guidance on Local Government Investments (“the Guidance”) issued in March 2004 and any revisions to that Guidance;
  - b) The Audit Commission’s report on Icelandic investments;
  - c) The 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”);
  - d) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 more widely.

**Investment Policy**

6. The general investment policy of the Fund is the prudent investment of any surplus cash balances, the priorities of which are:
  - a) The security of capital; and
  - b) The liquidity of investments.



7. The Fund will also aim to achieve the optimum return on investments commensurate with high levels of security and liquidity.
8. All cash investments will be in sterling.
9. The monies will be invested separately from the Council's and the Fund will receive the actual interest earned. Monies will be paid out of and received back into the Pension Fund bank account.
10. Trowbridge Cash will target a range of £1.5 - £7 million, with the highest balances held between the 19<sup>th</sup> of the month (ie. when all contributions have to be paid over by employers) and 25<sup>th</sup> of the month (pensions payroll). The float held in-month for cashflow purposes will target £1.5 - £2 million. For the avoidance of doubt, these are indicative amounts, not absolute limits.
11. The Pension Fund will use the same criteria for maximum limits and terms with individual counterparties as approved by Wiltshire Council on an annual basis in its own Treasury Management Strategy, subject to:
  - a) A maximum of £8 million with any single counterparty.
  - b) No investment will be made in the same money market funds / cash vehicles used by the Custodian to invest any cash it holds on behalf of the Fund's investment managers.
  - c) For the avoidance of doubt, the Pension Fund's limits are in addition to Wiltshire Council's own limit in any single counterparty.
12. Given the nature of Trowbridge Cash (ie. short-term working capital nature), the investments will only be made either in:
  - a) Call Accounts provided by an approved deposit-taker that complies with the Counterparty Policy set out below; or
  - b) Money Market Funds managed by an approved investment manager.
13. For the avoidance of doubt, direct investments with counterparties are not permitted (eg. direct deals with banks or other local authorities for fixed time periods).
14. The providers of the Call Accounts, and the Money Market Fund vehicles, must have a "high credit rating" as prescribed in the minimum requirements for "high credit rating" set out in Wiltshire Council's annual Treasury Management Strategy.
15. An extract of the appropriate parts from Wiltshire Council's latest Treasury Management Strategy (2012-13) is given in the Annex for information.

### **Borrowing Policy**

16. The Fund will not borrow except by way of temporary loan or overdraft from a bank or otherwise, and then only in exceptional circumstances where it is for the purpose of (overleaf):
  - a) Paying benefits due under the Scheme; or

- b) Meeting investment commitments arising from the implementation of a decision by the Committee to change the balance between the different types of investment.

### **Management Arrangements**

- 17. The management of Wiltshire Pension Fund's cash will be carried out by Wiltshire Council's Treasury Management team under a Service Level Agreement. All treasury management activity related to the Pension Fund will be reported to the Head of Pensions on a monthly basis.
- 18. The Treasury Management Team will inform the Head of Pensions of any change in the criteria for the counterparty list.

**EXTRACT FROM WILTSHIRE COUNCIL'S TREASURY MANAGEMENT STRATEGY FOR 2012-13**

11. All credit ratings will be monitored at least weekly (daily if there are any updates released by Sector). The Council is alerted to changes in ratings of all three agencies through its use of the Sector creditworthiness service.
12. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
13. In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
14. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.
15. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings.

**The Minimum requirements for "high credit rating"**

16. In accordance with the DCLG Guidance on Local Government Investments in respect of selection of counterparties with whom investments are placed, Wiltshire Council will comply with the minimum requirements below.
17. Credit ratings will be those issued by Fitch Ratings Ltd in respect of individual financial institutions (as shown below, where F1+ is the highest short term rating and AAA the highest long term rating). An exception is made in respect of money market funds, as shown below, where a different overall AAA rating is the highest.
18. The minimum requirements for high credit rating, by type of institution, are as follows:
  - **Banks incorporated inside the United Kingdom with a short term credit rating of at least F1 or Government backed and their subsidiaries;**
  - **Banks incorporated outside the United Kingdom with a short term credit rating of at least F1+ and a long term rating of A+;**
  - **United Kingdom building societies with a short term credit rating of at least F1 or Government backed;**

- **All local authorities and public bodies (as defined in S23 of the Local Authorities Act 2003) (ratings are not issued for most of these bodies);**
  - **Multilateral development banks (as defined in Statutory Instrument 2004 No. 534) with a short term credit rating of at least F1 and long term credit rating of AAA;**
  - **All banks & building societies must have a bank viability rating of at least bbb – except where the counterparty is UK Government backed (fully and partially) – (aaa being the highest, through aa, a and bbb (Please note that Fitch Ratings recently (November 2011) introduced a ‘Viability Rating’, which is designed to be internationally comparable and represent Fitch’s view as to the intrinsic creditworthiness of the user. Sector are no longer using the individual ratings, which have been replaced by the viability ratings);**
  - **In addition, all banks and building societies to which the Authority may lend funds must have a support rating of no more than 3 (1 being the highest support rating);**
  - **Money market funds, which have been awarded the highest possible rating (AAA) from at least one of the following credit rating agencies, Standard and Poor’s, Moody’s Investor Services Ltd or Fitch Ratings Ltd.; and**
  - **Deposits must only be placed in money market funds subject to individual signed management agreements.**
19. In addition to the above criteria, the following limits will be applied to the total cumulative investments placed with an individual institution (or group of institutions where there is common ownership):
- a) **Up to £15 million:**
- **UK incorporated banks with a long term credit rating of at least AA;**
  - **Overseas banks that have a long term credit rating of at least AA;**
  - **Multilateral development banks;**
  - **Local authorities and other public bodies; and**
  - **Money market funds.**
- b) **Up to £8 million:**

- **Other UK incorporated banks (that have a long term credit rating of less than AA but which also satisfy the credit rating conditions within this Strategy);**
- **Other overseas banks (that have a long term credit rating of less than AA but which also satisfy the credit rating conditions within this Strategy);**
- **UK Building societies with long term credit rating of at least A; and**
- **Government backed UK and overseas banks and UK building societies and their subsidiaries.**

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**PENSION FUND ADMINISTRATION BUDGET 2011-12 - BUDGET MONITORING**

	2011/12			Explanations
	Budget £000	Projected Outturn £000	Variance £000	
<b><u>Fund Investment</u></b>				
Investment Management Fees				
Segregated Funds	3,280	3,760	-480	First performance fee charged by Baillie Gifford for 3 years, budget previously removed.
Pooled Funds *	1,204	1,158	47	
	<b>4,484</b>	<b>4,917</b>	<b>-433</b>	
1 Investment Administration	93	92	1	Costs of the four procurement exercises resulting from the strategic investment review not fully budgeted for.
2 Investment Custodial & Related Services	6	6	0	
3 Investment Consultancy	161	256	-95	
4 Corporate Governance Services	50	49	1	
5 Performance Measurement	40	40	0	
	<b>350</b>	<b>444</b>	<b>-94</b>	
<b>Total Fund Investment Costs</b>	<b>4,834</b>	<b>5,361</b>	<b>-526</b>	
<b><u>Scheme Administration</u></b>				
6 Pension Scheme Administration	1,129	1,073	56	£35k underspend in respect of vacancies held pending reorganisation, £32k from the delay in the implementation of imaging project offset by £10k for the fires safes purchased but budgeted in 2010-11.
7 Actuarial Services	105	105	0	
8 Audit	54	53	1	
9 Legal Advice	9	18	-9	
10 Committee & Governance	47	47	0	
	<b>1,344</b>	<b>1,297</b>	<b>47</b>	
<b>Total Fund Administration Costs</b>	<b>1,344</b>	<b>1,297</b>	<b>47</b>	
<b>TOTAL EXPENDITURE</b>	<b>6,178</b>	<b>6,658</b>	<b>-479</b>	
Pooled Funds fees*	-1,204	-1,158	-47	
<b>TOTAL EXPENDITURE (Exc. Pooled Fees)</b>	<b>4,974</b>	<b>5,501</b>	<b>-527</b>	

\* Fees on pooled funds are not paid directly by the Wiltshire Pension Fund, but are netted off the asset valuation.

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