

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 6 March 2014
Time: 10.30 am

Please direct any enquiries on this Agenda to Jessica Croman of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718262 or email jessica.croman@wiltshire.gov.uk

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

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

Briefing arrangements:	Date	Time	Place
Chairman's Briefing	6 March	09:00	Kennet Room, County Hall

Membership:

Wiltshire Council Members:

Cllr Tony Deane (Chairman)
Cllr Charles Howard (Vice-Chair)
Cllr Mark Packard
Cllr Sheila Parker
Cllr Roy While

Substitute Members

Cllr David Jenkins
Cllr Bill Moss
Cllr Fleur de Rhé-Philippe
Cllr Ian Thorn
Cllr Philip Whitehead
Cllr Graham Wright

Swindon Borough Council Members

Cllr Brian Ford
Cllr Des Moffatt

Substitute Members

Cllr Oliver Donachie

Employer Body Representatives

Mr Tim Jackson
Mrs Lynda Croft

Observers

Mr Tony Gravier
Mr Mike Pankiewicz

PART I

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

1 **Membership**

To note any changes to membership of the Committee.

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

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

3 **Apologies for Absence**

To receive any apologies or substitutions for the meeting.

4 **Minutes** (*Pages 1 - 10*)

To confirm the minutes of the ordinary meeting held on 4 December 2013 and the special meeting held on 24 January 2014.

5 **Chairman's Announcements**

To receive any announcements through the Chair.

To include feedback from discussions between the Chairman, Vice-Chairman and Claire Perry MP (see Minute 99. Minutes 4 December 2013 for details)

6 **Declarations of Interest**

To receive any declarations of disclosable 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 Thursday 27 February 2014. 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 11 - 20)

A report presenting an updated Treasury Management Strategy for 2014-15 for committee approval.

9 Pension Fund Risk Register (Pages 21 - 28)

To note an update from the Head of Pensions on the Wiltshire Pension Fund Risk Register.

10 Public Service Pension Act and LGPS Structural Reforms Update

A verbal update from the Head of Pensions on the latest consultations and activities in relation to this area.

11 2014 Triennial Valuation Update (Pages 29 - 36)

A verbal update by the Head of Pensions on the agreeing of employer contribution rates from April 2014.

12 LGPS 2014 Implementation Update

A verbal update from the Head of Pensions on the activities being undertaken to implement the new LGPS scheme.

13 Wiltshire Pension Fund Administration 2013-14 Budget Monitoring (Pages 37 - 38)

To note an update on the current projected outturn of the Wiltshire Pension Fund budget.

14 Wiltshire Pension Fund Administration Budget 2014-17 (Pages 39 - 44)

A report by the Treasurer to the Pension Fund outlining the proposed Administration budget for 2014-15 and planned expenditure in 2015-16 and 2016-17.

15 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on Tuesday 5 June 2014.

16 **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.

17 **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 18 – 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

18 **Investments Quarterly Progress Report (Pages 45 - 100)**

Three confidential reports are attached updating the Committee on the performance of the Fund's investments as to the end of December 2012.

19 **LGPS 2014 Roadshow**

The Committee is invited to attend the LGPS 2014 Roadshow for members outlining the changes in the scheme from 1 April 2014. This will be held in the Council Chamber.

WILTSHIRE PENSION FUND COMMITTEE

**DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING
HELD ON 4 DECEMBER 2013 AT KENNET ROOM - COUNTY HALL,
TROWBRIDGE BA14 8JN.**

Present:

Cllr Tony Deane (Chairman), Cllr Brian Ford, Cllr Charles Howard (Vice-Chair),
Mr Tim Jackson, Cllr Des Moffatt, Cllr Mark Packard, Mr Mike Pankiewicz,
Cllr Sheila Parker and Cllr Roy While

Also Present:

Mr Jim Edney, Joanne Holden and Cllr Dick Tonge

91 **Membership**

Following the meeting of Council on 12 November 2013, the following changes to membership of the Committee were noted.

Councillor Graham Payne was removed as a Member of the Committee.

Councillor Roy While, previously a substitute Member of the Committee, was appointed a full Member of the Committee

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

There were no non-member attendees

93 **Apologies for Absence**

Apologies for absence were received from Mrs Lynda Croft and Mr Tony Gravier.

94 **Minutes**

The minutes of the meeting held on 19 September 2013 were presented for consideration. It was,

Resolved:

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

95 **Chairman's Announcements**

It was announced that following the Committee's decision at its meeting on 04 June 2013 to transfer 10% of the Fund's assets to a Emerging Markets Multi Asset Manager, the contract had gone out for tender and three managers were expected to attend a special meeting of the Committee in January 2014 for one to be appointed to that mandate

It was also noted that the Pensions Team would shortly be transferred to their new working space in the renovated County Hall facilities. The Chairman expressed his concerns about the open plan work space planned for the pension team given the sensitivity of their work.

96 **Declarations of Interest**

There were no declarations of interest

97 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

98 **Pension Fund Risk Register**

The Head of Pensions presented the updated Pensions Fund Risk Register, noting there had been no significant changes since the last meeting.

Attention was drawn to an update to risk PEN018: Failure to implement the LGPS 2014 Reforms and it was noted that work was continuing on the communications strategy through collaboration with South West Funds, with a newsletter to be sent out in the new year and leaflets explaining changes in more detail while Roadshows have been scheduled across the County. Further presentations are available on request from employers.

It was also noted that the new software for the scheme is planned to be released in February 2014 and currently the firm responsible for the software are monitoring the testing process. A discussion followed raising concerns around the implementation stage and it was stated that the testing stage is progressing successfully and that contingency plans were in place if needed.

There was also an update on PEN 011 – Lack of expertise of pension fund officers, it was noted that training was ongoing and that staff were actively gaining relevant qualifications.

Resolved:

The Committee is asked to note Risk Register and the measures being taken to mitigate the current medium risks.

99 **CIPFA Business Services Update**

Robert Summers (Chairman CIPFA Pensions Panel and Network) presented an update on the current activities and the latest developments/issues within the Local Government Pension Scheme (LGPS) sector, as attached to these minutes, including details of the proposed Pensions Code of Practice, current and future operation of Pensions Boards, the LGPS Governance Consultation the work of the CIPFA Pensions Panel and its responses to statutory changes and changes to investment regulations

Discussion followed noting issues around recruitment for the Pensions Board and the level of detailed knowledge that would be required by all the members, as well as the need for an application guide for Local Government Pensions Scheme operating under the new Pensions Code of Practice

The issue of Collaborative Investment Vehicles (CIVs) as a potential collaborative model for LGPS schemes was discussed, with members concerned about a lack of resources for such a scheme. The Committee also discussed the most appropriate method for engaging with Wiltshire's parliamentary representatives to raise concerns and questions over the forthcoming changes, in particular the emphasis on administrative costs of running pensions schemes over the issue of the liabilities of those schemes.

After discussion,

Resolved:

For the Chair and Vice-Chair arrange a meeting with Claire Perry MP to discuss concerns regarding the implementation of the new system with officers assistance from officers, and report back to Committee members before the next committee meeting.

100 **Date of Next Meeting**

It was confirmed that the next regular meeting of this Committee would be held on Thursday 6 March 2014.

A special meeting of the Committee to appoint a new Fund Manager would take place in January 2014, with a date to be confirmed later

101 **Urgent Items**

There were no urgent items.

102 **Exclusion of the Public**

Resolved

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 76-80 because it is likely that if members of the public

were present there would be disclosure to them of exempt information defined in paragraph 3 of Part 1 of the Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).

103 **CIPFA Pension Administration Benchmarking Club Report**

The Head of Pensions presented the Pensions Administration Benchmarking Club Report for 2013, comparing the service of the Wiltshire Pension Fund against 52 other Local Government Pension Scheme Authorities. It was noted that the survey results were based on pension administration only, and due to differences between administration for the different Funds within the benchmarking club, the provided data and comparison is useful as an indicative assessment of the Fund, while not being an exact comparison with other Funds.

The Committee discussed the report, noting that overall costs were in line with peers despite increased costs from IT administration arising from increased membership of the scheme and department restructuring, Staff costs per member were below the average for the Funds in the Club.

Other points included that the Fund's administration staff had a lower than average level of relevant qualifications, but it was noted that several members were in the process of obtaining those and higher qualifications. It was also noted that the Fund had a higher proportion of deferred members than the average

At the conclusion of discussion, it was,

Resolved:

That the committee note the updates to the report.

104 **Investments Quarterly Progress Report**

The Fund Investment and Accounting Manager presented the Investments Quarterly Progress Report to note the performance of the mandates of the Fund, along with a commentary report from the advisers to the Fund, Mercers.

The Committee discussed the reports and noted that most mandates had performed strongly, and continued to note the phased transition of the Edinburgh Partners mandate to the L&G Fundamental Indexation Fund.

After discussion, it was,

Resolved:

That the committee note the progress report.

105 **Berenberg - Review of 2012-13 & Plans for the Future**

Matthew Stemp, Tindaro Siragusano and Maria Heiden from Berenberg gave a presentation and report on their mandate of the Pension Fund, and took questions from the Committee on the progress and future plans for that mandate.

Following which it was,

Resolved

To thank the representatives from Berenberg for their attendance and presentation.

106 **CBRE- Review of 2012-13 and Plans for the Future**

Max Johnson, Alex Bignell and Mark Adcock from CBRE gave a presentation and report on their mandate of the Pension Fund, and took questions from the Committee on the progress and future plans for that mandate.

Following which it was,

Resolved

To thanks the representatives from CBRE for their attendance and presentation.

(Duration of meeting: 10.30 am - 2.30 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262 e-mail jessica.croman@wiltshire.gov.uk

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WILTSHIRE PENSION FUND COMMITTEE

**DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING
HELD ON 24 JANUARY 2014 AT KENNET ROOM - COUNTY HALL,
TROWBRIDGE BA14 8JN.**

Present:

Cllr Brian Ford, Cllr Charles Howard (Vice-Chair, in the Chair), Mr Tim Jackson, Cllr Des Moffatt, Cllr Mark Packard, Mr Mike Pankiewicz, Cllr Sheila Parker and Cllr Roy While

Also Present:

Mr Jim Edney and Joanne Holden

1 **Membership**

There were no changes to membership.

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

There were no non-members attendees.

3 **Apologies for Absence**

Apologies were received from Cllr Tony Deane and Lynda Croft.

4 **Chairman's Announcements**

There were no announcements.

5 **Declarations of Interest**

There were no declarations of interest.

6 **Public Participation and Councillors' Questions**

There were no members of the public present.

7 **Date of Next Meeting**

It was noted that the next regular meeting of the Committee will be held on Thursday 6 March 2014.

8 **Urgent Items**

There were no urgent items.

9 **Exclusion of the Public**

It was;

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act

1972 to exclude the public from the meeting for the business specified in Item Number 10 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

10 **Evaluation of Emerging Markets Multi-Asset Managers presentations**

Members of the Committee received presentations from the prospective Emerging Markets Multi-Asset Managers and had the opportunity to ask questions.

It was;

Resolved:

Members of the Committee, after evaluating each manager, selected Investec as the new Emerging Markets Multi-Asset Manager.

Please note: Councillor Brian Ford (Swindon Borough Council Member) excused himself from the committee due to having being absent for part of the presentations. Cllr Ford did not vote on the final decision.

(Duration of meeting: 10.30 am - 2.40 pm)

The Officer who has produced these minutes is Jessica Croman, of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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Wiltshire Council

Wiltshire Pension Fund Committee

6 March 2014

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. This separation has been in place since 2010/11.

Considerations for the Committee

4. The Fund currently has a neutral cashflow position from its dealings with its members, so in any month, the income from contributions and transfers-in approximately equals the pensions, transfers-out and costs paid out. Any 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 has been no changes made to the Treasury Management Strategy for Wiltshire Pension Fund since last year.
6. When preparing this strategy officers liaise with Wiltshire Council's Treasury Management Team to ensure the strategy is appropriate. There have been no key changes proposed to the Wiltshire Council Treasury Strategy for 2014-15 that would impact on the Pension Fund.

The key points of the Treasury Management Strategy

7. 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 £6 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

8. There is no known environmental impact of this proposal.

Financial Considerations & Risk Assessment

9. 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.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time

Reasons for Proposals

11. 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

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

Michael Hudson
Associate Director, Finance and Treasurer of the Pension Fund

Report Author: Catherine Dix, Strategic Pensions Manager

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

WILTSHIRE PENSION FUND
TREASURY MANAGEMENT STRATEGY

Operational Context

1. The Fund currently has a neutral Cashflow position from its dealings with its members, so in any month, the income from contributions and transfers-ins approximately equals the pensions, transfers-out and costs paid out.
2. Any 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 cash requirement (£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 2011 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 19th of the month (ie. when all contributions have to be paid over by employers) and 25th 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 £6 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 (2014-15) is given in the Annex for information. The full paper will be available from the Wiltshire Council Cabinet reports dated 11th February and can be found on the following link: [Agenda for Cabinet on Tuesday, 11th February, 10.30 am | Wiltshire Council](#)

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 2014-15

17. This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
 - a. credit watches and credit outlooks from credit rating agencies;
 - b. CDS spreads to give early warning of likely changes in credit ratings;
 - c. sovereign ratings to select counterparties from only the most creditworthy countries.

18. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
 - a. Yellow – 5 years (this category is for AAA rated Government debt or its equivalent, including an investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);
 - b. Dark pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
 - c. Light pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
 - d. Purple – 2 years;
 - e. Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries):
 - f. Orange – 1 year;
 - g. Red – 6 months;
 - h. Green – 100 days; and
 - i. No Colour – not to be used.

19. The advisor's creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

20. All credit ratings will be monitored at least weekly (daily if there are any updates released by Capita Asset Services). The Council is alerted to changes in ratings of all three agencies through its use of the creditworthiness service.

21. 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.

22. In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads 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.
23. 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.
24. 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 quality"

25. 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.
26. 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.
27. The minimum requirements for high credit quality, 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);**

- In addition, all banks and building societies to which the Authority may lend funds must have a support rating of no more than 3 (in the range 1, being the highest support rating to 5, the lowest);
- 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.

28. 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: (*£6 million for the Wiltshire Pension Fund*)

- 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 £12 million: (*£6 million for the Wiltshire Pension Fund*)

- Government backed UK banks and UK building societies and their subsidiaries

c) Up to £8 million: (*£6 million for the Wiltshire Pension Fund*)

- 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 overseas banks and their subsidiaries.

Wiltshire Council

Wiltshire Pension Fund Committee

6 March 2014

Wiltshire Pension Fund Risk Register

Purpose of the Report

1. The purpose of this report is to update the Committee in relation to changes to the Fund's Risk Register (see Appendix).

Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. Members requested that the highlights, particularly upward/downward movements in individual risks, be reported back to the Committee on a quarterly basis.

Key Considerations for the Committee / Risk Assessment / Financial Implications

3. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
4. There have been four changes since the last report in December 2013.
5. **PEN003: Insufficient Funds to meet liabilities as they fall due** has reduced from amber to green. The cashflows for the scheme are being carefully monitored and modelled. The latest indication is that the outflows for this financial year have stabilised and with the implementation in the new employer contribution rates from April 2014, a slight improvement of the position may arise. Having consulted with the Fund's investment adviser there is no immediate need to review the current investment strategy and processes have been identified should officers need to drawdown investment income to pay future benefits.
6. **PEN011: Lack of Expertise of Pension Fund Officers** has reduced from amber to green. The current investment in staff training is mitigating the risk that officers will lack the expertise to carry out their duties. The appointment of the Strategic Pension Manager has also helped mitigate this risk as there is now additional manager support for the administration team.
7. **PEN012: Over Reliance on Key Officers** has reduced from amber to green. This reflects the appointment of the Strategic Pension Manager which provides additional support to the administration team. Recruitment of a Pension Fund Accountant is currently on-going to backfill the current vacancy in the accounting team.

- 8. **PEN013: Failure to communicate properly with Stakeholders** has reduced from amber to green. The communication strategy for the new LGPS 2014 is now being implemented and both employers and members are being communicated to in relation to the forthcoming changes from April 2014 through a number of different mediums including newsletters, website, briefing notes, presentations, videos, and meetings..
- 9. Of the remaining 5 amber risks, 3 either relate or are connected in part to the implementation of the new LGPS 2014 scheme. The process to train the team on the new scheme, review our processes to ensure the Fund is compliant and ensure the data capture of information from employers is as accurate as possible are all part of the current implementation project.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Proposals

12. The Committee is asked to note the attached Risk Register and measures being taken to mitigate risks.

Michael Hudson
Associate Director, Finance, and Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

Appendix - Risk Register

Wiltshire Pension Fund Risk Register				25-Feb-14			Current Risk Rating			Target Risk Rating									
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Date of Review	Direction of Travel
PEN001	Failure to process pension payments and lump sums on time	Service Delivery	Non-availability of ALTAIR pensions system, SAP payroll system, key staff, or error, omission, etc.	Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the members.	David Anthony	Maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work.	2	2	4	Low	Regular review of ALTAIR calculations are more thoroughly tested, especially to ensure regulations changes are correctly processed. Test system now in place for LGPS 2014 and testing currently taking place.	David Anthony		2	2	4	Low	25 Feb 2014	→→→
PEN002	Failure to collect and account for contributions from employers and employees on time	Finance	Non-availability of CRS/SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	David Anthony	Robust maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. We constantly work with employers to ensure they understand their responsibilities to pay by 19th of the month.	2	1	2	Low	New electronic forms rolled out to all employers to allow collation of membership and contributions detail by member to facilitate monthly reconciliations ahead of year end.	Catherine Dix		2	2	4	Low	25 Feb 2014	→→→
PEN003	Insufficient funds to meet liabilities as they fall due	Service Delivery	Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in longevity, etc.	Immediate cash injections would be required from the scheme employers. This shouldn't be an issue for the Fund but it looks likely that investment income might need to be used within the next 12 months.	David Anthony	Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling of future cashflows.	2	2	4	Low	The "maturity" profile of cashflows is changing as a result of employers outsourcings and redundancy programmes. The cashflow profile is now being carefully monitored as benefits paid look to exceed receipts (excluding investment income) during the current financial year.	David Anthony	Mar-14	4	1	4	Low	25 Feb 2014	↓
PEN004	Inability to keep service going due to loss of main office, computer system or staff	Service Delivery	Fire, bomb, flood, etc.	Temporary loss of ability to provide service	David Anthony	Business Continuity Plan in place. The team have the ability to work from home or remotely if required. The pension system is also hosted by its supplier, which reduces the risk should Wiltshire Council's IT servers fail.	4	1	4	Low	Business Continuity Plan has been refreshed in and approved by the CFO in Oct 2011. All the team now have laptops that would mean they can access ALTAIR remotely if required.	Andy Cunningham		4	1	4	Low	25 Feb 2014	→→→
PEN005	Loss of funds through fraud or misappropriation	Fraud / Integrity	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	David Anthony	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Low	None	Catherine Dix		4	1	4	Low	25 Feb 2014	→→→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Economic	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current increase in Quantitative Easing by the Government is forcing up the price of gilts leading to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc). Quarterly monitoring in liabilities movements is undertaken providing advance warning to employers.	2	3	6	Medium	The Stabilisation Policy has limited increases for secure employer. Monitor cashflow profiles to review Fund's maturity. This policy was reviewed at the July 2013 Committee meeting and is to be maintained for the 2013 Valuation.	David Anthony / Andy Cunningham	Mar-14	3	2	6	Medium	25 Feb 2014	→→→
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Economic	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current increase in Quantitative Easing by the Government is forcing up the price of gilts leading to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc). Quarterly monitoring as described above.	2	3	6	Medium	The rates for the 2010 Valuation were agreed and through the use of stepping in of contribution rate increases where requested the need for large increases was avoided for certain employers. This "contribution relief" policy was reviewed and maintained at the July 2013 Committee meeting for the 2013 Valuation process. Monitor cashflow profiles to review Fund's maturity.	David Anthony / Andy Cunningham	Mar-14	3	2	6	Medium	25 Feb 2014	→→→
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Economic	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and selection of investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). There is a monthly review of the % of the Fund held in each mandate and strategy.	2	2	4	Low	The implementation of the Stabilisation Policy limits increases for secure employer. This policy was reviewed at the July 2013 Committee meeting and is to be maintained for the 2013 Valuation.	Catherine Dix	Mar-14	2	2	4	Low	25 Feb 2014	→→→
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Economic	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and selection of investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). There is a monthly review of the % of the Fund held in each mandate and strategy.	2	2	4	Low	The review of employers long term financial stability and the policy for stepping in of contribution rates assists in affordability issues and this "contribution relief" policy was reviewed and maintained at the July 2013 Committee meeting for the 2013 Valuation process.	Catherine Dix	Mar-14	2	2	4	Low	25 Feb 2014	→→→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN008	Failure to comply with LGPS and other regulations	Legal / Statutory	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	David Anthony	Sufficient staffing, training and regulatory updates. Competent software provider and external consultants.	3	2	6	Medium	Pension team structure review has been implemented which ensures staff with the relevant skills & knowledge are in post. The Technical & Compliance Manager is currently formulating a training plan for the team. There is a project plan for the new scheme. The new regulations have been published however we are still awaiting the transitional regulations.	David Anthony	Mar-14	2	2	4	Low	25 Feb 2014	→
PEN009	Failure to hold personal data securely	Legal / Statutory	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised	David Anthony	Compliance with Wiltshire Council's Data Protection & IT Policies.	2	2	4	Low	It is intended to do a full data protection audit for the Fund. An imaging system has now been implemented which will improve retention of documents and ultimately will lead to a paperless working environment.	Tim O'Connor	Dec-14	2	1	2	Low	25 Feb 2014	→
PEN010	Failure to keep pension records up-to-date and accurate	Knowledge / Data / Info	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	David Anthony	Systems Team set-up and constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative.	2	3	6	Medium	Further reconciliations have been implemented between Wiltshire Council payroll and the Fund's data. The Public Services Pension Act will record Fund to be compliant with Record Keeping Act.	Martin Downes		2	1	2	Low	25 Feb 2014	→
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Professional judgement & activities	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	David Anthony	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. The Technical & Compliance Manager has formulated annual Training Plans and Relevant officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists.	2	2	4	Low	The team restructure now provides better technical knowledge at the right levels. The Strategic Pension Manager post now provides additional cover.	David Anthony		2	1	2	Low	25 Feb 2014	↓

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN012	Over-reliance on key officers	Organisation Management / HR	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a big knowledge gap if less behind.	David Anthony	Key people in the Section are seeking to transfer specialist knowledge to colleagues. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	2	4	Low	The post of Strategic Pension Manager has now been filled which provides additional support that mitigates this risk. Recruitment process underway to replace Pension Fund Accountant.	David Anthony	Mar-14	2	1	2	Low	25 Feb 2014	↓
PEN013	Failure to communicate properly with stakeholders	Stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor and they may misadvise their employees.	David Anthony	The Fund has a Communications Manager and Employer Relationship Manager dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	2	4	Low	Now the proposed changes to the LGPS scheme are known updated information can be circulated to employers and members. The Fund is implementing its strategy to inform members of the changes and where possible working with key stakeholders. Employers have also been reminded of their responsibilities for Autoenrolment.	Zoe Stannard & Andy Cunningham	Feb-14	1	1	1	Low	25 Feb 2014	↓
PEN014	Failure to provide the service in accordance with sound equality principles	Corporate / Leadership / Organisation (Reputation)	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	David Anthony	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	Low	None	David Anthony		2	1	2	Low	25 Feb 2014	→
PEN015	Failure to collect payments from ceasing employers	Finance	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	David Anthony	The Pension Fund Committee approved a Cessation Policy in February 2010 to provide an agreed framework for recovery of payments. All new admitted bodies now require a guarantor to join the Fund.	2	2	4	Low	Work is on-going to develop monitoring of admitted bodies who are close to cessation to enable the Fund to have an early dialogue with them to ensure costs are met.	Andrew Cunningham	Feb-14	2	1	2	Low	25 Feb 2014	→
PEN016	Treasury Management	Finance	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	David Anthony	The Pension Fund approved an updated Treasury Management Strategy in Feb 2013 which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m.	3	1	3	Low	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal.	Catherine Dix		3	1	3	Low	25 Feb 2014	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN017	Lack of expertise on Pension Fund Committee	Professional judgement & activities	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Fund's to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	David Anthony	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Help can be called on from our consultants and independent advisors too.	2	2	4	Low	The CIPFA Local Government Pension Fund Knowledge & Skills Framework require members of the committee to be regularly assessed to identify knowledge gaps and ensure training is provided to address these. Members have been assessed and a training plan set which is being implemented over the next two years.	David Anthony		2	1	2	Low	25 Feb 2014	→→→
PEN018	Failure to implement the LGPS 2014 Reforms	Service Delivery	Failure to implement the LGPS 2014 in time for April 2014 in terms of systems changes, data requirements, communications and training.	Unable to meet the new legislative requirements of the scheme and to administer the Fund correctly.	David Anthony	A communication policy has been set up to inform all members of the changes. Systems team in close contact with Software are providers to ensure developments will be actioned. Consultations being responded to ensure issues are raised with CLG. Timeframe is still challenging.	3	2	6	Medium	The draft regulations were issued (June 2013) but implementation timeframe remain extremely tight. The Communications Strategy is now being implemented. The test system for LGPS 2014 has now been installed and the live version is to be uploaded early March. Testing is now underway on the system while a review of all processes is taking place.	David Anthony		2	2	4	Low	25 Feb 2014	→→→

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Wiltshire Council

Wiltshire Pension Fund Committee

6 March 2014

Actuarial Valuation 2013 Update

1. This report updates the Committee on the position of the 2013 Actuarial Valuation of the Wiltshire Pension Fund.

Introduction & Background

2. At the meeting on 10 October 2013 the results of the 2013 Triennial Valuation were presented to this Committee.
3. The Committee approved the theoretical contribution rates for the next three years and noted that discussions would be held with employer bodies outside the Stabilisation Policy to agree rates, utilising the Contribution Rate Relief framework where applicable. This papers presents the final agreed employer contribution rates. The Fund will request the Actuary to sign this off and become effective from 1 April 2014.

Main Considerations for the Committee

4. All employers were written to after the meeting on the 10 October 2013 requesting they confirm the contribution rates to be paid over the next three years. Further correspondence was sent out during December, January and February chasing the remaining employers who hadn't confirmed their rates. Following this exercise 5 employers had still failed to respond and as outlined in the letter their rates will default to the theoretical contribution rate proposed by the Actuary.
5. For the secure employers (those with tax-raising powers) they have the option of either being part of the Stabilisation Policy which increases contribution rates by 1% per annum (or in one case, to pay the new Future Service Rate as a minimum which is a greater than 1%).
6. All the secure employers confirmed they wished to apply to Stabilisation Policy.
7. The non-secure employers (those without tax-raising powers) had three options:
 - To move to the theoretical contribution rate immediately;
 - To phase in the increase to the theoretical contribution rate over a three year period; or
 - To request contribution relief, where based on the evaluation of the employers stability, the increase to the theoretical contribution rate is limited over the next three years.
8. The majority of employers took advantage of the Contribution Rate Relief.
9. No response was received from 5 employers acknowledging their revised rates. These tend to be the smaller outsourced employers whose employer contributions might not be a material element of their operations. For these

employers, the contributions have assumed to increase to the full theoretical rate over the next three years.

10. The rates shown in the Appendix are the employer contributions the Actuary will include in the Rates and Adjustment Certificate that must be issued to the Secretary of State by 31 March 2014. These contributions will become effective from 1 April 2014.

Risk Assessment

11. The Triennial Valuation is one of the controls to mitigate PEN003 *Insufficient funds to meet liabilities as they fall due* on the risk register.
12. Risk PEN006a and PEN007a *Significant rises in employer contributions for secure employers due to increases in liabilities and poor investment returns* is being addressed through the implementation of the Stabilisation Policy which limits volatile increases in contribution rates.
13. Risk PEN006b and PEN007b *Significant rises in employer contributions for non-secure employers due to increases in liabilities and poor investment returns* is being addressed by the review of employers risk to the Fund and the subsequent contributions relief offered to them for the next three years based on this evaluation.

Environmental Impact of the Proposals

14. There are none.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There no known implications at this time.

Financial Considerations

16. The Stabilisation Policy and the use of phasing in of Contribution Rate Relief assists in keeping contribution rate increases to a manageable level for employers by offering them a degree of flexibility. The setting of contribution rates below the 'theoretical' rate outlined by the Actuary does mean employers defer some payment in the short term but the modelling suggests the impact on the funding level over the longer term will not be materially affected.

Proposal

17. The Committee is asked to note the finalised employer contribution rates for 2014 to 2017 as shown in the Appendix that will form the Rates and Adjustment certificate for the 2013 Triennial Valuation.

Michael Hudson

Associate Director, Finance and Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report:	None.
Appendix - Employer contributions	

APPENDIX

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
4Children	22.0%		22.0%		22.0%	
ABM Catering	28.0%		28.0%		28.0%	
Action for the Blind	26.6%	£36,000	26.6%	£36,000	26.6%	£36,000
Agincare	19.4%		19.4%		19.4%	
Amesbury Parish Council	19.1%		20.1%		21.1%	
Aster Group	26.0%	£109 000	26.0%	£109 000	26.0%	£109 000
Aster Living	23.6%	£37,000	23.6%	£37,000	23.6%	£37,000
Aster Property Management	23.8%	£21,000	23.8%	£21,000	23.8%	£21,000
Atkins Global	26.0%		26.0%		26.0%	
Barnardos (Corsham Children's Centre)	19.5%		19.5%		19.5%	
Barnardos	16.4%		16.4%		16.4%	
Bishop Wordsworth Academy	17.6%	£14 000	18.1%	£17,000	18.5%	£21 000
Blunsdon St Andrew Parish Council	19.1%		20.1%		21.1%	
Bradford-on-Avon Town Council	19.1%		20.1%		21.1%	
Bybrook Valley Academy	17.9%	£2,000	17.9%	£2,000	17.9%	£2,000
Calne Town Council	19.1%		20.1%		21.1%	
Capita	24.1%		24.1%		24.1%	
Care and Support Swindon (SEQOL)	23.1%		23.1%		23.1%	
Caterlink Ltd	0.0%		23.8%		23.8%	
Chippenham Town Council	19.1%		20.1%		21.1%	
Churchfield Academy, Swindon	25.7%		25.7%		25.7%	
CIPFA	16.4%	£1,199,000	17.4%	£1,305,000	18.4%	£1,563,000
Colebrook Infants Academy, Swindon	24.3%		24.3%		24.3%	
Collaborative Schools Ltd	23.4%		23.4%		23.4%	

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
Commonweal Academy, Swindon	19.3%	£56,000	19.3%	£56,000	19.3%	£56,000
Community First	17.8%	£30,000	18.4%	£37,000	19.0%	£43,000
Corsham Primary Academy*	19.4%	£16,000	19.4%	£16,000	19.4%	£16,000
Corsham Secondary Academy	16.7%	£28,000	16.7%	£35,000	16.7%	£42,000
Corsham Town Council	19.1%		20.1%		21.1%	
Cricklade Town Council	19.1%		20.1%		21.1%	
DC Leisure	14.6%	£88,000	14.6%	£0	14.6%	£0
Devizes Academy	20.3%	£18,000	20.3%	£24,000	20.3%	£30,000
Devizes Town Council	19.1%		20.1%		21.1%	
Direct Cleaning	27.6%	£6,000	27.6%	£6,000	27.6%	£0
Dorcan Technology Academy, Swindon	23.3%		23.3%		23.3%	
Eastrop Academy, Swindon	19.6%	£3,000	19.7%	£3,000	19.8%	£4,000
Education Fellowship*	20.6%	£42,000	20.6%	£42,000	20.6%	£42,000
Elior UK PLC	24.8%		24.8%		24.8%	
Enara Complete Care	0.0%		0.0%		25.0%	
Excalibur Academy	21.0%	£28,000	21.0%	£41,000	21.0%	£53,000
FOCSA Services	22.9%	£49,000	22.9%	£49,000	22.9%	£49,000
Goddards Park Academy, Swindon	12.9%	£0	13.1%	£4,000	13.3%	£8,000
Gorse Hill Academy	19.3%	£18,000	19.3%	£18,000	19.3%	£18,000
Great Western Hospitals	15.4%		15.4%		15.4%	
Hardenhuish School Ltd	20.8%	£61,000	20.8%	£61,000	20.8%	£61,000
Haydon Wick Parish Council	19.1%		20.1%		21.1%	
Highworth Town Council	19.1%		20.1%		21.1%	
Highworth Warneford Academy, Swindon	21.7%	£36,000	21.7%	£36,000	21.7%	£36,000
Holy Family Academy	19.6%	£8,000	19.6%	£8,000	19.6%	£8,000

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
Holy Rood Infants Academy, Swindon	22.8%		23.1%		23.4%	
Holy Rood Juniors Academy, Swindon	22.5%		22.5%		22.5%	
Holy Trinity (Calne) Academy	22.9%	£1,000	22.9%	£3,000	22.9%	£4,000
Holy Trinity (Great Cheverell) Academy	19.3%	£4,000	19.3%	£4,000	19.3%	£4,000
Innovate Services Limited	20.1%		20.1%		20.1%	
John Bentley Academy	23.0%		23.0%		23.0%	
John of Gaunt Academy	19.6%	£40,000	19.6%	£40,000	19.6%	£40,000
King William Street Academy	23.1%		23.1%		23.1%	
Kingdown Academy, Warminster	18.5%	£34,000	18.5%	£37,000	18.5%	£40,000
Kingsdown Academy, Swindon	24.5%		24.5%		24.5%	
Lavington Academy	19.2%	£14,000	19.2%	£14,000	19.2%	£14,000
Leonard Cheshire	6.4%		6.4%		23.7%	
Lethbridge Academy, Swindon	18.5%	£11,000	18.5%	£12,000	18.5%	£13,000
Lydiard Academy, Swindon	28.3%		28.3%		28.3%	
Mainline Contract Services	15.0%		15.0%		15.0%	
Malmesbury Academy	19.7%	£28,000	19.7%	£29,000	19.7%	£30,000
Malmesbury Town Council	19.1%		20.1%		21.1%	
Manor Academy, The	17.8%	£11,000	17.8%	£11,000	17.8%	£11,000
Marlborough Town Council	19.1%		20.1%		21.1%	
Mead Academy, The	18.9%	£14,000	18.9%	£14,000	18.9%	£14,000
Melksham Town Council	19.1%		20.1%		21.1%	
Melksham Without Parish Council	19.1%		20.1%		21.1%	
Mere Parish Council	19.1%		20.1%		21.1%	
New College	17.1%	£118,000	17.8%	£139,000	18.4%	£159,000
Order of St John	24.8%	£552,000	24.8%	£552,000	24.8%	£552,000

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
Oxford Health NHS	24.7%		24.7%		24.7%	
Pewsey Vale Academy	19.0%	£11,000	19.1%	£12,000	19.2%	£14,000
Purton Parish Council	19.1%		20.1%		21.1%	
Ridgeway Academy, Swindon	23.5%		23.5%		23.5%	
Rowde Academy	20.5%	£8,000	20.5%	£8,000	20.5%	£8,000
Royal Wootton Bassett Academy	17.5%	£30,000	17.8%	£35,000	18.0%	£40,000
Royal Wootton Bassett Parish Council	19.1%		20.1%		21.1%	
Salisbury and South Wilts Museum	13.2%	£26,000	13.2%	£26,000	13.2%	£27,000
Salisbury City Council	20.8%		20.8%		20.8%	
Sarsen Housing Association	23.9%	£291,000	23.9%	£291,000	23.9%	£291,000
Sarum Academy*	20.9%		20.9%		20.9%	
Selwood Housing (West Wilts)	17.6%	£222,000	18.6%	£259,000	19.5%	£296,000
Sevenfields Academy	18.3%		18.3%		18.3%	
Sheldon Academy	25.6%		25.6%		25.6%	
Somerset Care	24.0%		24.0%		24.0%	
Southern Health NHS Foundation Trust	19.5%		20.5%		21.6%	
South Wilts Grammar Academy	17.9%	£14,000	18.0%	£17,000	18.1%	£19,000
Southfields Academy, Swindon	24.3%		24.3%		24.3%	
Springfields Academy	22.6%		22.6%		22.6%	
St Augustines Academy	24.9%		24.9%		24.9%	
St Catherines Academy	21.6%	£7,000	21.6%	£7,000	21.6%	£7,000
St Edmunds Academy (Calne)	21.5%	£4,000	21.5%	£4,000	21.5%	£4,000
St Edmunds Girls Academy (Salisbury)	23.3%	£8,000	23.3%	£11,000	23.3%	£14,000
St Joseph's (Devizes) Academy	18.7%	£4,000	18.7%	£5,000	18.7%	£5,000
St Joseph's (Swindon) Academy	20.0%	£61,000	20.0%	£61,000	20.0%	£61,000

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
St Laurence Academy	17.8%	£31,000	17.8%	£34,000	17.8%	£36,000
St Leonards (Andrews) Academy, Swindon	23.2%		23.2%		23.2%	
St Mary's Academy, Swindon	21.0%	£8,000	21.0%	£8,000	21.0%	£8,000
Stratton St Margaret Parish Council	19.1%		20.1%		21.1%	
Swindon Borough Council (Non-Schools)	16.4%	£2,604,000	17.4%	£2,604,000	18.4%	£2,604,000
Swindon Borough Council (Schools/HRA)	20.5%		21.5%		22.5%	
Swindon College	16.6%	£258,000	17.2%	£320,000	17.8%	£381,000
Swindon Commercial Services	22.7%		22.7%		22.7%	
Swindon Dance	21.6%	£0	21.9%	£2,000	22.1%	£3,000
Trowbridge Town Council	19.1%		20.1%		21.1%	
United Learning Trust*	17.1%		17.1%		17.1%	
Visit Wiltshire	20.3%		20.3%		20.3%	
Wanborough Parish Council	19.1%		20.1%		21.1%	
Wansdyke Academy	20.3%	£9,000	20.3%	£9,000	20.3%	£9,000
Warminster Town Council	19.1%		20.1%		21.1%	
WASP	20.1%	£5,000	20.1%	£5,000	20.1%	£5,000
Wellington Academy	14.1%		14.8%		15.4%	
Westbury Town Council	19.1%		20.1%		21.1%	
Westlea Housing/Greensquare	20.4%	£378,000	21.3%	£445,000	22.1%	£512,000
White Horse Federation	22.3%		22.3%		22.3%	
Wilton Town Council	19.1%		20.1%		21.1%	
Wiltshire and Swindon Fire Authority	16.5%	£164,000	17.0%	£181,000	17.5%	£198,000
Wiltshire College	15.6%	£277,000	16.6%	£428,000	17.0%	£579,000
Wiltshire Police	15.6%	0	16.9%	0	18.1%	0
Wiltshire Probation	35.1%					

Employer's Name	Employer Contribution Rate 2014/2015	Monetary Amount 2014/2015 p/a	Employer Contribution Rate 2015/2016	Monetary Amount 2015/2016 p/a	Employer Contribution Rate 2016/2017	Monetary Amount 2016/2017 p/a
Wiltshire Council	16.0%	£5,700,000	17.0%	£5,700,000	18.0%	£5,700,000
Wiltshire Council - Schools	20.8%		21.8%		22.8%	
Woodford Valley Academy	19.2%	£7,000	19.2%	£7,000	19.2%	£7,000
Wroughton Parish Council	19.1%		20.1%		21.1%	

PENSION FUND ADMINISTRATION BUDGET 2013-14 - BUDGET MONITORING

	2013/14			Explanations
	Budget £000	Projected Outturn £000	Variance £000	
<u>Fund Investment</u>				
Investment Management Fees				
Segregated Funds	3,699	2,806	893	No Performance fee to Baillie Gifford & projected savings from fee negotiations
Pooled Funds *	2,268	2,005	263	Transition from Edinburgh Partners to lower cost Legal & General RAFI mandate
	5,967	4,811	1,155	<i>These projected fee estimates are based on current market conditions and are subject to change prior to year end.</i>
<u>Fund Investment Costs</u>				
1 Investment Administration	90	90	0	
2 Investment Custodial & Related Services	58	40	18	The move to more "pooled fund" mandates has reduced the custodian fees
3 Investment Consultancy	224	116	108	No investment manager search fee incurred & Custody review scheduled for 2014/15
4 Corporate Governance Services	52	52	0	
5 Performance Measurement	41	41	0	
	465	339	126	
<u>Fund Scheme Administration</u>				
6 Pension Scheme Administration	1,280	1,179	101	Results from vacant post, lower requirement on LGPS 2014 communications costs, and the delay in implementing the back scanning project.
7 Actuarial Services	149	209	-60	Additional costs arising from Triennial Valuation due to number of new employers along with the increased use of benefit advice.
8 Audit	57	57	0	
9 Legal Advice	25	25	0	
10 Committee & Governance	47	47	0	
	1,559	1,518	41	
Total FUND COSTS	2,024	1,857	167	
TOTAL FUND EXPENDITURE (Costs & Fees)	7,991	6,668	1,323	

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Wiltshire Council

Wiltshire Pension Fund Committee

6 March 2014

Wiltshire Pension Fund Administration Budget 2014-15

Purpose of the Report

1. This report seeks Members' approval of the 2014-15 Administration Budget for the Wiltshire Pension Fund, as shown in the Appendix. Actual costs for 2012-13 are also shown, together with the original budget for 2013-14.
2. As last year, the Appendix also shows indicative budgets for the following two years 2015-16 and 2016-17. These budgets once approved will be incorporated into the new Wiltshire Pension Fund Business Plan.

Background

3. To ensure good governance budgets are required to monitor the stewardship of the Fund's expenditure and financial plans assist in mitigating risks by allocating necessary resources to develop the service. The setting of a budget for the forthcoming financial year along with spending proposals for the following two years attempts to achieve this.
4. A number of services are required to ensure delivery of the Local Government Pension Scheme (LGPS) administering authority function. The Committee has ultimate responsibility for the procurement and monitoring of these services. It should be noted, however, that Wiltshire Council, which is one of the employer bodies whose interests the Committee is responsible for, is at present also the provider of a number of these services.

Key features of the proposed 2014-15 budget

5. Overall the 2014-15 budget of £8.810m shows an increase of £819k (10.2%) from 2013-14 (see Appendix). The largest proportion of the budget (£6.739m) is investment managers' fees that largely depend on the value of assets being managed, over which officers have little control in the short term.
6. The Fund's "controllable" budget (i.e. excluding investment management fees) is £2.071m, which is a £47k (2.3%) increase. However, this includes three main "growth" items totalling £156k, therefore, the overall 'real' base budget represents a decrease of £112k from 2013-14 (-5.2%).

Fund Investment – Management Fees

7. Investment management fees show an increase in estimated fees of £772k for 2014-15. Estimating investment fees is difficult as predicting market values of investments (which drive fee levels) into the future is impossible. As a proxy, these projections are based on asset growth of 10% per annum which attribute approximately £600k of the increase.

8. The remaining increase is in part a reflection of the implementation of the new Emerging Markets Multi Asset mandate during 2014-15 away from the lower cost passive global equities along with the anticipated increase in performance fees from the sustained upturn in markets.
9. This budget is a prudent position and if higher fees are paid it's a reflection of good performance by the investment managers. For 2013-14, manager fees are currently projected to be under spent by £1.2m against the estimate this time last year and these savings will be carried forward in the Fund.

Fund Investment – Administration

10. This budget has decreased by £63k (-13.5%) to £402k. The main reason is the reduction in Investment Advisory fees (£88k) now that the current manager searches have been completed along with savings (£14k) from the retendering of the ESG contract as part of the Fund's Corporate Governance Services.
11. This has been offset by an increase in Investment Administration Recharges (£15k) from pay growth and associated on-costs along with increased costs of Custodial Services due to the reduction of Securities Lending (£20k) resulting from the Fund's move to more "pooled" investments where this additional income cannot be generated.

Scheme Administration

12. This budget has increased by £110k (7.0%) to £1.669m. However, this does include £156k of "growth" items, leaving a real reduction in budget from 2013-14 of £46k. The major budget changes are explained below:

Pension Administration Recharge

13. The budget has increased by £157K reflecting, in the main the proposed "growth" areas the Fund should develop.
 - a) Data Cleanse & Quality Assurance secondments
Funds are under increasing pressure to ensure the quality of their data is as clean as possible and regularly reviewed. The new Public Services Pension Act that comes into force in 2015 will require the Fund to comply with the Data Records Act and that the quality is monitored. The quality of data held is also going to become more crucial with the implementation of the new LGPS 2014 scheme as benefits will be calculated annually and not at the point of retirement. To build on the work already undertaken by the Fund, and in line with its peers it is proposed that £62k is allocated to fund two temporary posts to specifically review and process data issues that arise from the on-going projects taking place.
 - b) Pension Administration Software
The updating and development of the Fund's pension software to make it compliant to administer the new LGPS 2014 scheme by its supplier will result in an additional £49k in 2014-15 with on-going licence fees in the following years.

c) Member Self Service

A further area for development to enable the Fund to meet the increasing customers expectations and develop the quality of the service is to implement member self service functionality. This will enable members to look at their records on-line. This has the potential to save administration costs in terms of posting and printing communications, provided written projections of benefits and keeping personal details up to date. The Fund has been looking at a number of systems and once a business case has been signed off, officers would look to procure this product after the implementation of the new scheme has been completed. The estimated cost of setting this system up is £40k in year one with running costs of £20k p.a. thereafter.

Actuarial Services

14. This budget has reduced by £43k reflecting the lower costs following the 2013 Triennial Valuation year.

Committee & Governance Services

15. Although there is a minor increase in the 2014-15 budget for Committee & Governance Services to reflect inflation, 2015-16 onwards will potentially see a significant increase in costs (circa £13k as a best estimate). This results from the implementation of the Public Services Pension Act which will require the Fund to have a Local Pension Board in operation from April 2015 onwards. Although guidance is still unclear as to the potential make up of these Boards, frequency of meetings, and their remit, it is anticipated that Committee Services will be required to support them, while budget will also be required for advisors and Board member training.

16. These Local Pension Boards will provide an oversight function to the main committee and will effectively be a statutory requirement by the Administering Authority, namely Wiltshire Council. Further discussions will take place with Wiltshire Council once further draft regulations have been issued.

Summary

17. The budget attempts to maintain service standards while developing the service in response to the scheme changes. Comparability of data is difficult between funds nationally due to different methodology of reporting costs, however the Government's own data can provide a guide.

18. The Wiltshire Pension Fund administration costs were £25.18 per member in 2012-13 compared to the average of £27.02. The proposed budget attempts to keep these costs within this envelope (between £27-£28 p.m.) while costs will inevitable increase across all schemes due to the implementation of LGPS 2014.

19. In terms of investment costs, the Fund spent 32p per £1,000 (0.32% of market value) on managing its assets in 2012-13, including all pooled mandate costs. The national data for a scheme between £1-£1.5bn shows investment costs of 0.36%

although this may not account for pooled costs. The CEM Benchmarking report commissioned by Hymans Robertson indicated that the total investment cost for an LGPS fund was on average 0.65% and the budget being proposed ensure the Fund remains well below this figure (circ. 0.39%).

Environmental Impact of the Proposal

20. There are no known environmental impacts from these proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no known implications at this time.

Risk Assessment

22. The Committee is asked to recognise that some costs, particularly investment fees, are dependent upon factors that are outside of the Council's control. They may go up or down, depending on market conditions.

23. The approval of this budget is essential to continue the good governance of the Fund. When viewed in relation to the overall value of asset, these 'controllable' costs represent 0.1% of the total Fund value.

24. In line with good governance practice, officers are bringing a budget monitoring reports back to Committee twice a year. In the interim, variations against budget will be monitored and if they become very significant, the Associate Director, Finance will approve variations to the budget and report these to the Committee retrospectively for ratification.

Reasons for Proposals

25. The submission of the proposed budget to this Committee is in line with best practice and assists in mitigating a number of the risks outlined in the Risk Register elsewhere on this agenda.

Proposals

26. The Committee is asked to:

- a) approve the Pension Fund Administration Budget for 2014-15 shown in the Appendix totalling £8.810m.
- b) note the indicative budget allocations for 2015-16 and 2016-17

Michael Hudson
Associate Director, Finance & Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report: None
Appendix - Budget table

APPENDIX

Wiltshire Pension Fund Administration Budget 2014-15

<u>2012-13</u>		<u>2013-14</u>		<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	
<u>Actual</u>		<u>Budget</u>	<u>Changes</u>	<u>Budget</u>	<u>Annual Change</u>	<u>Annual Change</u>	
<u>£</u>		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
	Fund Investment						
<u>4,342,380</u>	INVESTMENT MANAGEMENT FEES	<u>5,967,000</u>	<u>772,000</u>	12.9% <u>6,739,000</u>	<u>623,000</u>	<u>586,000</u>	
90,014	Investment Administration Recharge	90,250	15,450	105,700	3,000	1,500	Increased investment support & salary growth in 2014/15
65,120	Investment Custodial & Related Services	58,000	17,000	75,000	6,000	6,000	Reduced income from Securities Lending
139,266	Investment Professional Fees	224,200	-87,800	136,400	-35,300	19,700	Planned reduction in investment manager searches
48,125	Corporate Governance Services	51,800	-13,500	38,300	1,000	1,000	Revised ESG contract and lower activity from pooled funds
39,985	Performance Measurement	41,110	5,890	47,000	0	0	
<u>382,510</u>	INVESTMENT ADMINISTRATION COSTS	<u>465,360</u>	<u>-62,960</u>	-13.5% <u>402,400</u>	<u>-25,300</u>	<u>28,200</u>	
	Scheme Administration						
1,090,760	Pension Scheme Administration Recharge	1,279,450	156,850	1,436,300	35,500	10,300	Includes seconded posts, LGPS 2014 software & members Self-service
105,752	Actuarial Services	149,000	-43,000	106,000	-10,000	64,000	
71,185	Audit	57,400	0	57,400	1,900	2,000	
58,102	Legal Fees	25,000	-5,000	20,000	0	0	
39,993	Committee and Governance Recharge	48,300	700	49,000	13,400	-1,600	Increased costs from implementation of local Pension Boards from April 2015
<u>1,365,792</u>	SCHEME ADMINISTRATION COSTS	<u>1,559,150</u>	<u>109,550</u>	7.0% <u>1,668,700</u>	<u>40,800</u>	<u>74,700</u>	
<u>1,748,302</u>	GRAND TOTAL (EXC INVEST MAN FEES)	<u>2,024,510</u>	<u>46,590</u>	2.3% <u>2,071,100</u>	<u>15,500</u>	<u>102,900</u>	
<u>6,090,682</u>	GRAND TOTAL (INC INVEST MAN FEES)	<u>7,991,510</u>	<u>818,590</u>	10.2% <u>8,810,100</u>	<u>638,500</u>	<u>688,900</u>	

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