

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

20 September 2018

Employer Charging Policy

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee a revised employer charging policy (see Appendix). The Committee is requested to consider and approve the proposed Employer Charging Policy.

Background

2. The Fund has had an informal employer charging policy in place for a number of years as a page on its website. The new employer charging policy largely formalises the existing policy and aims to provide greater clarity on the breakdown of costs and the split between direct and indirect charges.
3. The original charging policy was produced in response to the significant increase in the level of Fund's actuarial and legal costs in relation to outsourcing, reorganisations and academisations within the last 10 years.
4. In Officers' opinions, it seemed unreasonable that these new costs were shared across all employers, where they primarily related to a sub-set of employers. Furthermore, by charging directly for these additional costs, it would allow employers to appreciate the true costs involved in implementing such arrangements.

Considerations for the Committee

5. The charging policy distinguishes between the following types of employer costs: standard costs, non-standard costs and other costs related to performance, complaints and legislative matters. Standard costs are defined as costs which occur in running the Fund on a day-to-day basis, normally apply to all Employers and employers are required to pay (i.e. they have no discretion over).
6. As standard costs are out of the employers' control and are broadly proportional to an employer's size, it seems reasonable for these to be continue to be paid for out of employer contributions.
7. Non-standard and other costs, general relate to an employer action (or inaction) and hence it seems reasonable that these costs are paid by the relevant employer concerned. This principle has been applied in the creation of this policy.

Environmental Impact of the Proposal

8. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

9. The application of the policy has a significant impact on the Fund's ability to operate within the administration budget which has been set.

Legal Implications

10. There are no known legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Reasons for Proposal

12. There are no known implications at this time.

Proposal

13. The Committee is recommended to approve the current policy with immediate affect.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Authors: Andy Cunningham, Head of Pensions Administration and Relations

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