



The Chartered Institute of
Public Finance & Accountancy

CIPFA Pensions Network

Health Check For WILTSHIRE Pension Fund

November 2011

Preface

This Governance Health Check for the Wiltshire Pension Fund is carried out by a senior adviser to the CIPFA Pensions Network (CPN). The CPN represents 72 subscribing local government pension funds and provides independent support for its members on all areas of pensions investments, administration and governance. It also acts as a strong link to the work of the CIPFA Pensions Panel and assists in the implementation of the guidance and legislation relating to public sector pensions.

The work was carried out between September and November 2011 and involved face to face meetings with the Fund's Officers, desk top research and telephone conversations aimed at establishing a sound understanding of the governance arrangements of the Wiltshire Pension Fund. The CPN assessment of these arrangements against best practice and guiding principles is set out in this report.

Introduction

1.1 Purpose of the Health Check

This Governance Health Check will:

- Assess the Fund's compliance with current regulation and best practice guidance
- Ensure current procedures and reporting support an effective decision-making process

In particular it will evaluate:

- i. the Fund's compliance with the Department for Communities and Local Government (CLG) governance requirements for Local Government Pension Scheme (LGPS) Funds
- ii. the Fund's compliance with the Myners Principles
- iii. how the Fund is approaching the CIPFA Knowledge and Skills Framework (KSF)

Reference will be made to the recommendations in the Hutton Report (2011) where these relate to the governance of local government pension schemes. Finally, the report will make recommendations on how to enhance the Fund's governance arrangements.

Background

2. 1. General

Wiltshire Pension Fund is administered under the Local Government Pension Scheme (LGPS) Regulations by Wiltshire Council which became a unitary authority on 1 April 2009. As at 31 March 2011 the Fund had 19,456 contributors and 29,226 pensioners, of whom 17,883 were deferred pensioners. There were 11,343 pensions in payment. The fund had assets of £1,276.3m (now £1,183.3m as at 30 September 2011)

At the end of March 2011 the Fund had 64 participating employers – 41 scheduled bodies and 23 admitted bodies contribute to the fund as listed in **Appendix 1**. Since then a

number of outsourcings and academies have been set up and the number of employers has risen to 91, 66 scheduled bodies and 25 admitted bodies as at end of September.

During 2010/11 £30.492m (45.7%) of the total amount received from participating employers (£66.678m) came from Wiltshire Council. The Wiltshire Council was created from the former Wiltshire County Council and four former District Councils on 1st April 2009. Other scheduled body employers contributed £29.455m (44.2%) and admitted bodies contributed £6.731m (10.1%) The second largest employer contribution during 2010/11 - £19.287 (28.9%) came from Swindon Borough Council.

2. 2. Governance – Current Structure

2.2.1. Wiltshire Pension Fund Committee

Wiltshire Council has delegated its responsibilities for the Wiltshire Pension Fund to the Wiltshire Pension Fund Committee. The Council's constitution says that the Committee will "exercise the functions of the Council as Administering Authority under the Local Government Superannuation Act and Regulations and deal with all matters relating thereto" for the local government pension scheme in Wiltshire. The Wiltshire Pension Fund Committee has the power to "...make decisions on matters of significant policy..." There are no Sub-Committees or Panels reporting to the Committee.

In effect this means that the Committee is responsible for:-

- Administration of the LGPS Scheme:
 - Maintenance of the database of members (and employers)
 - Administration of payments into the Fund (e.g. contributions & transfer values)
 - Administration of payments out of the Fund (e.g. benefits & transfer values)
- Communication with members and employers (including maintenance of website)
- Admission and cessation of employers as admitted bodies of the Fund
- The organisation of the triennial (and interim) actuarial valuations of the Fund and setting of employer contribution rates
- Preparation and maintenance of all the required policy documents (e.g. Funding Strategy Statement, Statement of Investment Principles, Governance Statements, etc)
- The management and investment of funds, including the appointment and review of investment managers and associated service providers
- Accounting for the Fund and the preparation of the Annual Report and Financial Statements

The Pension Fund Committee is comprised of nine members as follows:

- Five Councillors from Wiltshire Council
- Two Councillors from Swindon Borough Council
- One representative of admitted bodies
- One representative of the Education Scheduled bodies.

The Committee meets five times a year in Wiltshire, with additional meetings as and when required. These meetings are open to the public, although some items are considered in private. Each member of the Committee has full voting rights.

In addition each committee is attended by two employee representatives (one from Wiltshire Council’s UNISON branch and one from Swindon Borough Council’s UNISON branch both of whom have observer (non-voting) status

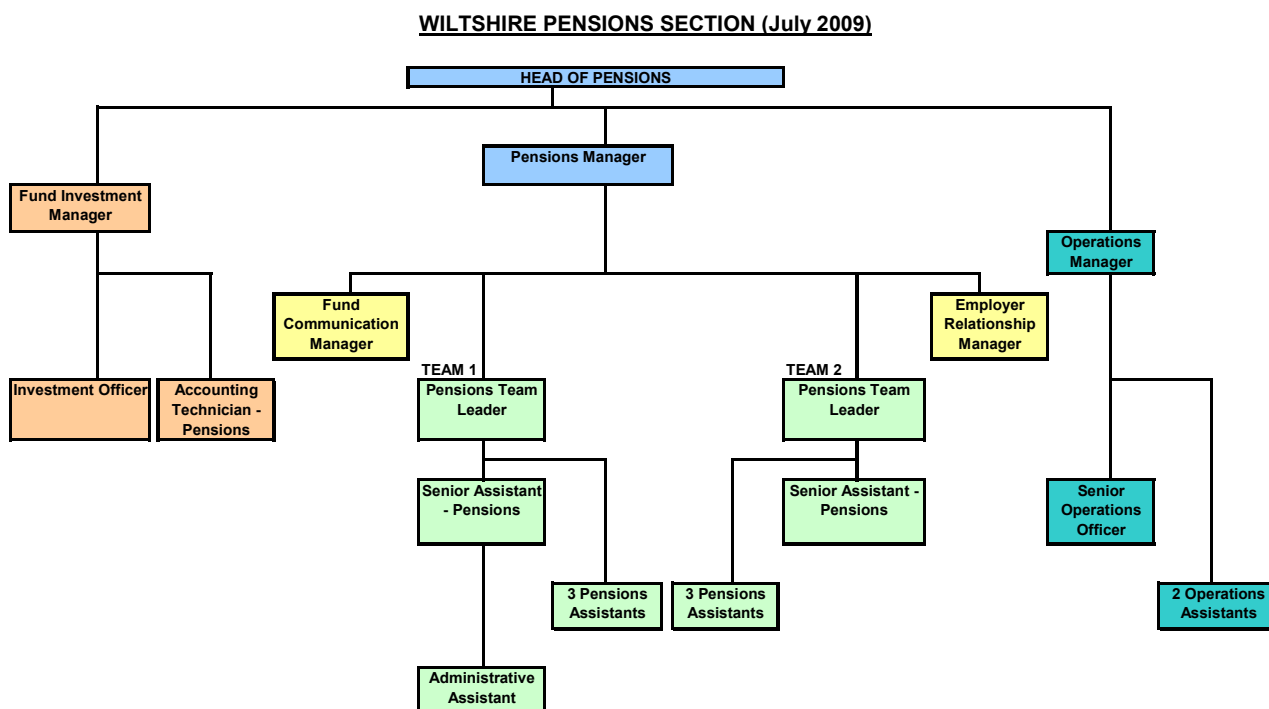
2.2.2. The Role of the Council’s officers

Under the Council’s constitution, the Chief Finance Officer has “...express authority to take all necessary actions to implement ... Committee decisions...” and is “... empowered to take operational decisions, within agreed policies...” Another part of the constitution makes clear that “the ...Chief Finance Officer...has legal responsibilities for the financial administration and stewardship of the Council. These statutory responsibilities cannot be overridden. The statutory duties come from ...The Local Government Pension Scheme Regulations...”

Therefore, the Chief Finance Officer essentially has two roles in relation to the management of the Fund:

- The first is to assist the members of the Committee in meeting their responsibilities and coming to decisions. This is achieved by making appropriate advice available to members, either personally or by the use of consultants.
- The second aspect is the running of the Fund.

In reality, much of this responsibility is delegated to the Head of Pensions, who manages the Fund on a day-to-day basis, with the help of a team of 21 staff, as shown below:



The structure broadly breaks down into the following main areas of responsibility:

- The Head of Pensions (1) – who has overall responsibility and leads on governance matters;

- The Benefits Teams (12) – who are responsible for calculating and paying pensions;
- The Operations Team (4) – who is responsible for ensuring the computer software that the Benefits Teams use is fit for purpose and the data in it is clean;
- The Investments & Accounting Team (3) – who are responsible for all aspects of the Fund’s investments and accounting; and
- The Communications & Employer Relationship Officers (2) – who are responsible for ensuring good communications are kept up with employers and scheme members through various means, including the Fund’s website – www.wiltshirepensionfund.org.uk.

2.2.3. Expert advice

The Committee has for several years commissioned advice from Hyman Robertson as its investment consultant and actuary, although it is currently tendering as part of the LGPS South West region framework agreement for actuarial, benefits and investment consultancy.

The Committee also has an independent pension fund adviser (a former County Treasurer, Mr Jim Edney, who operates under the aegis of the CIPFA Business Services). The independent adviser advises on all aspects of the management of the fund.

The Committee’s Investment Adviser and Independent Adviser attend all Committee meetings.

2. 3. Current Investment Management Arrangements

The Fund has nine external investment managers managing the investments and assets of the Fund (with mandates of individual managers ranging from 1.0% to 24.0% of the Fund).

External investment managers attend Committee meetings on a rotation basis or as and when required if there are any particular matters of concern to be explored and/or discussed. All managers attend Committee meetings at least once during each year

Compliance

3. 1. Levels of compliance with the nine governance requirements for Local Government Pension Scheme (LGPS) funds as required by regulations laid down by the department for Communities and Local Government (CLG)

Under statutory guidance issued by CLG to all LGPS Administering Authorities in November 2008, LGPS funds are required to measure their governance arrangements against standards as defined in detail by the nine principles set out in that guidance and publish a governance compliance statement. Where compliance does not meet the published standard, there is a statutory requirement for administering authorities to give the reasons for not complying in their governance compliance statements – i.e. a ‘comply or explain’ approach. The Wiltshire Pension Fund Compliance Statement assesses the position of the Wiltshire Fund to be as follows:-

	CLG Principles of Best Practice for the governance of LGPS Funds		Wiltshire view of compliance status
1	Structure	<p>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</p> <p>That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p>	Fully Compliant
2	Representation	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <p>employing authorities (including non-scheme employers, e.g., admitted bodies);</p> <p>scheme members (including deferred and pensioner scheme members);</p> <p>independent professional observers; and</p> <p>expert advisors (on an ad-hoc basis).</p> <p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	Fully Compliant
3	Selection and role of lay members	<p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p> <p>That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	Fully Compliant
4	Voting	<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	Fully Compliant
5	Training/facility time/expenses	<p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of</p>	Fully Compliant

		members involved in the decision-making process	
6	Meetings /frequency/ quorum	That an administering authority's main committee or committees meet at least quarterly	Fully Compliant
7	Access	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Fully Compliant
8	Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Fully Compliant
9	Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Fully Compliant

3. 2. Levels of compliance with the Myners Principles

The LGPS Regulations laid down by the Department for Communities and Local Government require administering authorities to assess their level of compliance with the six Myners Principles and to report on their level of compliance and explain any non – compliance, i.e. again a 'comply or explain' approach. The approach adopted involves commenting on some of the specific aspects of the Myners principles which are set out in the CIPFA publication "Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles" (2009). In the Statement of Investment Principles (SIP) the Wiltshire Fund assesses it's compliance with the Myners Principles as follows:-

	Principle	Requirements of the Myners Principles	Wiltshire view of Compliance Status
1	Effective Decision Making	Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.	Fully compliant
2	Clear Objectives	An overall investment objective should be set out for the Fund that takes account of the scheme's liabilities, the potential impact on the local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and the scheme employers, and these should be clearly communicated to advisors and investment managers.	Fully compliant

3	Risk and Liabilities	In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.	Fully compliant
4	Performance Assessment	Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members	Fully compliant
5	Responsible Ownership	Administering authorities should: <ul style="list-style-type: none"> • Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents • Include a statement of their policy on responsible ownership in the statement of investment principles • Report periodically to scheme members on the discharge of such responsibilities 	Fully compliant
6	Transparency and Reporting	Administering authorities should: <ul style="list-style-type: none"> • Act in a transparent manner, communicating with stakeholders on issues relating to their management of investments, its governance and risks, including performance against stated objectives • Provide regular communication to scheme members in the form they consider most appropriate. 	Fully compliant

3.3. Levels of compliance with the CIPFA Knowledge and Skills Framework

The Knowledge and Skills Framework has only been published relatively recently and therefore the Wiltshire Fund, like many other funds, has been developing its approach to this new Framework.

In its Annual Report the Fund states that it provides and arranges training for staff and members of the pension committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills as follows.

The Wiltshire Pension Fund's training plan sets out how they intend the necessary pensions finance knowledge and skills to be acquired, maintained and developed. The three year plan reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Finance Knowledge and Skills Framework.

The Chief Finance Officer is responsible for ensuring that these training plans and strategies are implemented.

The CIPFA *Knowledge and Skills Framework* identifies the elements pension fund committee members should have in order to collectively fulfil the roles envisaged they have in effective decision making.

This Members Training Plan will be reviewed and updated on a rolling basis, to ensure it's aligned to the Fund's medium term priorities, in line with the recommended practice. Details of assessments and training undertaken are set out in **Appendix 2**

Overall Assessment of the Governance of the Wiltshire Pension Fund

4.1. Compliance with CLG statutory guidance

The Fund's statutory governance compliance statement self-assesses the Fund as being fully compliant in all respects.

4.1.1. Structure – Compliant

There is no secondary committee or panel. However the current approach engages well with members of the Committee, and avoids some of the perceived difficulties of the potential "two-tier

It is important that the decision to not have either of these in place is reviewed regularly in the light of changing demands and confirmed or changed as deemed appropriate by the Committee after taking advice.

4.1.2. Representation and Selection and Role of Lay Members – Compliant

The current structure provides representation for the main local authorities, admitted bodies and education scheduled bodies. This latter representation has become increasingly important following the awarding of academy status to some schools.

Two employee representatives are nominated by the Trade Union Unison.

With these current arrangements it is therefore possible that more contact is made with non-scheme members who are Unison members than with non-Unison members who are LGPS scheme members. There may not be sufficient levels of communication with these stakeholders including retired members.

Consideration could also be given to allowing representation for retired members but there is no reason why the representatives of active scheme members couldn't continue to act on behalf of deferred and pensioner scheme members.

The Fund's Independent Adviser and Investment adviser attend all Committee meetings and the Fund's actuary attends as and when necessary

4.1.3. Voting – Compliant

Only the elected local authority Committee Members, representatives of admitted bodies and education scheduled bodies have voting rights. Employee observers do not have voting rights - this is in line with many local government pension fund committees that give employee representatives observer status only i.e. participating but not voting.

Some funds are however granting voting rights to employee representatives and this could be considered. The reason put forward by Wiltshire that there is very little that scheme members (or their representatives) can influence on the committee that has any direct impact upon them is somewhat outmoded. However the point made that, giving voting rights to the observers would mean increasing the size of the Committee, because the Administering Authority must legally be able to maintain a majority is valid.

4.1.4. Training/facility time/expenses/ – Compliant

The Committee's approach to training appears very positive and it is taking the CIPFA Knowledge and Skills Framework seriously. Progress is being made and is in accordance with the framework. Self-assessments of training needs have been periodically taken to drive the provision of training and to ensure the relevance of training provided. Face to face discussions about training needs are conducted by the Head of Pensions with the Chairman and Vice Chairman of the Committee.

This is a good practice which should be retained. It is of course important that all assessments are followed up and acted upon.

These assessments should be completed annually for all existing members and upon appointment for all new members including observers and officers

4.1.5. Meetings/Frequency/Access – Compliant

The Committee meets five times a year and all members of the committee, including non-voting and substitute members, receive all the papers for every meeting including the confidential ones.

4.1.6. Scope – Compliant

All matters in relation to the Fund, including benefits, governance, investments, communications, employers, issues etc, are covered by the governance arrangement

4.1.7. Publicity – Compliant

The stakeholders who do not have a direct line of influence and/or communication to the committee need to have a number of points of information, advice and two-way communications, The Fund has a comprehensive and well documented Communications Strategy for communication with its various stakeholders.

- **In summary the Wiltshire Pension Fund is considered to be in full compliance with the CLG statutory guidance on governance of LGPS funds**

4.2 Compliance with the Myners Principles

4.2.1 The CPN evaluates the level of the Fund's compliance with the 6 revised Myners Principles as follows:-

PRINCIPLE 1 Effective decision making **Compliant**

The structure of, and representation on the Committee and the training offered to its members is such as to provide the basis for effective decision making

PRINCIPLE 2 Clear objectives **Compliant**

The Fund's Funding Strategy Statement and Statement of Investment Principles when taken together with its Business Plan and approach to risk assessment demonstrate that the Committee has clear objectives. However when discussing the actuarial valuation report with the Fund's actuary and bearing in mind the potential for the differing profiles of the Fund's different employers, consideration could be given to the merit of continuing with a single investment strategy for all employers.

PRINCIPLE 3 Risk and liabilities **Compliant**

The risk register maintained by the Fund is comprehensive and is reviewed regularly

PRINCIPLE 4 Performance Assessment **Partially Compliant**

By its subscription to the WM performance measurement service and the receipt of an investment performance analysis from its custodian, the Fund is compliant with this principle so far as the measuring of performance of individual investment managers and overall investment strategies is concerned. The results of the WM measurement of the fund could however be reported to the Committee annually and in person by a WM representative.

The administrative performance of the Fund is monitored following the adoption of an Administration Strategy in November 2009.

However as acknowledged in the Fund's Statement of Investment Principles (SIP), its investment advisers are assessed on a more qualitative basis and more formal arrangements for assessment could be developed to measure cost, quality and consistency of advice received. As noted in paragraph 2.2.3. above the Fund is currently tendering as part of the LGPS South West region framework agreement for actuarial, benefits and investment consultancy.

The SIP also states that "the Committee believes that its own effectiveness can ultimately be measured by the level of success achieved in minimising and stabilising the level of contributions paid into the Fund by employing bodies to ensure its solvency." Whilst there is undoubted validity in this position it could be re-enforced by a more formal and structured annual assessment of the Committee's effectiveness. As noted in the SIP this will be aided by the Fund's continued compliance with the CLG principles (paragraph 4.1. above) and the CIPFA Knowledge and Skills Framework (paragraph 4.3. below).

PRINCIPLE 5 Responsible Ownership **Compliant**

The Fund has a contract with PIRC to advise pro-actively on their responsibilities as responsible shareholders and has been a member of the Local Authority Pension Fund Forum for many years.

PRINCIPLE 6 Transparency and Reporting **Compliant**

The Committee acts in a totally transparent manner and has a communications strategy which clearly demonstrates its commitment to report to, and indeed communicate with, all of its stakeholders in an effective manner. Closer examination

reveals that the committee effectively fulfils the aims of this strategy in practice via its Annual Report, Website, PLOG, Road shows and annual benefit statements etc

In summary the Fund scores very highly when measured against the Myners Principles but could consider ways of enhancing its arrangements for performance assessment.

4.3 The Fund's approach to the CIPFA Knowledge and Skills Framework

4.3.1. The Fund takes a positive approach to the Framework. Existing knowledge and skill levels of members and officers appear to be good. The self assessment referred to in paragraph 3.3. and appendix 2 provides an excellent basis for further progress. All officers involved in supporting the Committee also complete the self assessment. Progress will need to be monitored and augmented by on-going training plans for both elected members and officers.

In summary the Fund has a good approach to the CIPFA Knowledge and Skills Framework.

Conclusions

5.1. The investment management structure of the Fund is fairly complex. There are nine investment managers and one of these manages approximately 24% of the Fund's assets.

5.2. DCLG statutory guidance for LGPS funds has increased the demands upon funds to keep all stakeholders informed of its progress and to take account of their views and reactions. In addition the management of pension funds' investments has become increasingly complex and burdensome as markets have become more volatile and a greater number of (often complex) investment products have become available. These complexities lead to an increasing need to maintain a training needs analysis for all participants in the Fund's management (both committee members and officers) particularly as the long term sustainability of the LGPS is being questioned from several quarters and subject to further change in the light of the Hutton Report.

5.3. Recommendation 17 of the Hutton Report says

*"Every public service pension scheme (and individual LGPS fund) should have a **properly constituted, trained and competent pensions board with (scheme) member nominees, responsible for meeting good standards of governance including effective and efficient administration.**"*

Recommendation 18 says

*"**All public service pension schemes should issue regular benefit statements** to active scheme members, at least annually and without being requested and **promote the use of information technology** for providing information to members and employers"*

The Fund already has a very strong standard of governance which meets these requirements; it has an accessible and informative website and a very well formatted benefit statement. The suggestions and recommendations in this report are intended to maintain and improve standards still further. It is recognised that there is a limit to the capacity of the Committee and of its officers to cover all aspects of their

responsibilities and remits. In that context it should be noted that in respect to the possible implementation of its reforms the Hutton report says in recommendation 27 that:

"Best practice governance arrangements should be followed for both business as usual and the transformation process, for each scheme. And there will also need to be the right resource, on top of business as usual, to drive the reforms; particularly given the challenging timescale and scope of the reforms."

The servicing of the current level of governance (i.e. the preparation of reports and maintenance of records for the relatively complex investment structure) is already burdensome and the desire to maintain and improve the Fund's governance will be an additional burden. Furthermore the changes propose by CLG in their statutory consultation published on 7 October 2011, followed by the offer on public service pensions made by Central Government on 2 November 2011, with the aim of avoiding strike action, clearly indicate that the administration of the LGPS is set to become even more complicated and significantly so.

5.4. When all these factors are taken into account, the Committee, as acknowledged in its business plan, should consider reviewing its structure and the level of resources currently allocated to the management and support of it and the Fund. It is acknowledged that these are unprecedented times in terms of budget reductions in local government and that the Committee will be conscious of the need to strike a balance between only spending what is necessary and standards of governance. For this reason the recommendations in this report have been given a suggested priority order (Priority 1 signifies recommended for immediate adoption; Priority 2 is for adoption within 1 year, and Priority 3 within 2 years). However, if achieving better standards of governance is the aim of the Committee, it is recommended that all of the actions identified in this report should be adopted over a period of up to two years.

5.5. In summary, the overall governance arrangements of the Fund are exceptionally good and some of the most positive aspects of governance are identified above. The Annual Report is comprehensive and contains all of the main statutory statements; the Fund's website is easy to access and is informative as is the annual benefits statement sent to contributors. However, there are some areas where arrangements (particularly aspects of performance assessment and the level of management resources) could be reviewed and where the Committee may need to demonstrate a continued challenge and review of its policies in order to reflect current best practice

Recommendations

- 6.1.** 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)
- 6.2.** There should be a regular review of the Committee's structure and composition. (Priority 2)
- 6.3.** 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)
- 6.4.** 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)
- 6.5.** 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)
- 6.6.** 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)
- 6.7.** The Committee should consider whether to continue with a single investment strategy for all employers when considering its valuation reports. (Priority 2)
- 6.8.** 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)
- 6.9.** Consideration should be given to introducing either an Annual Meeting or an equivalent to which all stakeholders and advisors would be invited. (Priority 3)
- 6.10.** The principle that investment managers' reports should be considered in private session should be challenged periodically by the Committee. (Priority 3)

Appendix 1

Participating employers at 31 March 2011

Scheduled bodies

Wiltshire Council
Swindon Borough Council
Wiltshire Police Authority
Wiltshire & Swindon Fire Authority
Wiltshire Probation Trust
Thamesdown Transport
Amesbury Parish Council
Blunsdon St Andrews Parish Council
Bradford-on-Avon Town Council
Calne Town Council
Chippenham Town Council
Corsham Town Council
Cricklade Town Council
Devizes Town Council
Haydon Wick Parish Council
Highworth Town Council
Malmesbury Town Council
Marlborough Town Council
Melksham Town Council
Melksham Without Parish Council
Mere Parish Council
Purton Parish Council
Salisbury City Council
Stratton St Margaret Parish Council
Trowbridge Town Council
Warminster Town Council
Westbury Town Council
Wilton Town Council
Wootton Bassett Town Council
Wroughton Parish Council
New College
Swindon College
Wiltshire College
Bishop Wordsworth Academy
Goddard Park Primary School Academy
Hardenhuish School Ltd
Lavington Academy
Sarum Academy
South Wiltshire Grammar
Swindon Academy
Wellington Academy

Admitted bodies

ABM Catering Ltd
Action for Blind People
Aster Group
Aster Property Management
Barnados
Capita Business Services Ltd
Caterlink
CIPFA
Community First
DC Leisure
Direct Cleaning
English Landscapes
Focsa Services
Norwest Hoist (Vinci)
Ridgeway Community
Ridgeway Partnership
Salisbury and South Wilts Museum
Sarsen Housing Association
Selwood Housing
Swindon Commercial Services
Swindon Dance
The Order of St John Care Trust
Westlea Housing Association

Appendix 2

Assessments & Training Undertaken

Members of the Committee

A workshop seminar was held on 5 November 2009 in order to assess the members' training needs in relation to the work of the Committee over the next four years. From the information obtained from this event a Members' Training Plan was drafted and approved by the Committee in November 2009.

This Training Plan was completed in November 2010 and covered the following topics:

Topic:	Delivered by:
Governance: <ul style="list-style-type: none">• Legal Responsibility of Committee & Officers• Delegations to Officers• Governance Risk	<ul style="list-style-type: none">• Members' briefing note• Short seminar
Benefits: <ul style="list-style-type: none">• Discretions Policies of Fund and Employers• Member Communications (including Benefits Statements)• Assessing quality/risks of administration service• Data Protection / Security	<ul style="list-style-type: none">• Internal training day• External conferences
Employer Types & Risks	<ul style="list-style-type: none">• Internal training day
Actuarial Valuations & Funding	<ul style="list-style-type: none">• Internal training day• External conferences
Investment Regulations & Guidance <ul style="list-style-type: none">• LGPS / Myners	<ul style="list-style-type: none">• Short seminar
Investment Strategy/Asset Allocation: <ul style="list-style-type: none">• Employer covenant• Risk budgeting & Asset Allocation• Asset classes in detail• Active v Passive	<ul style="list-style-type: none">• Internal training day• External conferences• Webcast
Investment Management: <ul style="list-style-type: none">• Benchmark setting• Pooled v Segregated• Transaction costs / Fees / Commission Recapture• Securities Lending• Investment instruments	<ul style="list-style-type: none">• Internal training day• External conferences• Webcast

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- Investment terms
 - Risk measurement
 - Rebalancing

Environmental, Social & Governance:

- Voting
- Activism (e.g. LAPFF)
- Best Practice (e.g. UNPRI)
- Internal training day – PIRC
- External conferences – LAPFF conference

During September 2010, Members of the committee agreed to undertake a 'self –assessment' exercise that rated their knowledge in the areas covered by the CIPFA pension finance Knowledge & Skills Framework. These results were then used to inform and update a new Members Training Plan.

At the same time the Chairman and Vice-Chairman to the Committee were assessed on a 'one to one' basis with officers against the role specification outlined in the CIPFA pension finance Knowledge & Skills framework with additional training requirements identified within the plan specific for their roles.

This programme will run from November 2010 to 2013 and will take Members up to the next triennial valuation and local elections. It incorporates the ideas, themes and preferences identified in the self assessment exercise.

The plan will be delivered through a number of different methods. The intention is to hold at least two 'in-house' training days in the year, complemented by 'short seminars' on Committee days on subjects pertinent to the forthcoming agenda. Where applicable, external conferences are recommended to Members by officers if they are deemed to contain appropriate content. Briefing notes are also emailed to Members when applicable and occasionally webcasts and videos are made available if deemed specific enough. In addition the Fund will provide educational 'away-day' off-site training when there is any proposed substantial revision to the Fund's investment strategy.

The Members Training Plan for 2011-13 approved by the Committee on 2 December 2010 is outlined below.

WILTSHIRE PENSION FUND COMMITTEE – MEMBERS’ TRAINING PLAN – NOVEMBER 2011-2013

TRAINING NEED	PROPOSED DELIVERY METHODS							COMPLETION TARGET DATE
	Member’s Handbook	Members’ Briefing Notes (Electronic)	Short Seminars (before Committee meeting)	Internal Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (eg. Webcasts, Videos)	One-to-One Briefing with an officer	
GENERAL TRAINING								
General overview of LGPS	✓							Completed
Members’ individual needs on specific areas arising during the year		✓			✓	✓	✓	As required - notify Head of Pensions
Specific items on committee agendas		✓	✓					As required
SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS								
General Pension Framework								
<ul style="list-style-type: none"> LGPS discretions & policies Implications of the Hutton Review 		✓	✓	✓	✓			31-Oct-11 30-Apr-11
Pensions Legislation & Governance:								
<ul style="list-style-type: none"> Roles of the Pension Regulator, Pension Advisory Service & Pension Ombudsman in relation to the scheme Review of Myners principles and associated CIPFA & SOLACE guidance 		✓		✓				30-Apr-12 30-Apr-12
Pension Accounting & Auditing standards:								
<ul style="list-style-type: none"> Accounts & Audit regulations and the legislative requirements 			✓					31-Oct-11
Financial Services procurement:								
<ul style="list-style-type: none"> Current public procurement policy & procedures UK & EU procurement legislation 				✓				31-Oct-11 31-Oct-11
Investment Performance & Risk Management:								
<ul style="list-style-type: none"> Monitoring asset returns relative to liabilities Myners principles of performance management Setting targets for committee and how to report against them 				✓	✓			Invite to be circulated to relevant ones 31-Oct-12 31-Oct-12 31-Oct-12
Financial markets & products knowledge:								
<ul style="list-style-type: none"> Refresh the importance of setting investment strategy Limits placed by regulation on investment activities in the LGPS Understanding of the operations of the fixed income manager Understanding of Alternative asset classes 			✓	✓	✓			31-May-12 Visit to WAM by 30-Apr-11 30-Apr-11

TRAINING NEED	PROPOSED DELIVERY METHODS							COMPLETION TARGET DATE
	Member's Handbook	Members' Briefing Notes (Electronic)	Short Seminars (before Committee meeting)	Internal Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (eg. Webcasts, Videos)	One-to-One Briefing with an officer	
Actuarial methods, standards and practices: <ul style="list-style-type: none"> • Considerations in relation to outsourcing and bulk transfers • Triennial Valuation refresher 			<ul style="list-style-type: none"> ✓ ✓ 					31-Oct-12 30-Apr-13
CHAIRMAN / VICE CHAIRMAN TRAINING								
<ul style="list-style-type: none"> • Fund benchmarking • Stakeholder feedback • Appreciation of changes to scheme rules 					<ul style="list-style-type: none"> ✓ 		<ul style="list-style-type: none"> ✓ 	31-Oct-11 31-Oct-11 Invite to be circulated to relevant ones

Officers to the Pension Fund Committee

There is already a framework in place for monitoring officers' performance and identifying training needs. Wiltshire Council's policy is that all officers receive an appraisal once a year with an interim review on a half yearly basis.

The publication of the CIPFA pension finance Knowledge and Skills Framework for practitioners in 2010 will form an additional reference source and framework for assessing and identifying key competencies in the relevant areas of the pension fund. This will assist in recognising training needs to be incorporated into learning and development plans ensuring the requisite knowledge and skills are obtained.

As the officer responsible for ensuring that the Fund's training policies and strategy are implemented, the Chief Finance Officer can confirm that the officers and Members charged with the financial decision making for the pension scheme collectively possess the requisite knowledge and skills necessary to discharge these duties and make decisions required during the reported period.

Michael Hudson
 Chief Finance Officer
 28 July 2011

Acknowledgements

CPN acknowledges the assistance given by David Anthony and Catherine Dix in the preparation of this Health Check

**Health Check undertaken by Keith Bray (CPN Associate)
21 November 2011**

Sources of Further Information

- Local Government Pension Scheme – Governance Compliance Statements Statutory Guidance November 2008
http://timeline.lge.gov.uk/Statutory%20Guidance%20and%20circulars/Governance_Statutory_Guidance.doc
- Updating the Myners principles: a response to consultation October 2008
http://www.hm-treasury.gov.uk/d/consult_myners_response_pu632.pdf
- Pensions Finance Knowledge and Skills Framework 2010
http://secure.cipfa.org.uk/cgi-bin/cipfa.storefront/4be0162f07af422827403efdf4070620/Product/View/PUBLG065_66
- Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles (2009)
<http://secure.cipfa.org.uk/cgi-bin/cipfa.storefront/4be0162f07af422827403efdf4070620/Product/View/PUBLG062>
- Hutton Report http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm
- Wiltshire Pension Fund Annual Report 2010/11