

WILTSHIRE PENSION FUND COMMITTEE
25 May 2006

GOVERNANCE POLICY STATEMENT & COMMUNICATION POLICY STATEMENT

Purpose of the Report

1. The purpose of this report is to seek Members' approval of the Wiltshire Pension Fund Governance Policy Statement and the Communication Policy Statement.

Background

2. Under the LGPS (Amendment) (No 2) Regulations 2005 which came into force on 14 December 2005, all Local Government Pension Funds in England and Wales must publish a Governance Policy Statement and a Communication Policy Statement.
3. The first statements were due to be published by 1 April 2006. However, given that the CIPFA guidance on the Governance Policy Statement was not published until late March 2006, I had little option other than to make the documents available on the website in draft form and then bring them to this May meeting of the Committee for approval.

Considerations for the Committee

4. These documents are largely self-explanatory and are attached for Members' consideration. They are also largely factual statements of existing good practice, so they do not set new policy.
5. All employer bodies have had the chance to comment on the documents, both through the website and as a result of copies being handed out and explained at a recent Pension Liaison Officers Group meeting.

Environmental Impact of the Proposal

6. There is no environmental impact of these proposals.

Financial Considerations & Risk Assessment

7. There are no direct financial implications of this Regulation.

Reasons for Proposals

8. This is a legal requirement under the Local Government Pension Scheme Regulations.

Proposals

9. The Committee is asked to approve the attached statements.

MIKE PRINCE
County Treasurer

Report Author: Catherine Lee

Unpublished documents relied upon in the production of this report: NONE

5/2007/WPF/CL

WILTSHIRE PENSION FUND GOVERNANCE POLICY STATEMENT



Introduction

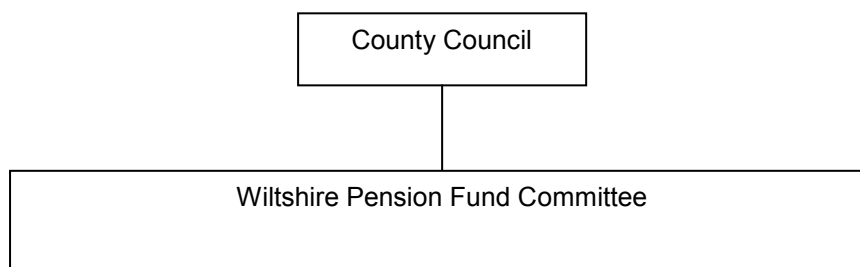
1. This is the Governance Policy Statement of the Wiltshire Pension Fund, which is administered by Wiltshire County Council. All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish a statement by 1st April 2006, under the LGPS (Amendment) (No.2) Regulations 2005 which came into force on 14th December 2005.

Purpose of Governance Policy Statement

2. The regulations on governance policy statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out...
 - a) whether it delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;
 - b) and, if so, it must state:
 - the frequency of any committee/sub-committee meetings;
 - the terms of reference, structure and operational procedures of the delegation;
 - whether the committee/sub-committee includes representatives of
 - employing authorities (including non scheme employers)
 - scheme members
 - and, if there are such representatives, whether they have voting rights.
3. Thus, the policy statement should include information about all the administering authority's pension fund governance arrangements. Information about the representation of employers should cover any arrangements for representing admitted body employers (non-scheme employers).

Responsibilities & Powers

4. The County 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 County Council as Administering Authority under the Local Government Superannuation Act and Regulations and deal with all matters relating thereto*".



5. It is significant that this delegation is direct to the Committee. If the delegation were to (or via) the Cabinet, there would be potential for a conflict of interest to arise when setting contribution rates for the County Council itself, which is just one of around fifty employers participating in the Fund.
6. Under the Council's constitution, the Wiltshire Pension Fund Committee has the power to "...make decisions on matters of significant policy...". whereas the County Treasurer has "...express authority to take all necessary actions to implement ... Committee decisions..." and is "... empowered to take operation decisions, within agreed policies...".
7. The Committee has responsibility for the following areas:
 - The maintenance of the Pension Fund:
 - Membership of employers and employees
 - Payments into the Fund (eg. contributions & transfer values)
 - Payments out of the Fund (eg. benefits & transfer values)
 - Administration (eg. Valuations)
 - The preparation and maintenance of a Funding Strategy Statement
 - The management and investment of funds
 - The appointment and review of investment managers (if required)
 - The preparation and maintenance of a Statement of Investment Principles

Meetings of the Committee

8. The Committee meets quarterly. Ad-hoc meetings are also arranged for specific issues if required (eg. triennial valuations, investment strategy). These meetings are open to the public, although some items are considered in private.

Representation & Voting Rights

9. Under the LGPS regulations, the majority of members of the Committee and its Chairman must come from the County Council. There are eight elected members of the Committee. In addition there is a representative of the admitted bodies and two observers representing staff interests.

Voting Members

- | | |
|------------------------------------|---|
| • Wiltshire County Council members | 5 |
| • Swindon Borough Council members | 2 |
| • District Council member | 1 |
| • Admitted Body Representative | 1 |

Voting rights have been conferred on the admitted body representative, who is not a Local Authority Member, by virtue of Section 13 of the Local Government and Housing Act 1989.

Employee Representative – Non-Voting Member

- | | |
|-----------------------------------|---|
| • Wiltshire County Council UNISON | 1 |
| • Swindon Borough Council UNISON | 1 |

10. The Committee does not include a pensioner representative as the areas of policy discretion in relation to benefits are extremely limited because the LGPS is a statutory scheme.

Wider Engagement

11. The Wiltshire Pension Fund is very proactive in terms of engagement with employers. Apart from the Annual Report which is circulated to all employers, there is a quarterly Pension Liaison Officers Group to which all employers are invited. There are also meetings with all employers at the time of the triennial valuation and when there are significant changes in funding and investment policies.

Responsibilities of Committee Members

12. Members of the Committee are not Trustees and so they do not carry a personal liability like the trustees of a private sector pension scheme typically. However, they do have the usual legal obligations imposed by being a local authority member.
13. Given the statutory nature of the scheme, the area where the Committee has real responsibility is over how the Fund is invested. The returns and costs arising out of the Committee's investment decisions fall to the Fund, whose main sources of income (other than investment returns) are employers' contributions and employees' contribution. Given that employees' contributions are fixed, the effect of decisions passes to the employers, through their employer contribution rates as calculated by the Fund's actuary.
14. Therefore, for an LGPS Fund, it is most appropriate for members of the Committee to consider the employer bodies as the beneficiaries, rather than the employees and pensioners. However, given that most of the Fund's employers are local authorities, the Committee clearly has a primary, albeit indirect, responsibility to taxpayers.
15. In carrying out its investment responsibilities, the Committee has to comply with the LGPS Investment Management Regulations. There is a particular requirement to take proper advice, from organisations and individuals qualified to give it, in relation to investment decisions that are taken. There are also some restrictions on certain types of investments that must be taken into account.

Members Training Policy

16. The Government's Voluntary (Myners) Code on governance of Defined Benefit Schemes is very clear in this area – "Decisions should be taken only by persons or organizations with the skills, information and resources necessary to take them effectively" and "Trustees should assess whether they have the right set of skills, both individually and collectively ... to carry out their role effectively".
17. The Wiltshire Pension Fund Committee have a formal Members' Training Plan that is updated every two years. New members are given general training across the span of their responsibilities and training is given on specific technical issues prior to relevant decisions being required. This reduces the risk of Members making decisions on issues on which they do not have the necessary level of knowledge.

Conclusion

18. The Wiltshire Pension Fund is governed in accordance with all current best practice.

County Treasurer

March 2006 (to be approved by WPF Committee on 25th May 2006)



Communications Policy Statement

Wiltshire Pension Fund

March 2006

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Introduction

This is the Communications Policy Statement of the Wiltshire Pension Fund, administered by Wiltshire County Council (the Administering Authority).

The Fund liaises with over 50 employers and approximately 38,000 scheme members in relation to the Local Government Pension Scheme. The delivery of the benefits involves communication with a number of other interested parties. This statement provides an overview of how we communicate and how we intend to measure whether our communications are successful.

It is effective from 1 April 2006.

Any enquiries in relation to this Communication Policy Statement should be sent to:

Wiltshire Pension Fund
Wiltshire County Council
County Hall
Trowbridge
Wiltshire
BA14 8JJ

Helpline 01225 713613

E-mail pensionenquiries@wiltshire.gov.uk

Web address www.wiltshirepensionfund.org.uk



Regulatory Framework

This policy statement is required by the provisions of Regulation 106B of the Local Government Pension Scheme Regulations 1997. The provision requires us to:

“....prepare, maintain and publish a written statement setting out their policy concerning communications with:

- (a) members.*
- (b) representatives of members.*
- (c) prospective members.*
- (d) employing authorities.”*

In addition it specifies that the statement must include information relating to:

- “(a) the provision of information and publicity about the Scheme to members, representatives of members and employing authorities;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employing authorities.”*

As a provider of an occupational pension scheme, we are already obliged to satisfy the requirements of the Occupational Pension Schemes (Disclosure of information) Regulations and other legislation, for example the Pensions Act 2004. Previously the disclosure requirements have been prescriptive, concentrating on timescales rather than quality. From 6 April 2006 more generalised disclosure requirements are to be introduced, supported by a Code of Practice. The type of information that pension schemes are required to disclose will remain very much the same as before, although the prescriptive timescales are being replaced with a more generic requirement to provide information within a “reasonable period”. The draft Code of Practice¹ issued by the Pensions Regulator in September 2005 sets out suggested timescales in which the information should be provided. While the Code itself is not a statement of the law, and no penalties can be levied for failure to comply with it, the Courts or a tribunal must take account of it when determining if any legal requirements have not been met. A summary of our expected timescales for meeting the various disclosure of information requirements are set out in the Performance Management section of this document, alongside those proposed by the Pension Regulator in the draft Code of Practice.

¹ Code of Practice – Reasonable periods for the purposes of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 issued September 2005



Responsibilities and Resources

Within the Pension Section we have a communications officer who is responsible for producing the majority of our communications with support from the rest of the Pension Section.

The team write and design all communications including any web based or electronic material with the support of the Council's publications team. We are also responsible for arranging all forums, workshops and meetings covered within this statement.

All printing is carried out either internally – for small quantities - or by an external supplier – for large quantities. The external supplier is usually chosen based on the most economic of three quotations from local suppliers.

Existing communication with key audience groups

Our audience

This section of our policy statement outlines the communications we are currently providing for the following audience groups:

- Members
 - Active
 - Deferred
 - Pensioners
- Unions
- Prospective members
- Employing authorities

COMMUNICATION WITH MEMBERS

The list below outlines communications currently available for this group:

<i>Method of Communication</i>	<i>Media</i>	<i>Frequency of issue</i>	<i>Method of Distribution</i>	<i>Audience Group (Active, Deferred, Pensioner or All)</i>
Scheme booklet	Paper based and on website	At joining and major scheme changes	Post to home address/via employers	Active and deferred members
Factsheets	Paper based and on website	On request	On request	Active and deferred members
Benefit statements	Paper based	Annually	Post to home address	Active and deferred members
Newsletters	Paper based and on website	Annually and after any scheme changes	Via employers	Separately for active, deferred and pensioners
Pensioners packs	Paper based	On request	On request	Pensioners



<i>Method of Communication</i>	<i>Media</i>	<i>Frequency of issue</i>	<i>Method of Distribution</i>	<i>Audience Group (Active, Deferred, Pensioner or All)</i>
Roadshows	Face to face	On request	Advertised in newsletters, via posters and pensioners payslips and on our website	All
Pension surgeries	Face to face	On request	On request	Active members
Pre-retirement courses	Face to face	On request	Via employers	Active members nearing retirement
Website	Electronic	Continually available	Advertised on all communications	All
Pension Fund Report and Accounts	Paper based and on website	Annually	On request	All
Pension Fund Accounts – Summary	Paper based	Annually	Via employers for actives. Post to home address for deferred and pensioner members	All
Joiner packs	Paper based	On joining	Post to home addresses or via employer	Active members
Forms	Paper based and some on website	On request	On request	All

Explanation of communications

Scheme booklet - A booklet providing a relatively detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to increase the value of benefits.

Factsheets – These are leaflets that provide some detail in relation to specific topics, such as Death Benefits, New Pensioners and Divorce.



Benefit Statements – For active members these include the current value of benefits as well as the projected benefits as at age 60 and at age 65. The associated death benefits are also shown as well as details of any individuals the member has nominated to receive the lump sum death grant. In relation to deferred members, the benefit statement includes the current value of the deferred benefits and the earliest payment date of the benefits as well as the associated death benefits.

Newsletters - An annual/biannual newsletter which provides updates in relation to changes to the LGPS as well as other related news, such as national changes to pensions, forthcoming roadshows, a summary of the accounts for the year, contact details, etc. It will also be used as an opportunity to remind members where to find information – i.e. the website and helpline as well as details of factsheets available.

Pensioners packs – Various useful leaflets and forms for members retiring, including nomination form, useful telephone numbers, bank account change form, new pensioner factsheet and tax office details.

Roadshows – Every year a number of staff will tour the geographical area of the fund. The roadshows provide the opportunity to have a face to face conversation about your pension rights.

Face to face pension surgeries – These are education sessions that are available on request for small groups of members. For example, where an employer is going through a restructuring, it may be beneficial for the employees to understand the impact any pay reduction may have on their pension rights.

Pre-retirement courses – These are face to face meetings that aim to explain the options available for members approaching retirement.

Website – The website provides scheme specific information, forms that can be printed or downloaded, access to documents (such as newsletters and report and accounts), frequently asked questions and answers, links to related sites and contact information etc. The website conforms with accessibility standards.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers. This is a somewhat detailed and lengthy document and, therefore, it will not be routinely distributed except on request. A summary document, as detailed below, will be distributed.

Pension Fund Report and Accounts Summary – Provides a handy summary of the position of the Pension Fund during the financial year, income and expenditure as well as other related details.

Joiner packs – These complement the scheme booklet and enclose information on AVCs and the paperwork needed to join the scheme.

Forms – These are needed to join the scheme or make changes.

COMMUNICATION WITH UNION REPRESENTATIVES

While we currently have no formal meetings between the pension section and union representatives, we are available for consultation on technical issues and the provision of information about the scheme and the council's policies relating to pensions.



COMMUNICATION WITH PROSPECTIVE MEMBERS

As we, in the Pension Fund office, do not have direct access to prospective members, we work in partnership with the employing authorities in the Fund to ensure that this group receive the following communications:

<i>Method of Communication</i>	<i>Media</i>	<i>Frequency of Issue</i>	<i>Method of Distribution</i>	<i>Audience Group</i>
Overview of the LGPS leaflet	Paper based	On commencing employment	Via employers	New employees
Educational sessions	As part of induction workshops	On commencing employment	Face to face	New employees
Promotional newsletters/flyers	Paper based and email	Annually	Via employers	Existing employees
Posters/promotional displays	Paper based	Ongoing	Via employers and displayed in County Hall	New and existing employees

Explanation of communications

Overview of the LGPS leaflet - A short leaflet that summarises the costs of joining the Wiltshire Pension Fund and the benefits of doing so.

Educational sessions – A talk providing an overview of the benefits of joining the Wiltshire Pension Fund.

Promotional newsletters/flyers – Some of these are designed to help those who are not in the Wiltshire Pension Fund understand what they are missing out on and provide guidance on how to join the scheme, others notify all employees of changes to the scheme.

Posters/promotional displays – These help those who are not in the Wiltshire Pension Fund understand what they are missing out on and provide guidance on how to join the scheme.

COMMUNICATION WITH EMPLOYING AUTHORITIES

This group currently receive the following communications:

<i>Method of Communication</i>	<i>Media</i>	<i>Frequency of issue</i>	<i>Method of Distribution</i>	<i>Audience Group</i>
Employers' Guide	Paper based, electronic and on employer website	At joining and updated as necessary	Post or via email	Main contact for all employers
Newsletters	Electronic (e-mail) and Pension Fund website	Quarterly or more frequent if necessary	E-mail	All contacts for all employers
Annual employers meeting	Face to face	Annually	Invitations by e-mail	All contacts for all employers
Pension Fund Report and Accounts	Paper based and employer website	Annually	Post	Main contact for all employers
Adviser meeting	Face to face	On request	Invite sent by post or e-mail	Senior management involved in funding and HR issues

Explanation of communications

Employers' Guide - A detailed guide that provides guidance on the employer responsibilities including the forms and other necessary communications with the Pension Section and scheme members.

Newsletters – A technical briefing newsletter that will include recent changes to the scheme, the way the Pension Section is run, information about forthcoming meetings and other relevant information that aims to keep employers fully up to date. It will also be used to inform employers what we are doing to improve relationships with them – such as surveys and steps we will be taking as a result of the findings. (Please see page 12 for more information).

Annual employers meeting – A formal seminar style event with a number of speakers covering topical LGPS issues.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers.

Adviser meeting – Gives employers the opportunity to discuss their involvement in the scheme with advisers.



How we communicate

Communication format

At present the majority of our paper-based communication is also available in electronic format.

We will continue to use paper based communication as our main means of communicating, for example, by sending letters to our scheme members. However, this is complimented by our website – www.wiltshirepensionfund.org.uk – which was launched in November 2005. We will accept communications electronically, for example, by e-mail and, where possible, we will respond electronically.

We have a customer service centre that deals with all telephone calls or visitors in relation to the Pension Section. It has approximately 14 members of staff and is open from 8:30 am to 17:20 pm, from Monday to Thursday and 8:30 am to 17:00 pm on Friday. There is a dedicated customer telephone number that takes all enquiries through to our service centre (see page 3 for details). Our back office staff will generally not become involved with queries from our customers.

Branding

The Pension Fund has a unique logo and will not use the logo linked to the brand of the Council. The logo is shown below:



As part of our 2006 strategy we will create a consistent 'look' for our communications that compliments this logo with agreed fonts, design and colour schemes. All communication relating to the Pension Fund will then have a design that is consistent with this branding.

Accessibility

We recognise that individuals may have specific needs in relation to the format of our information or the language in which it is provided. We have already considered this for our website and have formatted it so that it is accessible by the blind. Demand for alternative formats/languages is not high enough to allow us to prepare suitable material automatically. However, all communication from the Pension Fund office could be produced in large print, Braille, on cassette or in another language on request.

Communication Objectives For 2006

We will continue to communicate with our stakeholders using the methods mentioned; however, our main objectives for the coming year over and above this are as follows:

To improve relationships with employing authorities

To create a brand identity

Improving relationships with employing authorities

Although we already communicate with this group, we are aware that we could be doing more to improve our relationship with the employing authorities and to improve efficiencies.

This will be achieved through:

- Regular meetings.
- Research/survey work.

This will help us to:

- improve efficiencies (by finding out employers' preferred methods of doing things).
- work together to maintain accurate data.
- ensure the smooth transfer of staff.
- ensure that employers understand the benefits of being an LGPS employer.
- assist employers in making the most of the discretionary areas within the LGPS.
- provide relevant communications for our members.

The communications we will use to meet these objectives are as follows:

<i>Method of Communication</i>	<i>Media</i>	<i>Frequency of issue</i>	<i>Method of Distribution</i>	<i>Audience Group</i>
Research	Face to face	One off exercise for 2006 - date to be confirmed	Invitations by phone with follow up email	Ten larger employers and a selection of smaller employers selected at random



Method of Communication	Media	Frequency of issue	Method of Distribution	Audience Group
Employers communication group	Face to face	Quarterly	Invitations by e-mail	Representatives from ten larger employers and a selection of smaller employers selected at random. (This may include main contact or representatives from HR or payroll)
Special edition newsletter	Electronic (email) and paper based.	One off exercise	Email and post	All contacts for all employers
Pensions Liaison Officer Group	Face to face	3-4 times a year* *First one held in January 2006, second one planned for May 2006	Invitations by e-mail	Representatives of employers

Explanation of communications

Research – Face to face meetings will be held with the ten larger employers and a handful of other employers selected at random. These will be carried out on an individual basis. A range of open-ended questions will be asked that aim to find out how employers feel about their current relationship with Wiltshire, communications received (for both employers and members), processes and level of service received (for both employers and members). They will also provide an opportunity to discuss any other matters of importance, such as suggested improvements.

Employers' communication group – This will be made up of employer representatives who took part in the research. The group will come together quarterly to debate current issues and look for ways to improve processes.

Special edition newsletter – This will communicate actions taken by Wiltshire County Council to improve relationships with employers - letting employers know that their needs are being considered. This will also give employers an opportunity to provide feedback on the service they receive and any improvements they would like to see.

Pensions Liaison Officer Group – This will be made up of employer representatives and will come together to discuss regulation changes and administrative issues.

Creating a brand

At present we do not have a recognisable brand in place for our pension communications. During 2006 we would like to create a design that is consistent and easily recognised by all our stakeholders.



The design needs to be kept simple to ensure our communications remain cost effective and can be perceived as such. It also needs to be in a format that will look presentable when photocopied. Less regular communications, such as newsletters, can be designed to a higher standard to create more impact.

We will update existing communications in the new design when stocks run out or information becomes out of date or incorrect. This is a more economical approach and is also more practical from a resource point of view.

Communication Strategy for 2007 And Ongoing

At this stage our plan for 2007 will be to focus on communications for members. We will confirm our chosen strategy in the final quarter of 2006 by which time we will have established member needs as a result of our research and by drawing on the experience of the employing authorities with whom regular discussions are planned during 2006.

Performance Measurement

It is important that we measure the success of our communications with active, deferred and pensioner members. This will be achieved using the following methods:

Timeliness

We will measure against the following target delivery timescales:

<i>Communication</i>	<i>Audience</i>	<i>Statutory delivery period</i>	<i>Target delivery period</i>
Scheme booklet	New joiners to the LGPS	Within two months of joining	Within six weeks of joining the LGPS
Factsheets	Members	On request	Within one week of request
Benefit Statements as at 31 March	Active members	Annually	30 September each year
Deferred Benefit Statements	Deferred Members	Annually	By end of May each year
Pensioners Newsletters	Pensioners	Not applicable	By end of April each year
Pensioners packs	Members	Subject to receipt of leaving details	Within 7 days of receipt of leaving details
Roadshows	All	Not applicable	Within one month of request
Pension surgeries	Active members	Not applicable	Within one month of request
Pre-retirement courses	Active members	Not applicable	Within one month of request
Website	All	Not applicable	Not applicable
Annual Pension Fund Report and Accounts	All	Within two months of request	Within five working days of request

Communication	Audience	Statutory delivery period	Target delivery period
Issue of forms i.e. expression of wish	Active/Deferred members	Not applicable	Within five working days of request
Telephone calls	All	Not applicable	95% of phone calls to be answered within 30 seconds
Issue of retirement benefits	Active and deferred members retiring	Within two months of retirement	95% of retirement benefits to be issued within 5 working days of retirement
Issue of deferred benefits	Leavers	Within two months of withdrawal	Within one month of notification of withdrawal
Transfers in	Joiners/active members	Within two months of request	Within one month of request
Changes to scheme rules	Active/deferred and pensioner members, as required	Within two months of the change coming into effect	Within one month of change coming into effect

Quality

Audience	Method	To consider	Notes
Employing authorities	Face to face interviews	Service received	
Employing authorities	Communication group meeting once a quarter	All services and identify improvement areas/new services	Representative group from employing authorities

NB: We will consider ways to measure quality among Members as part of our 2007 strategy for communication.

Results

We will publish an overview of how we are performing within our annual report and accounts and in our annual newsletter to active members. Full details will be reported to our Pensions Panel and will be available for viewing on our website.



Review Process

We will review our communication policy annually to ensure it meets audience needs and regulatory requirements. A current version of the policy statement will always be available on our website at www.wiltshirepensionfund.org.uk and paper copies will be available on request.

