



# Local Pension Board Member Handbook

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## Introduction

As a member of the Wiltshire Pension Board you will have an important role to play in ensuring the Wiltshire Pension Fund (“the Fund”) is well managed and compliant with various pieces of legislation and Pensions Regulator codes of practice. Taking on this responsibility may feel rather daunting. The purpose of this Handbook is to assist you in your role as a member of the Wiltshire Pension Board, familiarising you with the key aspects of your role in the context of the Fund, including:

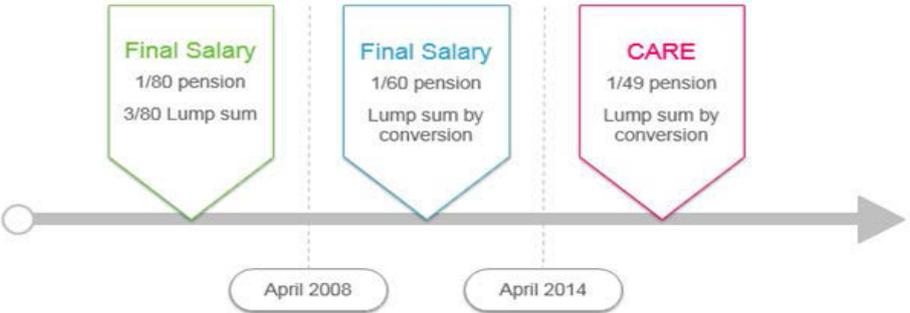
- An overall understanding of the Local Government Pension Scheme (LGPS) and how it is set up;
- The main players in the scheme and their various roles and responsibilities;
- Your specific roles and responsibilities as a member of the Wiltshire Pension Board; and
- The different policies and documents required to be in place in the Fund.

This guide is not intended to be a comprehensive guide to the LGPS and how it is administered in Wiltshire, but merely to provide an overview of the key elements of the scheme, providing links to key documents as well as details of the key individuals associated with the Fund that you may come into contact with. If you have any questions or feel you need any more information, in the first instance please contact Andy Cunningham, Head of Pensions Administration & Relations on 01225 718296 [Andy.Cunningham@Wiltshire.gov.uk](mailto:Andy.Cunningham@Wiltshire.gov.uk)

## The LGPS “at a glance”

The LGPS provides a comprehensive set of benefits to its scheme members and their beneficiaries. It also covers a wide range of different types of employer associated with local government, which is why good governance and compliance is so important. The following table provides a short “at a glance” summary of the key elements of the scheme, many of which will be covered in more detail within this Handbook.

Issue	Comment
<b>What are the benefits of the LGPS</b>	
<i>Type of Scheme</i>	Statutory, defined benefit
<i>Employee contribution</i>	Banded between 5.5% and 12.5%, depending on rate of pensionable pay received.
<i>Employer contribution</i>	Set by the fund actuary as part of each triennial valuation, the latest such valuation being carried out as at 31 March 2016 (and so new employer contribution rates will be set for the three years from 1 April 2017).
<i>Pensionable pay</i>	<p>All salary, wages, fees and other payments paid to the employee, as well as any benefit specified in the employee's contract of employment as being a pensionable emolument.</p> <p>Excludes:</p> <ul style="list-style-type: none"> <li>• Travelling subsistence payments;</li> <li>• Pay in consideration of loss of holidays;</li> <li>• Pay in lieu of notice;</li> <li>• Inducement not to leave employment; and</li> <li>• Money value to the employee of the provision of a motor vehicle;</li> <li>• Any payment in consideration of loss of future pensionable payments or benefits;</li> <li>• An award of compensation (excluding any sum representing arrears of pay) for the purpose of achieving equal pay in relation to other employees;</li> <li>• returning officer, or acting returning officer fees other than fees paid in respect of- <ul style="list-style-type: none"> <li>– local government elections,</li> <li>– elections for the National Assembly for Wales,</li> <li>– Parliamentary elections, or</li> <li>– European Parliamentary elections.</li> </ul> </li> </ul>
<i>50/50 section</i>	Enables a scheme member to elect to pay 50% of the normal contribution rate in order to receive half the benefit (which equates to 1/98 <sup>th</sup> accrual rate) of a member in the main section of the scheme.

Issue	Comment
<i>Benefit structure</i>	<p>The benefits available from the scheme will depend on the period a person has been a member of it, as the way benefits have built up has changed over the years. The following diagram summarises the latest position.</p> 
<i>Increases to CARE benefit</i>	Increased annually in line with CPI immediately following the end of each scheme year (i.e. from 1 April).
<i>Pensions increases</i>	Benefits increased annually (each April) in line with Consumer Prices Index (CPI).
<i>Normal retirement age</i>	State Pension age (or age 65 if that is greater) for both men and women (so will range between age 65 and age 68), although scheme members will have the right to voluntarily retire before that age.
<i>Rule of 85</i>	An historic mechanism whereby a scheme member could become entitled to the unreduced payment of LGPS benefits on retirement before their normal retirement age. In order to do so the aggregate of their scheme membership and age (both in whole years) had to equal or exceed 85.
<i>Early leaver options</i>	<p>If an individual has more than 2 years' membership – accrued benefits are deferred in the scheme and become payable from the individual's normal retirement age</p> <p>If an individual has less than 2 years' membership – refund of contributions</p> <p>In both cases above the individual is free to transfer their benefits to another pension arrangement.</p>
<i>Ill health retirement</i>	Depending on the severity of ill health suffered the scheme offers a range of options for the immediate payment of unreduced benefits, regardless of an individual's age.
<i>Early retirement options</i>	<p>The minimum retirement age (excluding ill health) is age 55. A range of different early retirement options exists, including:</p> <p><b>Voluntary</b> – an individual can elect to receive their accrued benefits before their normal retirement age, although their benefits will most likely be subject to an early retirement reduction reflecting the fact they will be in payment for longer.</p>

Issue	Comment
	<p>Their employer can, in certain circumstances, turn off these reductions, but if they did so they would be required to pay the capital value of that “strain” into the Fund</p> <p><b>Redundancy/efficiency</b> – where an employer terminates an individual’s employment on these grounds the scheme awards the immediate payment of unreduced benefits. Note that overriding changes limiting the cash value of exit payments could see changes to this entitlement from a future date</p> <p><b>Flexible</b> – where an individual reduces their hours and/or grade they can elect, if their employer agrees, to receive all, some or none of the benefits they have accrued in the scheme. What they can do will depend on the tranche of benefit, as follows:</p> <ul style="list-style-type: none"> <li>• Benefits accrued to 31 March 2008 – MUST take everything</li> <li>• Benefits that relate to LGPS membership from 1 April 2008 to 31 March 2014 – CAN take all, some or none</li> <li>• Benefits that relate to LGPS pension built up from 1 April 2014 – CAN take all, some or none</li> </ul>
<i>Survivor benefits</i>	<p>The scheme provides for payment of benefits to surviving spouses, cohabitees and civil partners, as well as children (where they are below the age of 18 or 23 if in full time education).</p> <p>For members who die in active service the benefit payable to spouses, cohabitees and civil partners is based on a proportion of the pension the member would have received had they retired on their normal retirement date. The proportion that applies is currently just over 30% of the member’s service from 1 April 2014, but different proportions apply to different periods of service.</p> <p>For members who die in active service the benefit payable to eligible children is based on a proportion of the pension the member would have received had they retired on their normal retirement date. The proportion that applies depends on the period of service, the number of children and whether or not a spouse’s, cohabitee’s or civil partner’s pension is also payable.</p>
<i>Death in service lump sum</i>	3 x pensionable pay
<i>Post retirement death benefit</i>	10 x annual pension (before any commutation for additional lump sum), less any pension and additional lump sum through commutation already received (a slightly different calculation applies for service before April 2014).
<i>Additional pension contributions</i>	The scheme enables individuals to purchase additional pension for themselves. Historic provisions enabling individuals to purchase additional membership remain in place for those individuals who took out elections before the rules of the scheme changed in 2008.
<i>Additional Voluntary</i>	The Fund is required to offer a facility for scheme members to pay money to

Issue	Comment
<i>Contributions (AVCs)</i>	purchase additional voluntary contributions. The Fund currently uses Prudential, but also has closed arrangements with Equitable Life, Clerical Medical and NPI.
<i>Transferring pension rights</i>	As well as being free to transfer benefits out of the Fund a scheme member is also able to transfer pension rights from another arrangement into the LGPS
<i>Pension dispute procedure</i>	<p>The scheme currently has a two stage dispute process. Stage 1 allows the body that made the original decision (for example the Fund, or the member's employer) to appoint an adjudicator to reconsider its decision. Stage 2 provides for the administering authority to consider the individual's complaint further.</p> <p>If any individual remains dissatisfied after stage 2 they then have the right to have their complaint considered by the Pensions Ombudsman.</p>
<i>Her Majesty's Revenue &amp; Customs (HMRC) rules</i>	Since April 2006 overriding rules were introduced by HMRC setting out the limits to tax advantaged pension savings an individual can make during their working lifetime. As you might expect, these rules are complex, and have been subject to significant change in the intervening period.
<i>Annual allowance</i>	<p>The annual amount by which a person's pension can grow before suffering a tax charge. From April 2016 the annual limit is £40,000, although this may be reduced to as little as £10,000 for anyone with earnings in the LGPS of £124,000 or more.</p> <p>Where the annual growth exceeds the annual allowance any excess growth would be subject to a tax charge.</p>
<i>Lifetime allowance</i>	<p>The total amount of pension savings a person can accrue during their working lifetime. Initially this was set at £1.5 million and increased to £1.8 million. In recent years this has reduced, to its current level from April 2016 of £1.0 million.</p> <p>Transitional arrangements have been put in place each time the limit has reduced, providing some protection for those individuals who already had benefits in excess of the lower limits.</p>
<b>What employers can participate?</b>	
<i>Employers that can be part of the LGPS</i>	<b>Scheduled Bodies</b> – including county and district councils, FE and 6 <sup>th</sup> form colleges, academies and fire and police employers (for non-uniformed staff) who must provide access to all eligible employees
	<b>Designating Employers</b> – including town and parish councils, as well as employers “under the control of” or “connected with” a county or district council or other scheduled bodies who may designate which employees may join the LGPS.
	<b>Admission Bodies</b> – split between contractors providing services on behalf of scheme employers (formerly called transferee admission bodies) and

Issue	Comment
	charitable and third sector employers (formerly called community admission bodies). They are admitted to the LGPS by means of a legally binding document called an admission agreement, which sets out the basis of their participation.
	<b>Other employers</b> - various bodies that don't fall into the other categories above, including certain types of schools (voluntary, foundation and federated) and technical institutes.
How is the Fund managed?	
<i>Key legislation</i>	<p><b>s.101 and s.102 Local Government Act 1972</b> – the Act that enables an administering authority to delegate some of its functions to a Committee or officers. In terms of the Pension Fund, Wiltshire Council chooses to delegate some of these functions to the Wiltshire Pension Fund Committee and Investment Sub-Committee.</p> <p><b>s.4 and s.5 Public Service Pensions Act 2013</b> – the Act that enables Regulations to be made providing a pension scheme for workers in local government. <b>S.4</b> provides that each public service scheme must establish a scheme manager with responsibility for managing and administering the scheme – in the LGPS this is each administering authority (i.e. Wiltshire Council). <b>S.5</b> requires each administering authority to set up a local pension board. The purpose of the local pension board is to assist the scheme manager.</p> <p><b>Local Government Pension Scheme Regulations 2013</b> – the legislation that sets out the rules of the scheme in relation to benefits, administration and governance</p> <p><b>Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014</b> – legislation that provides the link between the current scheme rules and those in place in the past.</p> <p><b>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009</b> (will be replaced by <b>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016</b> wef from 1 November 2016) – the legislation that sets out the rules of the scheme in relation to the investment of Fund monies</p>
<i>Administering authority</i>	Wiltshire Council. Sometimes referred to as the scheme manager.
<i>Role of Council</i>	It is the Council and not the Cabinet that is responsible for the running of the Wiltshire Pension Fund
<i>Role of Pension Committee</i>	<p>Under powers contained in the Local Government Act 1972 the Council has delegated responsibility for the running of the Fund to the Pension Committee.</p> <p>The Committee is responsible for overseeing the investment of Fund monies as well as scheme administration (including payment of benefits and the</p>

Issue	Comment
	triennial valuation).
<i>Role of Officers</i>	Officers will have delegated responsibility for carrying out the decisions of the Pension Committee
<i>Role of Scheme employers</i>	Scheme employers have to make important decisions concerning their employees' participation in the LGPS, including the contribution rate each employee should pay. There are also a number of employer discretions within the scheme for which employers will need to ensure a policy has been formulated.
<i>Role of Local Pension Board</i>	<p>Charged with assisting the administering authority to secure compliance with:</p> <ul style="list-style-type: none"> <li>• the LGPS Regulations;</li> <li>• any other legislation relating to the governance and administration of the Scheme, and</li> <li>• any requirements imposed by the Pensions Regulator in relation to the Scheme</li> </ul>
<i>Role of the Department for Communities &amp; Local Government (DCLG)</i>	DCLG is the sponsoring Government Department for the LGPS, responsible for setting the strategy of the scheme as well as consultations on changes to the scheme and ensuring all necessary scheme Regulations and statutory guidance is in place.
<i>Role of National Scheme Advisory Board (SAB)</i>	Acts as a conduit between DCLG and the Funds and employers, providing advice to the Secretary of State on the desirability of making changes to the Scheme as well as advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme and their Pension Funds.
<i>Role of Local Government Association</i>	Represents employers in the LGPS and provides significant support and guidance to LGPS administrators. Also supports DCLG and the SAB in carrying out their duties.
<i>Role of (Chartered Institute of Public Finance and Accountancy CIPFA)</i>	In relation to the LGPS they provide the knowledge and skills framework, setting out the expectations required of the Pension Committee, officers and the pension board. They also advise LGPS funds on accounting matters such as producing the pension fund annual accounts.
<i>Role of Fund Actuary</i>	Primarily to carry out the triennial valuation of the Fund, in order to set employer contribution rates. The role also extends to dealing with admission of new employers, exiting employers, accounting valuations and much more.
<i>Role of Investment Advisor</i>	Advise the Fund on its investment strategy.
<i>Role of Government Actuary's Department (GAD)</i>	Primarily they act as the scheme actuary on behalf of DCLG, providing the statutory guidance for the scheme. In addition they also carry out the cost cap valuations of the whole scheme on behalf of DCLG.

Issue	Comment
<i>The Pensions Regulator (TPR)</i>	Responsible for regulating work-based pension schemes in the UK, including public sector schemes. They work with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them. In relation to the public sector they have published the Code of Practice 14, setting out what they expect of those with a role to play in the management and administration of public sector schemes.
<i>The Pensions Advisory Service (TPAS)</i>	Provides support to pension scheme members where they have any dispute or disagreement over their pension entitlements.
<i>The Pensions Ombudsman (TPO)</i>	The ultimate arbiter in pension disputes, including maladministration, once an individual has exhausted the Fund's pension dispute procedure. Can award compensation where applicable.
<i>Wiltshire Pension Fund Website</i>	<a href="http://www.wiltshirepensionfund.org.uk/">http://www.wiltshirepensionfund.org.uk/</a>

## What is The Wiltshire Pension Fund?

The Wiltshire Pension Fund (WPF) is part of the Local Government Pension Scheme (LGPS), which is a defined benefit pension scheme providing pension benefits for those who work in the local authority arena in the Wiltshire area. It is open to employees of local government employers as well as a wide range of other public sector employers, including those providing outsourced services.

Although it is a national scheme across England and Wales (separate arrangements are in place for Scotland, Northern Ireland and the Isle of Man) unlike the scheme for teachers, civil servants or the NHS staff it is administered locally. The Scheme Regulations specify the organisations that are required to maintain the Pension Funds, known as Administering Authorities. Wiltshire Council is the Administering Authority for the Fund, which under the LGPS Regulations means it is responsible for the maintenance and management of the Fund. In carrying out these functions the Council chooses to delegate some of its decision making powers to a Pension Committee and an Investment Sub-Committee.

The LGPS is a statutory scheme, which means its rules are determined by the government. The Department for Communities and Local Government is the department tasked with drawing up LGPS regulation, but other departments, for example the Treasury, also have a role.

The LGPS is a funded scheme. This means that the employees' and employers' contributions are paid into a pension fund which is then invested in a range of assets in order to generate a return. Retirement benefits are then paid from this fund

By way of contrast, all other public sector pension schemes are unfunded (except the Parliamentary Scheme), which means that the contributions collected go towards the government's revenue while pensions paid form part of general expenditure.

## Who does the LGPS serve?

The LGPS covers a broad range of employers including those that are directly part of local government and those which have close ties to the working of local government. Slightly different rules apply depending on the type of employer involved. Employers entitled to provide the LGPS for some or all of their members are listed in Schedule 2 of the LGPS Regulations and are collectively called Scheme employers. Scheme employers can be further subdivided according to which part of Schedule 2 they fall under.

### Part 1, Schedule 2 (Sometimes referred to as “Scheduled Bodies”)

Employers listed here must provide access to the LGPS for all of their eligible employees.

These employers include 1st and 2nd tier local authorities, further education colleges, fire and rescue authorities (in respect of non-uniform employees), police and crime commissioners (non-uniform employees) and academy schools.

### Part 2, Schedule 2 (Sometimes referred to as “Designating Bodies”)

Employers listed here may designate which of their employees are eligible to join the LGPS. They may designate some, all or none of their staff.

These employers are typically town and parish councils or bodies which are “under the control of” or “connected with” an employer listed in Part 1 of Schedule 2. The terms are “under the control of” or “connected with” are defined more fully within the regulations.

### Part 3, Schedule 2 (“Admission Bodies”)

Employers listed here are admitted to the LGPS by means of a legally binding document called an admission agreement and so are collectively known as admission bodies.

This group breaks down into two categories:

**Transferee Admission Bodies (TAB)** – These are typically private sector contractors who have successfully won a tender to provide a service to an existing Part 1 body within the Fund. Any staff that transfer from the employer that is letting the contract to the successful contractor as a result, are entitled to have their pension rights protected. This is usually done by the contractor becoming an admission body, which means the transferring staff can remain in the LGPS. There is a statutory requirement for the outsourcing employer to stand guarantor for any liabilities that the TAB defaults on the Fund.

**Community Admission Bodies (CAB)** – These are organisations that have a so-called “community of interest” with local government. They are typically small charities or housing associations. These bodies can determine which employees will be eligible for the LGPS. These days any CABs admitted to the LGPS must undergo the same strict processes as a TAB including provision of security or a guarantor in the event that they default. Historically, the rules around admitting CABs were not as tight as the risk of insolvency or default by such bodies was considered to be low in the past and so many LGPS funds will have CABs that are not backed by a guarantor. This often makes them high risk employers for the Fund today.

The terms Transferee Admission Body and Community Admission Body are, strictly speaking, historical ones and do not actually appear in the current Regulations. However, they are still in common usage and provide a helpful distinction between the two types of admission agreement you will see in the Wiltshire Fund today.

**Part 4, Schedule 2**

This is a bit of catch all category, picking up various bodies that don't fall into the other categories. It includes certain types of schools (voluntary, foundation and federated) and technical institutes.

## How is the LGPS Funded?

LGPS funds derive their income from the following main sources:

- Employers' Contributions
- Employees' Contributions
- Transfers in from other pensions funds
- Investment income
- Change in market value of investments (in times of poor stock market performance, this can be negative)

These income flows are used to pay beneficiaries (i.e. regular pensions, lump sum retirement benefits, death grants) and make transfers to other pension funds, as well as pay the administration and investment costs.

## What does the LGPS provide?

The LGPS has been in existence for many decades, having its roots in the Poor Law Officer Superannuation Act 1896. Back then the range of benefits on offer was significantly limited and bore no reflection on the scheme we have in place today. The current scheme has developed over the decades to reflect the needs of a modern, flexible workforce. In this section we provide a summary of the modern LGPS, looking at the contributions members pay, the benefits they can receive as well as the benefits that could become payable to their survivors. It is by no means an exhaustive description of the rules of the scheme, but gives a good indication of the scheme today.

### The cost of being a member of the LGPS

Members pay a contribution rate, somewhere between 5.5% and 12.5% based on which contribution band their gross pensionable pay falls into. Gross pensionable pay includes “all salary wages and fees paid to the employee or specified in the contract of employment” but excludes pay in lieu of notice and pay in lieu of holidays.

It is the responsibility of the member’s employer, not the Pension Fund, to determine an individual’s contribution rate. Employers must determine a member’s contribution rate every April and may choose to re-assess it during the year if there is a change of employment or a material change in pay. Every April and at any interim changes of contribution rate the employer must inform the member of the contribution rate they will be paying.

The contribution rate bands for 2016/17 are set out below;

Contribution table 2016/17			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £13,600	5.5%	2.75%
2	£13,601 to £21,200	5.8%	2.9%
3	£21,201 to £34,400	6.5%	3.25%
4	£34,401 to £43,500	6.8%	3.4%
5	£43,501 to £60,700	8.5%	4.25%
6	£60,701 to £86,000	9.9%	4.95%
7	£86,001 to £101,200	10.5%	5.25%
8	£101,201 to £151,800	11.4%	5.7%
9	£151,801 or more	12.5%	6.25%

Employer contributions are set every three years when the Wiltshire Fund is formally “valued”. This is known as the triennial valuation and is carried out by an actuary appointed by the administering authority. The most recent valuation is being carried out as at 31 March 2016, the result of which will set the employer contributions for the three year period commencing 1 April 2017.

### Pensionable pay

This is the pay on which pension contributions must be taken, where an individual has joined the LGPS. The LGPS Regulations set out what elements of pay are, or are not, to be treated as pensionable. Broadly speaking pensionable pay covers:

- all the salary, wages, fees and other payments paid to the employee; and

- any benefit specified in the employee's contract of employment as being a pensionable emolument.

It doesn't, however, include:

- any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- any payment in consideration of loss of holidays;
- any payment in lieu of notice to terminate a contract of employment;
- any payment as an inducement not to terminate employment before the payment is made;
- any amount treated as the money value to the employee of the provision of a motor vehicle or any amount paid in lieu of such provision;
- any payment in consideration of loss of future pensionable payments or benefits;
- any award of compensation (excluding any sum representing arrears of pay) for the purpose of achieving equal pay in relation to other employees;
- any payment made by the Scheme employer to a member on reserve forces service leave;
- returning officer, or acting returning officer fees other than fees paid in respect of-
  - local government elections,
  - elections for the National Assembly for Wales,
  - Parliamentary elections, or
  - European Parliamentary elections.

There is also a general "catch-all" statement within the LGPS Regulations that any sum which has not had income tax liability determined on it cannot be treated as pensionable.

### **Assumed pensionable pay**

This is the pay the employee would have received in most cases of reduced contractual pay or nil pay where:

- the member is on leave due to sickness or injury and is on reduced contractual pay or no pay;
- the member is on relevant child-related leave (i.e. ordinary maternity, paternity or adoption leave and any paid additional maternity, paternity or adoption leave but NOT unpaid additional maternity leave); or
- the member is absent on reserve forces services leave.

While the member will continue to pay contributions on the pay actually received, they will be deemed to have received the pay they would have expected to receive but for the pay reduction. It is essentially attempting to approximately re-create the scenario of what the person would have been earning if they had been working as normal during these periods.

The practicalities of working out assumed pensionable pay can be very complicated, with each calculation being based on an individual's personal circumstances.

### **The 50/50 section**

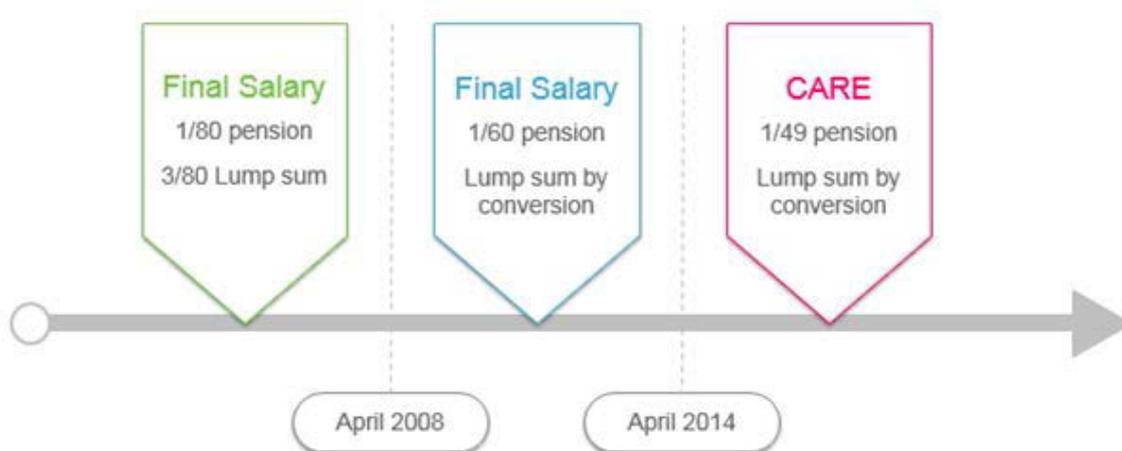
Members may elect to join the Scheme's 50/50 section which means they pay half of the normal contribution rate and, for the period they remain in the 50/50 section, build up half the level of pension.

The 50/50 section only affects benefits paid to the member in their own right and won't affect any benefit that is payable in the event of the member's death.

Overriding Government rules require most individuals to be automatically enrolled or re-enrolled by their employer into a qualifying pension scheme. Anyone who has joined the 50/50 section would be automatically re-enrolled into the full scheme on the employer's re-enrollment date. They are then able to re-elect to join the 50/50 section of the scheme at any time in the future.

### Benefit Structure

The way that benefits build up in the LGPS has changed over the years. Each time it changes though, the changes only apply to benefits that build up from some future date, while the benefits built up prior to that date are worked out in the way they have always been. As a result the current scheme has three distinct tranches of benefits. These tranches are illustrated below;



#### Pre 1 April 2008 membership

If an individual has membership of the Scheme before this date they build up pension in relation to that period of membership in the following way;

- Pension = pre April 2008 membership x 1/80 x final pay at leaving
- Lump sum = pre April 2008 membership x 1/80 x final pay at leaving

Final pay is typically pay in the last 12 months before the member leaves (even if this is after April 2008)

#### April 2008 to 31 March 2014 membership

Membership between these two dates provides benefits in the following way;

- Pension = membership between April 2009 and 31 March 2014 x 1/60 x final pay at leaving

There is no automatic lump sum but members can choose to exchange (commute) pension to extra lump sum by giving up £1 of pension to earn £12 of extra lump sum

Final pay is typically pay in the last 12 months before the member leaves (even if this is after April 2015)

### Membership from 1 April 2014

From this date the benefit structure for the LGPS changed radically. Instead of basing pension on pay in the final year, pension from 1 April 2014 onwards is built up every year based on the actual pay received in that year. The pension worked out each year is then revalued in line with the Consumer Prices Index (CPI) up until the member leaves or retires. This benefit structure is known as Career Average Revalued Earning or CARE.

$$\begin{aligned}
 \text{Pension} = & \text{ April 2014 to March 2015: CARE pay x 1/49 (revalue to leaving)} \\
 & + \\
 & \text{ April 2015 to March 2016: CARE pay x 1/49 (revalue to leaving)} \\
 & + \\
 & \text{ April 2015 to March 2016: CARE pay x 1/49 (revalue to leaving)} \\
 & + \\
 & \text{ April 2015 to March 2016: CARE pay x 1/49 (revalue to leaving)}
 \end{aligned}$$

Etc. ....

### Retirement benefit options

The LGPS offers a range of options whereby benefits can become payable to scheme members. These are summarised in the following table.

Option	Provision
Normal retirement age	<p>Under the CARE scheme this is linked to an individual's state pension age (or age 65 if that is later than their state pension age), so could be anywhere between age 65 and age 68 depending on when a person was born.</p> <p>For benefits built up in the scheme before 1 April 2014 the normal retirement age remains age 65.</p>
Voluntarily	<p>Any scheme member who leaves their local government employment can elect at any age from 55+ to elect to receive the pension they have built up in the LGPS. It used to be the case that their employer's consent was required in order for the pension to be put into payment. This is no longer the case, although employer consent is now required to switch on certain protections against reduced benefits that used to apply automatically before 1 April 2014.</p>
Redundancy/efficiency	<p>If someone aged 55 and over has their employment terminated on the grounds of redundancy or efficiency they are currently entitled to the immediate and unreduced payment of the benefits they have built up in the scheme.</p> <p>The government is currently in the process of implementing a "cap" on exit payments (e.g. redundancy payments, compensatory lump sums, etc.) and the early retirement funding strain connected to redundancy retirements would be included in this. As the fallout from this change becomes known this Handbook will be updated.</p>

Option	Provision
Ill health	<p>Payable immediately, where ill health retirement has been certified by the scheme employer (following receipt of a signed medical certificate from a medical adviser qualified in occupational health medicine). The level of ill health pension awarded will depend on the severity of the ill health.</p> <p>Tier 1 - If the individual has no reasonable prospect of being capable of undertaking gainful employment before their normal retirement age they receive the pension they would have expected to receive had they stayed in the Scheme until normal pension age</p> <p>Tier 2 - If the individual is unlikely of being capable of undertaking gainful employment within 3 years of leaving, but the employer determines they are capable of doing so before their normal retirement age then they would receive a pension based on what they had built up to the point of leaving plus 25% of their prospective pension from their date of leaving to their normal retirement age</p> <p>Tier 3 - If the individual was likely to be capable of undertaking gainful employment within 3 years of leaving they would receive a pension equal to what they had built up to the point of leaving. These benefits will be subject to a review after 18 months and will then be stopped after 3 years, or earlier if the individual is in, or has become capable of, undertaking gainful employment.</p>
Flexible	<p>Where a scheme member is aged 55+ and has either a reduction in hours or grade in their post (or both) and the employer agrees to their request for flexible retirement.</p> <p>Where an employee requests, and the employer agrees to, flexible retirement then the employee must draw all of the benefits that relate to any LGPS membership to 31 March 2008, plus:</p> <ul style="list-style-type: none"> <li>• all, none or some of the benefits that relate to LGPS membership from 1 April 2008 to 31 March 2014, plus</li> <li>• all, none or some of the benefits that relate to LGPS pension built up from 1 April 2014, plus</li> <li>• any additional benefits including added years, additional pension being purchased additional pension awarded by the employer or any AVCs, should they choose to receive these at the same time.</li> </ul>
Deferred benefit	<p>Where a scheme member leaves the scheme before benefits are payable, with 2 or more years membership of the scheme, or has a transfer in of other pension rights which prevents a refund, the benefits they have earned are kept in the Fund (deferred) until they can be put into payment at a later date.</p> <p>During the period of deferment the benefits receive the usual cost of living increases that are also applied when the pension is in payment.</p>

An individual can delay the receipt of their LGPS pension beyond their normal retirement age, but would be required to start receiving the pension benefit before they reach age 75. If someone does delay receiving their LGPS pension beyond their normal pension age then they will receive statutory increases to reflect the fact the benefit is being put into payment later than expected.

### Lump sum death grants

Death grant awards depend on whether an individual dies in service, with a deferred benefit or as a pensioner.

- Active - a death grant of 3 times actual pay in the event of death in service
- Deferred - a minimum pension guarantee in the event of death as a deferred member equal to 5 times the value of the deferred pension
- Pensioner – the balance of 10 years pension (based on the value before commutation for additional lump sum), less the pension already received to the date of death and less any additional lump sum derived from commuting pension to lump sum.

### Paying the death grant

The recipient of any death grant is wholly at the discretion of the administering authority. Members can (and should) make their wishes known by completing an “expression of wish” form but the final decision as to who receives the death grant should be made by the administering authority after full consideration of all the facts.

### Survivor benefits

The LGPS provides a range of benefits where a scheme member dies. Depending on the circumstances these can be paid to the husband/wife, civil partner or cohabiting partner of the deceased member, as well as their dependent children.

The amount of pension that can be paid will depend on whether the deceased was an active, deferred or pensioner member. There are also certain provisions that need to be met in order to make payment to a surviving cohabiting partner.

### Death of an active member

If a member dies in active service a pension is payable to a spouse, civil partner or qualifying co-habiting partner. The pension is worked out by using the same formula as a member’s pension except that it is assumed the member had stayed in the scheme until their normal retirement age and using the accrual rate of 1/160 (instead of the 1/80, 1/60 or 1/49 that is used to work out retirement benefits depending on which periods of service apply).

### Death of a deferred member

If a deferred member dies a pension is payable to a spouse, civil partner or qualifying co-habiting partner. The pension is worked out by using the same formula as a member’s pension except that the accrual rate used is 1/160 (instead of the 1/80, 1/60 or 1/49 that is used to work out retirement benefits depending on which periods of service apply).

### Death of a pensioner

If a retired member dies a pension is payable to a spouse, civil partner or qualifying co-habiting partner. The pension is worked out by using the same formula as a member’s pension except that the accrual rate used is 1/160 (instead of the 1/80, 1/60 or 1/49 that is used to work out retirement benefits depending on which periods of service apply).

### Cohabiting Partners

If at the time of death all of the following criteria apply and have done so for a continuous period of 2 years, then a co-habiting partner's pension is payable.

The member and the cohabiting partner have been, free to marry each other or enter into a civil partnership with each other, and

- The member and the cohabiting partner have been living together as if a married couple, or civil partners, and
- neither the member nor the cohabiting partner have been living with someone else as if they were a married couple or civil partners, and
- either the member or the cohabiting partner is, and has been, financially dependent on the other or the two were financially interdependent on each other.

### Additional pension contributions

The scheme allows individuals to buy additional pension, up to a maximum of £6,675 (as at April 2016) either by lump sum or regular monthly contributions. Employers can also use the same provision to award additional pension to any member, in line with its policy on this matter.

In addition the Fund is required to put in place a facility for scheme members to pay money purchase additional voluntary contributions. The Fund currently uses Prudential, but also has closed arrangements with Equitable Life, Clerical Medical and NPI.

Historic provisions in place prior to changes in the scheme rules from April 2008 enabling people to purchase additional scheme membership in order to provide additional pension remain in force for those individuals who had already taken out such elections.

### Transfer of pension rights

The scheme allows individuals to transfer pension rights into and out of the Fund from/to both public and private sector pension schemes as well as personal pension arrangements.

In summary, the main elements of the benefits package provided by the LGPS are:

- A normal retirement age equal to the individual's state pension age (with the right to automatic payment of unreduced pension on redundancy at age 55 or above and the option to retire voluntarily from age 55 with reduced benefits, although employer consent is required to switch on or off early retirement reductions if benefits taken voluntarily before age 60);
- A guaranteed inflation-proofed career average revalued earnings pension based on 1/49 of the member's pensionable pay each year (1/60 of the member's final pay for membership accrued from 1 April 2008 to 31 March 2014 and 1/80 for membership accrued prior to 31/3/08);
- The option to convert part of the pension to a tax-free lump sum on retirement (an automatic tax-free lump sum of 3/80 of final pay for service accrued prior to 31/3/08);
- A comprehensive 3 tier ill health retirement package, depending on the severity of the ill health;
- The options of a range of early retirement awards, including on redundancy and efficiency of the service as well as flexible retirement;
- A death grant of 3 times actual pay in the event of death in service;

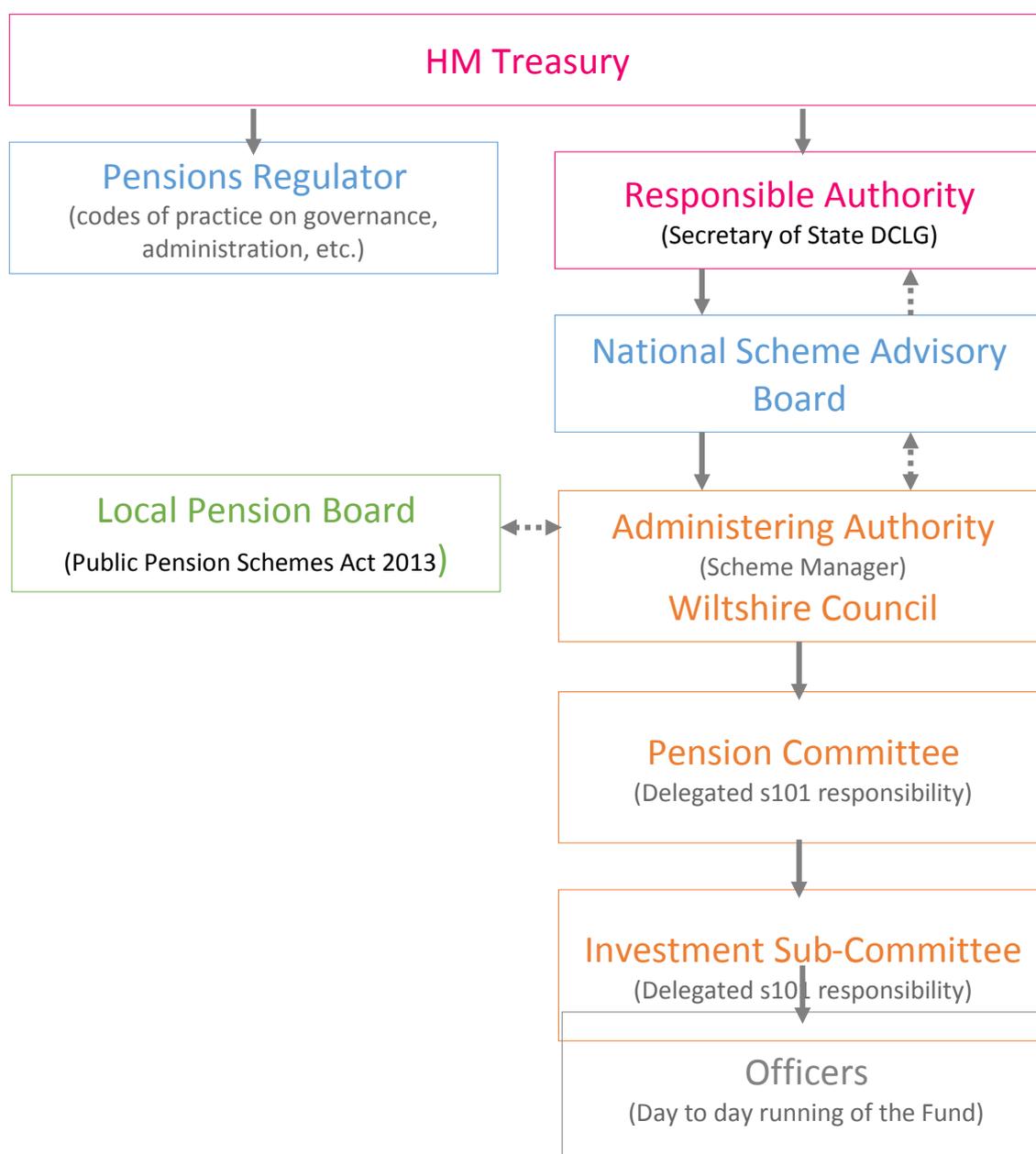
- A minimum pension guarantee in the event of death as a deferred member (5 years pension) and pensioner member (10 years pension, less the pension already received);
- A range of survivor benefits to spouses, civil partners, cohabitees and children, depending on their circumstances;
- The option for the member to purchase additional pension or to pay additional voluntary contributions;
- The option for the member to transfer benefits into the LGPS or out of the LGPS.

**More details about the LGPS benefits package can be found at [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk) and [www.lgpsmember.org](http://www.lgpsmember.org) Details on the LGPS CARE scheme can be found at [www.lgps.org](http://www.lgps.org).**

## LGPS governance and how it is managed

The Fund does not sit in isolation, but rather exists as part of a wider regulatory and governance network, including government departments, regulators, advisers and other Pension Funds.

The following diagram sets out at a high level how some of these relationships exist. Following the diagram we provide a summary of the role of each, along with how they interact with each other as well as how they interact with other organisations.



### What is the role of HM Treasury and Communities and Local Government?

**HM Treasury (HMT)** sits above all the various government departments that sponsor public service pension schemes, to ensure that any decisions taken concerning those schemes are within the financial restraints set for those schemes as well as government policy intentions. It is also responsible for overseeing the government's cost control mechanism for the scheme.

The Public Service Pensions Act 2013 allows for HMT to provide direction and legislation under which public service schemes must set an employer contribution cap. The cap in the LGPS is 14.6% of pensionable earnings. If a future valuation (carried out according to HMT directions) shows that the costs of the scheme have risen more than 2 percentage points above the 14.6% cap, or have fallen more than 2 percentage points below the cap, action will be taken to return costs to the level of the cap. This may be achieved via adjustments to member benefits accruing in respect of future service, or adjustments to member contributions.

**Department for Communities and Local Government (DCLG)** is the government department that "sponsors" the LGPS, being responsible for setting the policy direction (in conjunction with HM Treasury and other government departments) and the introduction of legislation covering the scheme – be that full scheme regulations or amending regulations where required for whatever reason.

DCLG will also seek the support of the National Scheme Advisory Board in liaising with Funds, advisers and employers in measuring

### What is the role of the Pensions Regulator?

The Pensions Regulator is charged with regulating work-based pension schemes in the UK. It works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them. Until recently the only real interaction between the Pensions Regulator and public service pension schemes like the LGPS was limited to the payment over of employer and employee pension contributions.

Since the introduction of the Public Service Pensions Schemes Act 2013, however, the remit of the Pensions Regulator in relation to public service pension schemes has been greatly extended. As a result they have an important part to play in ensuring all those with an interest in the LGPS fulfil their obligations. As such the Pensions Regulator is seeking to ensure that all statutory objectives that are set out in legislation are met, as well as promoting and improving understanding of the good administration and governance of the scheme to protect member benefits.

As part of its extended role the Pensions Regulator has issued a code of practice 14 - [Governance and administration of public service pension schemes](#). This is a key document in the Pensions Regulator fulfilling its role, covering:

- Knowledge and understanding required by pension board members
- Conflicts of interest
- Publishing information about the scheme
- Internal controls
- Scheme record keeping
- Maintaining contributions
- Communicating with members
- Resolving disputes and
- Breaches of the law

In addition to the code of practice the Pensions Regulator will also undertake surveys of public service pension schemes, to measure performance against the standards expected. Where serious failings are identified it can levy fines or issue improvement notices.

It is important that officers, pension committee and pension board members familiarise themselves with the code of practice and their legal requirements that are set out in it.

### **What is the role of the Scheme Advisory Board?**

The Scheme Advisory Board (SAB) has been set up in accordance with s.7 of the Public Service Pensions Act 2013 and regulations 110 to 113 of the LGPS Regulations 2013. The function of the Local Government Pension Scheme Advisory Board is to provide advice to the Secretary of State on the desirability of making changes to the Scheme. It also has the function of providing advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme and their Pension Funds.

Its primary purpose is to seek to encourage best practice across administrators and employers, increase transparency and coordinate technical and standards issues in liaison with DCLG, LGA, administering authorities and scheme employers.

It will consider items passed to it from DCLG, its own sub-committees, as well as other stakeholders. Recommendations may be passed to DCLG or other bodies. It may also work closely in liaison with the [Pensions Regulator](#). The SAB is also able to issue guidance to administrators and local pension boards, which can be found on its website.

The Scheme advisory Board has produced its own LGPS specific cost cap, which sets a target cost for both employer and member contributions of 19.5% (broken down as 13% for employers and 6.5% for scheme members). The SAB mechanism also requires that where contribution rates deviate from the target cost by more or less than 2%, appropriate corrective action must be taken. Unlike the HMT cost cap, however, the SAB approach allows it greater flexibility to recommend changes to the scheme where the deviation from the target is less than 2%. There are also other technical reasons to do with how benefits are valued (for example valuing the 50/50 section), which means that the HMT and SAB measures could produce different results.

In 2013 a “shadow” SAB was set up in order to test the format, terms of reference, [membership](#) and [committees](#) prior to the formalisation of these items in the LGPS Regulations. On 1st April 2015 the full SAB was established as a statutory body, and the formal membership was confirmed early in 2016.

Information on the running of the SAB and the documents and guidance it provides to funds can be found on its [website](#).

### **What is the Wiltshire Fund structure and how does this work?**

A summary of the roles and responsibilities of each element of the Fund’s structure is provided underneath.

### **What is the Administering Authority and what is its role?**

For LGPS funds, the “Administering Authority” is responsible for the proper administration of the Fund. Administering Authorities exist under the terms of the LGPS Regulations. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 make it clear that the functions of the Pension Fund are not an executive function and cannot be delegated to or by the Council’s Cabinet.

The pension funds established under the LGPS are not Trusts with separate legal identities from their Administering Authorities. Monies are not being held on trust on behalf of LGPS beneficiaries, as the benefits payable from the LGPS are prescribed and protected by statute. It is simplest to think of the Administering Authorities as the sole trustees of the funds.

The key responsibilities of the Administering Authority are:

- the establishment, monitoring and review of the arrangements for the investment of the Pension Fund;
- the day-to-day administration of the pension scheme, including the calculation and payment of benefits;
- the approval of applications for admitted body status;
- the arrangements for the triennial actuarial valuation of the Fund and confirmation of contribution rates paid into the Fund by employer bodies; and
- the production of an audited annual report and financial statements.

In carrying out its role, the administering authority therefore has to procure a range of services covering all aspects of the administration of the LGPS. Some of these may be carried out by the administering authority itself, whilst others are provided by external providers. These services might include:

- Investment services;
- Governance services;
- Pension scheme administration;
- Pension payroll administration;
- Additional Voluntary Contribution (AVC) provision;
- Actuarial services;
- Accounting
- Audit
- Exchequer Services
- Banking services
- Legal Advice
- Secretarial support
- Committee and Board member training

Insofar as the administering authority provides services to the Pension Fund itself, it has to take care that it is acting in the best interests of all employer bodies within the Fund.

### **What is the role of the Pension Committee?**

Wiltshire Council has delegated its responsibilities for the Wiltshire Pension Fund to the Wiltshire Pension Fund Committee. 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, for example, when setting contribution rates for Wiltshire Council itself, which is just one of over 125 employers participating in the Fund. Indeed this would be in contravention of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

The Council's constitution (Part 3, para 2.5) 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*". The Wiltshire Pension Fund Committee has the power to "*...make decisions on matters of significant policy...*" (Part 3B, para 4).

The Committee meets 5 times a year. Ad-hoc meetings are also arranged for specific issues if required (e.g. triennial valuations, investment strategy). These meetings are open to the public, although some items are considered in private.

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. However, they do have the usual legal obligations imposed on local authority members.

Specific responsibilities of the Committee include:

- approval and sign off of the Wiltshire Pension Fund Annual Report and Financial Statements - covering all aspects of the administering authority function, not just investment activity;
- approval of the annual administration budget for the Fund;
- review of the Fund performance against budget;
- considering applications for new admission bodies joining the Fund;
- receiving reports on significant changes in LGPS pension regulations, including an invitation to respond to Government consultation exercises.
- reviewing the Fund's Risk Register, which is an important tool in the overall management of the Fund.

It is this Committee's responsibility to agree the employer contribution rates for each three year inter-valuation period. Whilst it is appropriate to discuss the actuary's recommended rates with individual employer bodies, the final decision rests with the Committee, which should act in the best long term interests of the Fund.

The Wiltshire Pension Fund Committee has a formal Members' Training Plan. 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.

Details of the current membership of the Committee can be found on the [Wiltshire Council website](#)

### **What is the role of Officers?**

Under the Council's constitution Directors "*...are empowered to make decisions on behalf of the Council...*" and are "*... empowered to take all operational decisions, within agreed policies...*" (Part 3B, para 4).

Another part of the constitution makes clear that "the ...Section 151 Officer...has statutory duties in relation to 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..." (Part 9, para 18).

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

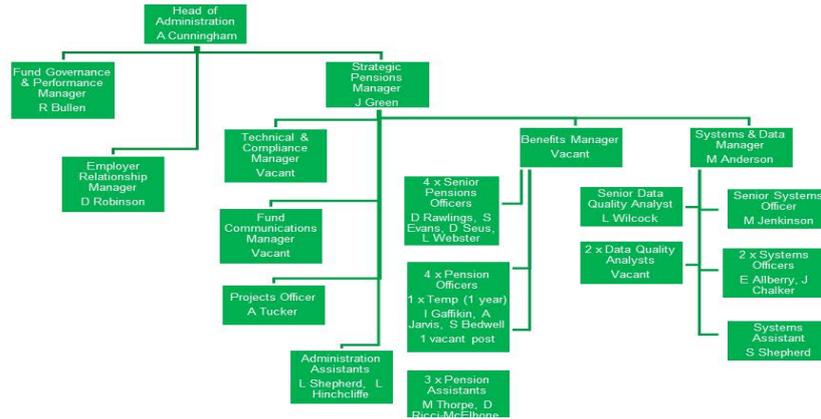
- The first is to assist the members of the Committee in meeting their responsibilities and coming to decisions. This is achieved by making appropriate advice available to members, either personally or by the use of consultants.
- The second aspect is the running of the Fund.

In practice, the key responsibilities of running the Fund are:

- Administration of the LGPS Scheme:
  - Maintenance of the database of members (and employers)
  - Administration of payments into the Fund (eg. contributions & transfer values)
  - Administration of payments out of the Fund (eg. 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, Investment Strategy Statement, 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

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:

Structure – Administration Team March 18



Proposed Structure – Investment Team



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 (11) – who are responsible for calculating and paying pensions;
- The Systems 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;
- The Compliance & Technical Advisor (1) – who ensures all procedures are followed and regulations are complied with; and
- The Communications & Employer Relationship Manager (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](http://www.wiltshirepensionfund.org.uk).

**What is the Local Wiltshire Pension Board?**

Each administering authority is required to establish a pension board ("a local pension board") responsible for assisting it to secure compliance with:

- the LGPS Regulations;
- any other legislation relating to the governance and administration of the Scheme, and

- any requirements imposed by the Pensions Regulator in relation to the Scheme; and
- to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

It is important to understand that the pension board does not carry out delegated decision making on behalf of the administering authority. It is there to assist the Council in its capacity as administering authority, making recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.

### **What is the role of the Wiltshire Pension Board?**

Within the extent of the core function the pension board set out above it may determine the areas it wishes to consider. This could include, but not be restricted to:

- reviewing regular compliance monitoring reports, including reports to and decisions made under the Regulations by the Committee.
- reviewing management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and the Pension Regulator's code of practice and meet key performance indicators
- reviewing the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- reviewing such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
- reviewing scheme members and employers communications as required by the Regulations and relevant legislation.
- monitoring complaints and performance on the administration and governance of the scheme.
- reviewing the Funds pension dispute procedure.
- reviewing Pensions Ombudsman cases, as they may apply to the Fund.
- reviewing the arrangements for the training of pension board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- reviewing the complete and proper exercise of employer and administering authority discretions.
- reviewing the outcome of internal and external audit reports.
- reviewing draft accounts and Fund annual report.
- reviewing the risk register as it relates to the scheme manager function of the Administering Authority.
- reviewing the outcome of actuarial reporting and valuations.

### **What are the supporting organisations and what are their roles?**

#### **The Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA, is the professional body for people in public finance. As well as providing a professional qualification for public sector accountants and a postgraduate diploma for people already working in leadership positions it also champions high performance in public services. Specifically in relation to the LGPS this has included the development of a Knowledge and Skills Framework setting out the requirements for officers, elected members and pension board members.

The Framework is designed to complement The Pensions Regulator code of practice 14: Governance and administration of public service pension schemes, which sets out the fact that the law requires, amongst other things, that local pension board members be conversant with documents relating to the administration of the scheme.

### **Government Actuary's Department (GAD)**

GAD provides actuarial advice to a number of UK occupational pension schemes, including the Local Government Pension Scheme. Its role is to support HMT and DCLG through carrying out major actuarial exercises on their behalf (e.g. the calculations around the HMT cost control mechanism) as well as the provision of statutory Secretary of State guidance to Funds on behalf of DCLG (e.g. the numerous actuarial factors required to be issued).

### **Local Government Association (LGA)**

The Local Government Pensions Committee (LGPC) Secretariat

Via the LGPC the LGA provides a wide range of invaluable technical support and legal information about the LGPS for employers and administrators. They will often act as the conduit between administrators and employers and DCLG in getting to grips with any technical issues that need resolving and/or amendments required to the LGPS Regulations. The depth of information and support provided by the LGA can be found on its dedicated [LGPS website](#)

### **Fund Actuary**

Whilst investment matters will tend to dominate business, there are other matters that will involve the Committee's time.

A significant matter, but one that only occurs every three years, is the triennial valuation of the Fund, leading to the approval of contribution rates for employer bodies for the following three years. At a time when the Fund is in deficit, and many employer bodies are experiencing budgetary pressures, this can be quite a sensitive issue. The Fund actuary is responsible for undertaking this valuation exercise and working with the administering authority and scheme employers in setting the required employer contribution rates to ensure the Fund remains solvent.

It is expected that training on the valuation process would be made available in the lead up to and throughout the exercise.

In addition to the triennial valuation the Fund actuary is also responsible for:

- Setting employer contribution rates for new scheme employers (e.g. new academies or admitted bodies);
- Determining bulk transfers into and out of the Fund, where appropriate;
- Assessing the level of risk associated with new employers joining the Fund;
- Cessation valuations, where an employer exits the Fund for whatever reason;
- Provision of employer IAS and FRS valuations for accounting purposes
- Cashflow modelling;
- Outsourcing advice;
- Asset liability modelling.

## Key documents and policies

There are a number of key documents and policies that the Fund is either required to have in place, or it is considered good practice to have. These are set out below.

Policy (Inc. link to policy where it exists)	Mandatory (Y/N)	Brief description
Funding Strategy Document (FSS)	Y	<p>Sets out the fund-specific strategy identifying how employers' pension liabilities are best met going forward within the regulatory framework, to maintain as nearly constant employer contribution rates as possible and take a prudent longer-term view of funding those liabilities.</p> <p>The FSS for the Wiltshire Fund is reviewed every three years as part of the triennial valuation</p>
Investment Strategy Statement ("ISS"), (formerly the Statement of Investment Principles or "SIP")	Y	<p>Sets out the Fund's investment strategy and investment principles, covering:</p> <ul style="list-style-type: none"> <li>• The investment decision making process</li> <li>• Types of Investment held</li> <li>• Risk</li> <li>• Balance between different types of investment</li> <li>• The extent to which social environmental or ethical considerations are taken into account in the selection retention and realisation of investments</li> <li>• The Fund's policy on the exercise of voting rights</li> </ul> <p>It also covers the extent of compliance with six "Myners" principles for the investment of pension funds set out in a Government voluntary code, published in October 2008.</p> <p>The ISS/SIP for the Wiltshire Pension Fund is approved every year by the Committee and the latest one can be found at <a href="http://www.wiltshirepensionfund.org.uk/statement-of-investment-principles.pdf">www.wiltshirepensionfund.org.uk/statement-of-investment-principles.pdf</a>. It is the key reference document on the Fund's investment policy.</p>
Administration discretions	Y – Part	<p>The Regulations contain a number of discretionary areas where policies are required to be set by the administering authority and published. The Wiltshire policies can be found on the Fund website.</p>

Policy (Inc. link to policy where it exists)	Mandatory (Y/N)	Brief description
Scheme of Delegation	Y	This is a broad document covering all aspects of the running of the Council, including financial matters. Within it are contained the necessary delegations to the Pension Committee and officers for the running of the Fund.
Communications Policy	Y	Setting out the communications and publicity policy for the Fund. Covering communication with employees and their representatives as well as employers. The Fund's Communication Strategy can be found at <a href="http://wiltshirepensionfund.org.uk/fund-information/communication.htm">http://wiltshirepensionfund.org.uk/fund-information/communication.htm</a>
Administration Strategy	N	Sets out the standards the administering authority expects of itself and scheme employers.
Governance compliance policy and statement	Y	The Fund is required to publish a Governance Statement setting out the arrangements for the governance of the Fund (see <a href="http://wiltshirepensionfund.org.uk/fund-information/communication.htm">http://wiltshirepensionfund.org.uk/fund-information/communication.htm</a> ).
Breaches of the law policy	N	Sets out the important processes to be followed should the Committee, officers or members of the pension board suspect a breach of the law has occurred in relation to the administration of the Wiltshire Pension Fund.
Conflicts policy	N	Sets out how the Pensions Committee, officers and pension board will deal with potential conflicts of interest in relation to the running of the Fund.
Admissions policy	N	Sets out the Fund's approach to the admission of new employers into the Fund.
Cessation policy	N	Sets out how the Fund will deal with employers exiting the Fund.