

## **WILTSHIRE COUNCIL**

### **WILTSHIRE PENSION FUND COMMITTEE**

17 December 2019

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### **Fund Benchmarking review**

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

1. This report sets out to provide the Wiltshire Pension Fund (WPF) Committee with a benchmark comparison of the Fund's statistical results recorded in its Annual Report & Accounts (AR&A) 2018/19 against its peer group of fund's within the Brunel Pension Partnership arrangement.
2. The benchmark comparisons are made up of the total cost per member figure as an indicator of how Fund is operating.

#### **Background**

3. Historically, benchmarking LGPS pension funds against each other has not been practical, as funds have not prepared their AR&A statistics using the same measures, leading to a lack of comparability. However, the introduction of the new CIPFA accounting standards "Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition)" has attempted to move some way to resolving this lack of clarity.
4. Whilst the new guidance required by Regulation 57 of The Local Government Pension Scheme Regulations 2013 (England and Wales) has made benchmarking comparisons easier to achieve, a number of the WPF's peer group have not yet adopted the new guidance for the 2018/19 scheme year. We believe that this is primarily due to the lateness in which the final guidance was published by CIPFA but also because of difficulties that Funds seem to be having in extracting the required information. Consequently, officers have only made comparisons on the cost per member basis and not on administrative processing targets as previously anticipated.

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

##### **Cost per member results**

5. Whilst there is a degree of comparability in the headline figures, each Fund's approach to splitting at the more granular level between the practice areas of investment, administration & governance is less clear. This is particularly apparent in respect of the Environment Agency's cost per member result which is more than three times greater than its next nearest peer. Furthermore, WPF is clearly an outlier on Governance costs which suggests a materially different approach is being taken by other funds (note officers were planning to change this anyway as also align future budget setting to the same three categories).
6. Broadly speaking the total cost per member value of funds range between £150 & £300 per annum (the national average being £245.30) with the biggest influence on the final figure being the cost of each fund's investment fees. With regard to the anomaly presented by the Environment Agency three factors appear to be apparent, namely it has both a closed and open fund & the values in Appendix I were only taken from the AR&A's

in its open fund, its administration is outsourced whilst all other funds operate an in-house administration arrangement.

### **Conclusion**

7. As indicated it is still too early to place too much scrutiny on these results. Whilst the headline values have provided a degree of high-level reference, it is clear from the results that for any real burden to be placed on them, an analysis of what sits behind the figures would need to take place with each fund. In particular, the Fund is aware there appears to be material differences in how costs are attributed between each of the three buckets.
8. In a broad assessment of the WPF against its peers, its cost per member results mean the Fund sits approximately in the middle of its peer group despite going through a period of change and investment in improvements.
9. It is also noteworthy to observe that WPF have been earlier in embracing new guidance whilst some others in our peer group have been slower to do so.

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

10. Not applicable.

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

11. There are no known implications at this time.

### **Legal Implications**

12. There are no material legal implications from this report.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

13. There are no known implications at this time.

### **Proposals**

14. For the Committee to note:
  - a). The findings of this assessment.
  - b). Officers' intention to expand the depth of analysis in future once more Funds adopt the CIPFA guidance. In particular, to benchmark service standards.
  - c). Officers' intention to align future budget setting between the categories of Administration, Governance and Investment and to re-assess it's approach to the SF3 categories.

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