

### **EMPLOYER BODY REPRESENTATION**

#### **Introduction**

1. The Committee, at its meeting on 4 November 2002, considered my report on representation on the Committee for those employer bodies who do not currently have any direct form of representation.
2. It was agreed that a consultation exercise be carried out with the employer bodies, based on recommendations made by the Committee. This report now provides details of the results of the consultation, and invites the Committee to decide on its preferred way forward.
3. Any decision on increasing or changing representation on the Committee will need to be subject to formal approval by the County Council, as administering authority.
4. As an aid for the Committee, I have again attached the analysis of membership of the Wiltshire Pension Fund as at 31 March 2002, which includes a note of current representatives on the Committee.

#### **What proposals did the Committee put forward?**

5. The following proposal was put forward by the Committee to the employer bodies for their views:
  - 5.1 To propose to the employer bodies that one voting member be added to the Committee representing the Other Scheduled Bodies (10.3% of membership) with a deputy from the Admitted Bodies (5.3% of membership), who could also attend as a non-voting member those meetings attended by the voting member.
  - 5.2 To request that the County Treasurer, in making this proposal on behalf of the Committee, suggests that representation either comes from the largest employer body or group of employer bodies in each category, or that the employer bodies make nominations for membership of the Committee from the two categories.
6. The following two caveats were also made by the Committee:
  - 6.1 That whoever becomes an additional member of the Committee, the person(s) concerned should have a real interest in the activities of the Committee, and in investment matters in particular.
  - 6.2 That, ideally, no existing County Council member, who may otherwise serve on other employer bodies within the Fund, should be a member of the Committee, because of perceived clashes of interests.

#### **How did the employer bodies respond?**

7. Responses have been received from 13 of the 42 employer bodies who currently do not have representation on the Committee. Disappointingly, no response has been received from any one of largest group of employer bodies within the Admitted Body category, the Housing Societies.
8. A response has been received from each of the largest single employer bodies (in terms of Scheme membership) in each group, the Wiltshire Police Authority (3.1% of membership) and the Orders of St John Care Trust (1.4%). Indeed, the second largest in each group have also responded, Wiltshire College (1.7%) and CIPFA (1.2%).

9. I have assumed that the Committee will wish to pay special attention to these particular responses. Members may recall that it was the Orders of St John Care Trust that initially raised this issue.
10. All responses were positive on the suggestion that the membership of the Committee be increased in number. The responses of each are otherwise summarised as follows:
  - 10.1 "The Wiltshire Police Authority favours the option whereby the additional representative automatically comes from the largest employer body in each group."
  - 10.2 "The Orders of St John Care Trust supports the proposal that representation should come from the larger employer bodies of the Other Scheduled Bodies and Admitted Bodies. However, the logic of having a voting member is to express opinions of those who are different from the majority as expressed in your briefing paper, and therefore it would be better that the voting member come from the Admitted Bodies with the deputy from the Other Scheduled Bodies. Those larger bodies could then put forward candidates with supporting CVs to be selected by the bodies they are representing, on a simple voting basis based on membership numbers in their category."
  - 10.3 "Wiltshire College's view is that employer contributions and the safeguarding of the value of our employees' pensions are the key factors of concern to FE Colleges. Our fixed budgets and narrow margins mean that sudden increases can have a major impact on the College's ability to function effectively. In consequence, automatic representation would be welcomed".
  - 10.4 "CIPFA's view is that, given that the representation is on behalf of a number of organisations, it is the knowledge and experience of the people nominated that matters rather than the size of organisation that employs them. Furthermore, if the organisations change in size will it follow that the representative should change? Alternatively, what happens if the nominated representative leaves the Employer Body and there is no suitably qualified person to take over? These problems would tend to suggest that it might be preferable to seek individual nominations. Whilst this may be administratively less straightforward it should throw up the best people for the job and, de facto, establish a procedure for replacement at a future date."
11. Of the remaining nine responses, four favour automatic representation from the largest employer or group of employers, and four favour individual nominations from each group. One will support whatever the Committee decides!
12. The responses therefore give no clear direction to the Committee, apart from perhaps a very slight preference towards inviting individual nominations from the employer groups. A closer analysis of the results shows a majority of Other Scheduled Bodies favour automatic representation, whilst a majority of Admitted Bodies favour individual nominations.

### **Conclusion**

13. I believe that the Committee should give careful consideration to the point argued by the Orders of St John Care Trust, that the representative of the Admitted Bodies should be the voting member. I also believe the Committee should positively consider the argument put forward by CIPFA in support of representation being arrived at through individual nominations.
14. My own view is that a better quality of representation is likely to be achieved through a nomination process. In addition, compared with automatically having a representative from the largest employer body(s), there is likely to be a perception amongst the relevant employer bodies that their interests will be represented more effectively via a nomination process.

15. If the quality of representatives is considered the most important factor by the Committee, it should matter less as to which group of employer bodies they come from, although I do feel that the admitted bodies should take preference because of their differing needs.
16. I anticipate that, should a nomination process be adopted, it would be a simple matter for the Committee to receive and review these at a future meeting and make their selections as appropriate.

### **Recommendation**

17. The Committee is asked to make the following recommendations to the County Council:
  - 17.1 That one voting representative be added to the Wiltshire Pension Fund Committee, to represent those employer bodies, and in particular the admitted bodies, whose interests are not currently represented.
  - 17.2 That provision for a deputy for the additional voting representative be made, and that the deputy also be allowed to attend meetings of the Committee attended by the voting member.
  - 17.3 That the additional voting representative and deputy be selected from individuals nominated by employer bodies not currently represented on the Committee.

MIKE PRINCE  
County Treasurer

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Unpublished documents relied upon in the production of this report: Letters from WPF employer bodies

Environmental impact of these proposals: UNKNOWN