



WILTSHIRE PENSION FUND

Report & Accounts
for the year ended 31st March 2014





CONTENTS

1. Chairman's foreword	4
2. Basic fund Information	6
3. Governance of the fund	9
4. Governance compliance statement	10
5. Administration report	14
6. Training report	21
7. Investment report	25
8. Actuarial position	33
9. Audit opinion	35
10. Statement of accounts	37
11. IAS26 statement	62
12. Further information & contacts	64

1. Chairman's foreword

It is with pleasure that I present this Annual Report of the Wiltshire Pension Fund.

Wiltshire Council, which administers the Fund, is one of the 148 Employer organisations which are members of the Fund. Swindon Council & Wiltshire Council are the two largest employers organisations of the Fund. The Fund has seen a further increase in Member bodies over the last 12 months predominantly from the ongoing formation of Academy Schools which have the right of automatic membership.

The Fund has 21,600 employees currently contributing to it while the number of retired employees receiving regular payments has increased by around 800 to 13,700, the average pension is £4,325. The anticipated trend is still for the reduction of active membership as public bodies restructure in light of reduced funding for the largest employers. The Cashflow of the fund was broadly neutral for the year, this is being monitored closely and it is anticipated that the new employer contributions rates implemented from April 2014 will help maintain this as a result of the 2013 valuation.

The Funds assets have increased by £151 million to £1,645 million as at 31st March 2014 reflecting the strong returns in the equity markets. The results of the 2013 Valuation have now been received, and show that the funding level had fallen to 71% from 75% as anticipated. Despite the excellent performance of the Fund's assets over this period, it is the continuation of historically low bond yields that increases the size of the liabilities leading to the decline in funding level. This is because bond yields are used by the Fund's actuary to discount the future liability cashflows to reflect the time value of money. The smaller this number, the higher the projected future cashflows to be paid out, meaning greater investment returns need to be generated by the Fund over the long term.

Bonds yields have improved slightly since the Triennial Valuation and our interim monitoring reports now shows that the funding level is nearer 79% as at 31 March 2014.

Growth assets performed well over the year, the annual return for the Fund was 10.2%; 4.3% ahead of its consolidated benchmark of 5.9%. Wiltshire Pension Fund did achieve 4th out of 89 Local Authority Funds within the World Markets (WM) Company Local Authority League tables where the average return of the WM Universe was 6.4%. The Committee continues to monitor investment manager performance and the effect of its Investment Strategy reviews from 2011 and 2012.

During the year up to March 2014 there has been one change of membership to the Pension Fund Committee. Councillor Fleur de Rhe-Philippe was replaced by Councillor Roy While. We would like to thank Fleur for her contribution over the years and wish her well for the future.

The biggest challenge for the administration of the Fund was the implementation of the new LGPS 2014 scheme that sees the change from a Final Salary to a Career Average Revaluation Earnings (CARE) scheme from 1 April 2014 for the LGPS. This has required careful planning and communication to ensure this new scheme is implemented as smoothly as possible from 1 April 2014, especially as the final regulations and guidance was still being issued up until March 2014. Officers, along with all the key stakeholders have been working hard to ensure this transition is as seamless as possible and that all employers and members of the scheme have been made aware of the changes.

The Committee is also responsible for the administrative performance of the Fund which is administered by key officers, namely Michael Hudson (Treasurer to the Pension Fund), David Anthony (Head of Pensions) and Catherine Dix (Strategic Pension Manager) following the requirements set out in the Local Government Pension Scheme (LGPS) Scheme Regulations and the principles laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Fund is also regularly audited by both the South West Audit Partnership and KPMG while performance is monitored by CIPFA through their benchmarking club. These processes reflect the primary need for a high standard of management and good governance arrangement to be a better performing fund and these reports demonstrate this is currently being achieved.

The Department of Communities and Local Government (DCLG) and the Local Government Association (LGA) issued a joint call for evidence in June 2013 relating to the potential for increased cooperation between LGPS Funds. Originally ministers believed that the current structure of 89 separate LGPS Funds nationally was not sustainable as better returns and costs savings could be achieved using a different structure. Wiltshire Pension Fund submitted their response in September 2013. Wiltshire Pension Fund officers and Members also attended and have actively participated on the national Shadow Advisory Board committees to ensure that our point of view was taken into account.

The Government has only recently issued a response to that call for evidence, where they have stepped back from proposing a merger of LGPS Funds into a smaller number but instead are proposing moving listed assets to passive management, ending the use of “fund of funds” arrangement and promoting the use of Collective Investment Vehicles (CIV) in an attempt to reduce investment manager fees and improve overall investment performance.

A further consultation has now been issued for Funds to respond with a return date of 11 July 2014. The Wiltshire Pension Fund will submit a response to this consultation to ensure our voice is heard in shaping the future of the scheme.



Tony Deane, Chairman

On behalf of the Wiltshire Pension Fund Committee

8th July 2014

2. Basic fund information

Statistics

Financial Summary

	2009-10	2010-11	2011-12	2012-13	2013-14
	£000	£000	£000	£000	£000
Contributions and Benefits					
Contributions receivable	84,975	86,210	87,770	77,083	79,128
Employers Additional Capital Contributions	0	0	0	0	0
Individual transfers	7,281	9,145	5,662	4,551	2,902
	92,256	95,355	93,432	81,634	82,030
Benefits payable	-61,115	-61,418	-65,687	-68,351	-76,669
Payments to and on account of leavers	-9,065	-6,889	-4,039	-4,156	-4,789
Administrative expenses	-1,321	-1,343	-1,219	-1,382	-1,509
	-71,501	-69,650	-70,945	-73,889	-82,967
Net additions from dealings with members	20,755	25,705	22,487	7,745	-937
Returns on Investments					
Investment Income	26,846	27,691	31,095	24,774	18,377
Change in market value of investments	276,140	70,903	9,884	120,124	136,981
Investment management expenses	-2,359	-4,049	-5,465	-3,529	-3,170
Net returns on investments	300,627	94,545	35,514	141,369	152,188
Net increase in the fund during the year	321,382	120,250	58,001	149,114	151,251
Membership Summary	2009-10	2010-11	2011-12	2012-13	2013-14
Contributors	19,866	19,456	19,329	20,193	21,655
Pensioners and Dependents	10,737	11,343	12,227	12,879	13,729
Deferred Pensioners	16,640	17,883	19,701	21,178	22,262

Income (ie. contributions from employers and employees together with dividends and interest earned by investments, but excluding profits on sales of investments) has consistency exceeded expenditure. During 2013/14 cashflow (excluding investment income) was broadly neutral, this continues to be monitored closely.

The membership of the scheme at the beginning and end of the year and changes during the year are set out below:

Active Members

	2013/14	2012/13
Active membership at start of year	20,193	19,329
New Entrants	3,676	2,925
Linked deferred members	0	0
Unfrozen actives	0	-10
Leavers and exits during the year:		
Retirements	-518	-390
Death	-15	-12
Deferred members	-1,166	-1,682
Refunds / Transfer outs / opt outs	-30	-61
Frozen	-1	0
Other	-484	94
Active membership at end of year	21,655	20,193

Pensioners

In payment at start of year	12,879	12,227
New pensioners in year resulting from:		
Retirement of active members	518	390
Retirement of deferred members	396	373
Cessation of benefits	-251	-320
Other	187	209
In payment at end of year	13,729	12,879

Deferred members

At start of year	21,178	19,701
New deferred pensioners	1,166	1,682
Cessation of deferred pensions resulting from:		
Retirements	-396	-373
Linked to active records	0	0
Full commutations	0	0
Transfers-out	-94	-126
Deaths	-17	-24
Other	425	318
At end of year	22,262	21,178

Participating employers at 31 March 2014

Scheduled bodies / Resolution bodies

Wiltshire Council
Swindon Borough Council
Wiltshire & Swindon Fire Authority
Wiltshire Police Authority
Wiltshire Probation Service
Alderbury Parish Council
Amesbury Parish Council
Blunsdon St Andrews Parish Council
Bradford-on-Avon Town Council
Calne Town Council
Chippenham Town Council
Corsham Town Council
Cricklade Town Council
Devizes Town Council
Haydon Wick Parish Council
Highworth Town Council
Malmesbury Town Council
Marlborough Town Council
Melksham Town Council
Melksham Without Parish Council
Mere Parish Council
Purton Parish Council
Royal Wootton Bassett Town Council
Salisbury City Council
Steeple Ashton Parish Council
Stratton St Margaret Parish Council
Trowbridge Town Council
Wanborough Town Council
Warminster Town Council
Westbury Town Council
Wilton Town Council
Wroughton Parish Council
Bishop Wordsworth Academy
Bybrook Valley Academy
Churchfield Academy
Colebrook Infants Academy
Commonweal Academy
Corsham Primary Academy
Corsham Secondary Academy
Dauntseys Academy
Devizes Academy
Diocese of Bristol Academy Trust
Diocese of Salisbury Academy Trust
Dorcan Technology Academy
Eastrop Infants Academy
Education Fellowship
Excalibur Academy
Goddards Park Academy
Gorse Hill Academy
Hardenhuish School Ltd
Hazelwood Academy

Highworth Warneford Academy
Holy Family Academy
Holy Rood Infants Academy
Holy Rood Junior Academy
Holy Trinity Calne Academy
Holy Trinity Devizes Academy
John Bentley Academy
John of Gaunt Academy
King William Academy
Kingdown Academy
Kingsdown Academy
Lavington Academy
Lethbridge Academy
Lydiard Academy
Malmesbury Academy
Malmesbury Primary Academy
The Manor Academy
The Mead Primary Academy
Millbrook Academy
Morgan Vale Academy
New College
Oasis Community Learning
Peatmoor Primary Academy
Pewsey Vale Academy
Ridgeway Academy
Rowde Academy
Royal Wootton Bassett School
Sarum Academy
Sevenfields Academy
Shaw Ridge Academy
Sheldon Academy
South Wilts Grammar School
Southfield Junior Academy
Springfields Academy
St Augustine's School
St Catherine's Academy
St Edmund's Calne Academy
St Edmunds Girls Academy Salisbury
St Joseph's Academy Devizes
St Joseph's Academy Swindon
St Laurence Academy
St Leonard's Academy
St Mary's Swindon Academy
Swindon College
United Learning Trust
Wansdyke Academy
Wellington Academy
Westlea Academy
White Horse Academies
Wiltshire College
Woodford Valley Academy

Admitted bodies

4 Children
ABM Catering Ltd
Action for Blind People
Agincare
Aster Communities
Aster Group
Aster Living
Aster Property Management
Atkins Ltd
Balfour Beatty
Barnardos
Capita Business Services Ltd
Care & Support Swindon (SEQOL)
Caterlink
CIPFA
Collaborative Schools
Community First
Crime Reduction Initiatives
DC Leisure
Direct Cleaning
Elior UK
Enara
FCC Environment
Great Western Hospitals
Greenwich Leisure Limited
Host
Innovate Services
Leonard Cheshire
Lifeways
Mainline Contract Services
Mears Care Ltd
Nuffield Health
Plains Partnership
The Order Of St John Care Trust
Oxford Health NHS Trust
Salisbury and South Wilts Museum
Selwood Housing
Seren Group
Somerset Care Ltd
Southern Health NHS Foundation Trust
Swindon Commercial Services
Swindon Dance
Visit Wiltshire
Westlea Housing Association
Wiltshire and Swindon Sports Partnership
Wiltshire CCG

3. Governance of the fund

Administering authority

Wiltshire Council
County Hall
Trowbridge
Wiltshire BA14 8JN

Pension fund committee as at 31 March 2014

Wiltshire Council members

Councillor Tony Deane (Chairman)
Councillor Charles Howard (Vice Chairman)
Councillor Mark Packard
Councillor Roy While
Councillor Sheila Parker
Councillor Des Moffatt
Councillor Brian Ford

Swindon Borough Council members

Employee observers

Mike Pankiewicz – Wiltshire Council
Tony Gravier – Swindon Unison Branch
Mr Tim Jackson – Westlea Housing Association
Ms Lynda Croft – Wiltshire College

Admitted bodies

Education scheduled bodies

Officers, advisors & managers at 31 March 2014

Wiltshire Council officers

Michael Hudson – Treasurer to Pension Fund
David Anthony – Head of Pensions

Investment managers

Baillie Gifford & Co
CBRE Global Multi Manager
Western Asset Management Co Ltd
Jubilee Advisors (formerly Fauchier Partners)
Legal & General
M&G Financing Fund
Partners Group
Barings Asset Management
Berenberg Bank

AVC providers

Equitable Life Assurance Society
Clerical Medical Funds
NPI Funds
Prudential

Investment consultant

Mercers

Actuary

Hymans Robertson

Independent adviser

Jim Edney, Independent Pension Fund Adviser

Auditor

KPMG LLP

Custodian

BNY Mellon

Legal adviser

Osborne Clarke

Policy Documents

The Fund's Governance Policy Statement and its Communications Policy Statement are available upon request or can be viewed at www.wiltshirepensionfund.org.uk The Fund's Governance Compliance Statement can be viewed on page 10.

4. Governance compliance statement

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
A) Structure	a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	FULL – 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).	N/A
	b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	FULL – There are two voting representatives from Swindon Borough Council, two voting representatives from Admitted Bodies and 2 UNISON Observers (representing active, deferred and pensioner members), all of whom are members of the main committee. There is an investment Sub-Committee (ISC) to consider and determine opportunistic investments to the value of 5% of the Fund's total assets. This consists of 3 voting members, namely the Chairman, Vice-Chairman and one co-opted member of the main committee. All members of the main committee may be an observer.	N/A
	c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	FULL - All decisions taken by the ISC are reported back to the next main committee meeting.	N/A
	d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	FULL - At least 3 members of the ISC sit on the main committee.	N/A

B) Representation	a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:		
	i. employing authorities (including non-scheme employers, eg. admitted bodies);	FULL – four representatives in total, two from Swindon Borough and two from Admitted Bodies. The non-elected members will hold their office for a maximum of 4 years before a re-election process needs to take place.	N/A see A) b) above
	ii. scheme members (including deferred and pensioner scheme members);	FULL – two representatives from UNISON, who represent active, deferred and pensioner members	N/A
	iii. independent professional observers; and	FULL – Our Independent Pension Adviser, who attends all meetings, fulfils this role and feeds back any observations to the Chief Finance Officer and/or Head of Pensions	N/A
	iv. expert advisors (on an ad-hoc basis).	FULL – Mercers (the Fund's Investment Consultant) attends all meetings where expert advice is required	N/A
	b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	FULL – All members of the Committee are given equal access to papers, meetings and training and are able to fully participate in debates.	N/A
C) Selection and Role of Lay Members	a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	FULL – Full Induction Training and Governance is given and each member is given a Members' Handbook outlining their responsibilities amongst other information.	N/A
	b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	FULL – this is a standard part of committee procedure.	

D) Voting	a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	FULL – The Committee has afforded each of its members voting rights, except the UNISON Observers who represent members. Being a statutory pension scheme, the local committee has very little influence over benefits and the members are fully protected by statute. Therefore, there is very little that scheme members (or their representatives) can influence on the committee that has any direct impact upon them. Further, giving voting rights to the observers would mean increasing the size of the Committee, because the Administering Authority must legally be able to maintain a majority.	N/A
E) Training/Facility Time/ Expenses	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	FULL – There is a Members' Training Plan which is updated regularly and fully implemented. All members (including observers) have full access to all training opportunities and are allowed to claim all reasonable expenses.	N/A
	b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	FULL – see Members Training Plan	N/A

F) Meetings - Frequency	a) That an administering authority's main committee or committees meet at least quarterly.	FULL – The Committee meets five times per year, plus ad-hoc for special issues (eg. valuation, tenders)	N/A
	b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	NO - The ISC only meets on an ad-hoc basis.	The purpose of the ISC is to only consider opportunistic investment opportunities for 5% of the total Fund's assets. Therefore should no opportunities arise then no meeting is necessary but the framework exists to call a meeting at short notice to take advantage of an opportunity outside the main committee meeting cycle if required.
	c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	FULL - The same representation opportunities apply to the ISC as to the main Committee.	N/A
G) Access	a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	FULL – All members of the Committee (including non voting and substitute members) receive all the papers for every meeting, including the confidential ones	N/A
H) Scope	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	FULL – All matters in relation to the Fund, whether Benefits, Governance, Investments, Communications, Employers, Financial, etc, are covered by the governance arrangements.	N/A
I) Publicity	a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	FULL – the Governance Compliance Statement is available on the Wiltshire Pension Fund Website and in the Wiltshire Pension Fund Annual Report	N/A

5. Administration report

Recent developments

This year saw fourteen new admitted bodies and academies joining the Fund bringing the total number of employers to 148. It's anticipated the total number of employers will continue to increase over the next few years due to further outsourcings of services and schools converting to academy status.

Two employers ceased membership during this period.

The full list of employers can be seen on page 8.

Implementation of the Local Government Pension Scheme 2014

The Fund's main focus in 2013-14 has been the preparation and implementation of the new Local Government Pension Scheme 2014 that came into force on 1 April 2014.

An implementation plan was put into action from January 2013, working with all key stakeholders and software providers to ensure that systems and processes were updated and employers were made aware of the new data submission requirements.

The Fund has also spent a great deal of time communicating these changes to members of the scheme with the production of 3 active members newsletters, 3 pensioners newsletters and over 60 presentations and pension road shows having taken place over the past 12 months.

The main provision of the new scheme is outlined in the table below:

LGPS 2014	
Basis of Pension	Career Average Re-valued Earnings (CARE)
Accrual Rate	1/49th
Revaluation Rate	Consumer Prices Index (CPI)
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)
Contribution Flexibility	Members can opt to pay 50% contributions for 50% of the pension benefit
Death in Service Lump Sum	Lump Sum 3 x pensionable pay
Definition of Pensionable Pay	Actual pensionable pay - to include non contractual overtime and additional hours for part time staff
Vesting Period	2 years

The LGPS 2014 contains some new features while all other benefits remain the same as in the current scheme (LGPS 2008).

Some of the new features such as CARE and the link to State Pension Age were set down by the Government in November 2011 and are features of all 'new' public sector pension schemes, while the Government had replaced the Retail Price Index (RPI) with Consumer Price Index (CPI) indexation before negotiations began.

LGPS 2014 is still a Defined Benefit Scheme

LGPS 2014 is still a Defined Benefit Scheme. The CARE scheme is similar to the previous Final Salary Scheme (LGPS 2008) in terms of it remaining a defined benefit scheme. This means that the scheme determines how much pension you will get by using a set formula rather than the performance of investments and cost of annuities used for defined contribution schemes.

The 50/50 Option

The LGPS 2014 also contains an option for members to pay 50% of the contributions for a 50% pension whilst retaining the full value of other benefits of the scheme such as ill health, death in service and redundancy. This option is intended to retain members who suffer periods of financial difficulty.

Contributions based on actual pay for part time staff

Another significant change is all members will have contribution rates based on actual (not full time equivalent) pay which is not the case in the old scheme. This will mean that some part time workers will pay lower contributions than in LGPS 2008.

New Scheme Contributions

The contribution bandings have now been changed from the current bandings in the LGPS 2008 (see table below). The new structure has been designed to take tax relief into account and to be more progressive. This means that most contribution bands after tax relief increase with earnings from 4.4% for those earning less than £13,500 to 6.88% for those earning over £150,000.

The average member contribution to LGPS 2014 will remain at 6.5% as now but most members will pay the same or lower contributions than at present.

Pensionable Pay	Gross Contribution	Contribution after Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

** please note that the contribution rates after tax relief stated are approximate and will depend on individual members' circumstances.*

Protection of current benefits

The new LGPS 2014 started on 1 April 2014. Only pensionable service after that point will be in the new scheme, under the new LGPS 2014 rules.

Pensioner and deferred members will not see any change to their benefits. Members with service in the current final salary scheme will retain the link to final salary for all service before 1 April 2014 and the Normal Pension Age as under the current rules. Your final salary pension from the LGPS 1997 and LGPS 2008 will be calculated separately when you retire and be added to your pension from the LGPS 2014.

In addition, to ensure that no member within 10 years of age 65 as at 1 April 2012 is worse off, there will be an 'underpin'. This means that those members who would see a change in their pension age in that period will get a pension at least equal to that which they would have received in the current scheme.

Previously agreed protection such as the retirement age provisions for remaining members with the 'rule of 85' benefits will continue.

Pension Protection on Transfer

It is proposed that the provisions of the current scheme are extended to ensure that all staff whose employment is compulsorily transferred will still be able to retain membership of the LGPS when transferred.

Further information

Full details, and latest updates including the background to the LGPS 2014 project for England and Wales can be found on the News Updates page of our website <http://www.wiltshirepensionfund.org.uk/news-update.htm> or by visiting the LGPS website www.lgps.org.uk

Funding Strategy Statement

This statement was approved by the Committee in September 2013 and published in October 2013 following a 20 day consultation period with the Fund's employers. This document sets out how the Fund attempts to balance its conflicting aims of affordable contributions, stability of employers' contributions, while being prudent when setting its funding basis.

The Funding Strategy Statement is written in collaboration with the Fund's Actuary and Investment Adviser. The Funding Strategy Statement (FSS) sets out the objectives of the funding policy which main aim is trying to achieve a funding level of 100%, both at the whole Fund level and for the share attributable to individual employers, within a timescale that is prudent and affordable while ensuring there are sufficient liquid funds available to meet all benefits as they fall due for payment.

The FSS is reviewed in detail at least every third year (in which triennial valuations are carried out), with the next full valuation due to be finalised by March 2017 based on data at 31 March 2016. The FSS can be viewed on the Wiltshire Fund website at the following link:

<http://www.wiltshirepensionfund.org.uk/funding-strategy-2013.pdf>

Statement of Investment Principles

This policy is updated annually and outlines the investment strategy the Wiltshire Pension Fund Committee has put in place to achieve its investment goals of trying to achieve relatively stable "real" returns above the rate of inflation over the long term, in such a way to minimise the level of contributions required to be paid into the Fund by employer bodies. Further information is provided in the Investment report.

The current policy, approved by the Committee in July 2013 reflects the changes to asset allocations agreed by this Committee up until June 2013 and also outlines the Fund's compliance with the Stewardship Code.

All Local Government Pension Scheme (LGPS) funds have to produce publish a Statement of Investment Principles, the latest of which can be viewed at the following link:
www.wiltshirepensionfund.org.uk/investment-principles.

Treasury Management Strategy

This strategy was reviewed and approved in March 2013. The purpose is to outline the process and policies for the cash held by the Fund. Each month the Fund receives contributions and transfer in payments and pays out benefits and transfer out sums. The surplus is transferred on a monthly basis to the Fund's investment managers. A balance of between £1.5m to £2m is held by the Fund to manage short term cashflows.

The strategy aims to achieve the optimum return on the cash held commensurate with the high levels of security and liquidity required. These funds are invested separately from cash balances held by Wiltshire Council.

The current strategy outlines the maximum limits for a single counterparty which is currently £6m. This limits the risk to a single counter party but is large enough to ensure that if one is removed at short notice the limit wouldn't be breached.

The strategy can be viewed on the Wiltshire Pension Fund website at the following link:
<http://www.wiltshirepensionfund.org.uk/fund-information/treasury-management-strategy-wiltshire-pension-fund>

Communications

The Fund continues to develop its communications to keep employers and employees updated with the latest changes affecting the scheme and the focus has been on the new LGPS 2014 scheme over the past twelve months.

The Fund has continued with its normal publications to members which include the Annual Benefits Statements for active and deferred members; Annual Allowances statements to all high earners and informed them of changes to the pension tax relief regimes, three active members and pensioners' newsletters, twelve induction presentation, nine pre-retirement presentations and early retirement seminars, and over sixty other presentations to employers and their members.

The Fund will also be looking to continue its successful Pension Clinics in locations around Wiltshire during 2014-2015 as this provides members with the opportunity to book 1-1 appointments with a member of the Benefits Team to discuss issues regarding their individual pension records.

The Fund's website is constantly being updated and reviewed to ensure the latest information is available for members. This includes updated guides to the new LGPS 2014 scheme, updated benefit calculator, and information on how pension tax relief affects members along with relevant calculators. The News Update section of the website is constantly changing to reflect important announcements and any other relevant news affecting members.

The Fund's Communications Policy Statement outlines the provision of information and publicity about the Scheme to its members, representatives of members and employing authorities. The current policy was approved by the Committee in July 2011 and the full document can be viewed on the Wiltshire Pension Fund website at:-

<http://www.wiltshirepensionfund.org.uk/communicationstrategy.pdf>

AVC provider

Prudential is the Fund's current AVC provider. This facility allows members, if they wish, to top up their current LGPS pension provision by paying additional contributions into one of seven funds Prudential offer which best fit their risk profile. Members still making contributions to the closed schemes run by Clerical Medical, Equitable Life and NPI are able to continue paying into these funds or can decide to transfer their accumulated benefits into one of the new Prudential funds.

Prudential are available and always willing, on request from employers, to present to its employees to promote their services and provide further information on certain pension topics such as pension tax relief.

Management of the scheme

The members who served on the Wiltshire Pension Fund committee during the year are listed on page 9.

The Wiltshire Pension Fund Committee has nine voting members. This consists of five Wiltshire Council members which includes the Chairman, two members from Swindon Borough Council as the second largest employer with two employer representatives.

The two Unison representatives observe on behalf of the employees, deferred, and pensioner members' within the scheme to ensure their interests are considered at the Committee.

The Committee met five times last year for regular business, with two special item meetings; one to receive the results of the 2013 Triennial Valuation and the other to appoint an investment manager to undertake the Emerging Market Multi Asset mandate. All decisions are taken by a simple majority with the Chairman having the casting vote.

Terms of Office for Employer Representatives

The Governance Compliance Statement has also been updated for a couple of changes agreed by this Committee in the year. The first was to limit the number of years the employer representatives could remain on the Committee without having to be re-elected. This was felt important to provide opportunity for all employer organisations to put forward representatives should they wish to once every four years.

Investment Sub-Committee

At the July 2013 Committee meeting, it was agreed to set-up an Investment Sub-Committee (ISC) specifically to consider any potential investments that might utilise the Fund's opportunistic strategic asset allocation.

Here, the Fund has allocated 5% of its total assets that may be used for opportunistic investments should a market opportunity arise that may require an investment decision outside of the normal five business meetings of the main Committee.

The ISC consists of three members of the main committee, being the Chairman, Vice-Chairman and a Swindon Borough Council representative along with the Fund's officers and advisers who can research and consider opportunities that may provide better risk adjusted returns than global equities over a 5 to 7 year timeframe. All decisions are reported back to the next available main committee meeting. To date no meetings of the ISC have taken place.

Employer issues

The Wiltshire Pension Fund employs an Employer Relationship Manager (Andy Cunningham) whose role is to act as an advocate for employers, help foster relationships and assist employers with any pension specific queries.

There is also an Employers' Guide available, including details of the Fund's discretions policy which can be found on the Fund's website. This can be used as a substantive source of employer information, along with the regular technical newsletters and "Pensions Liaison Officers Group (PLOG)" meetings that are available for employers.

Employers are reminded that in light of the implementation of the LGPS 2014 scheme, they should have reviewed and amended their employer's discretion policy by July 2014. A template does exist on the website to assist with this but please contact us if you require further support as by not having an updated policy may impact the Fund on its ability to process your members benefits.

Due to the increasing amounts of and complexity of employer movements, under the backdrop of a challenging economic environment, the Fund now has policies in respect of its approach to new employers, in particular academies. The purpose of such policies are to ensure that the Fund is treating new & existing employers in a fair and reasonable way as well as protecting the interests of the Fund and its current employers. Further details of these policies and guidance can be found on the Wiltshire Pension Fund website at the following address:

<http://www.wiltshirepensionfund.org.uk/employer-admitted-body.htm>

Operational improvements

The Fund continually strives to improve its processes and performance to improve the customer experience for its members (e.g. improved response times, more understandable forms, clearer letters, etc). This is an on-going process with incremental changes being implemented each year.

The Fund has now fully implemented workflow task management and moved to an electronic imaging filing system which means all post and paperwork in relation to the administration work is scanned into the pension database. Work continues to develop employers' submission of data following the implementation of LGPS 2014 which has required significant changes to reporting requirements. The long term aim is this will assist in reducing processing times for certain areas of administration.

Pension increase

Pensions in payment were increased by 2.7 percent effective from 6 April 2014 in line with the Consumer Price Index (CPI) as at September the previous year. Pensions commencing in the 12 months preceding 6 April 2014 have received an increase based on the 2.7 percent pro-rated for the length of time the pension has been in payment to 6 April 2014.

The pension increases referred to above do not apply to that element of the pensions in payment representing any Guaranteed Minimum Pensions (GMP), which the scheme is required to provide as a consequence of contracting out of the State pension arrangements for the LGPS, as these increases are provided by the State.

GMPs relate to service accrued from April 1978 to April 1997, when contracting out arrangements were changed and GMP ceased to apply.

GMP earned between April 1988 and April 1997 is increased by the Scheme in line with inflation, as required by legislation, up to a maximum of 3 percent per annum. There is no increase paid by the scheme for GMP earned between April 1978 and April 1988. Increases in relation to the GMP for this period are calculated and paid by the Government with increases in the state pension.

All increases were in accordance the LGPS regulations or legislative requirements.

Automatic Enrolment

The implementation of Automatic Enrolment which commenced in October 2012 continues. Employers who have not yet reached their staging date need to be aware of their increasing responsibility from the implementation of auto-enrolment. Under auto-enrolment the employer must enrol all eligible employees into a compliant scheme at least once every three years and maintain records of having done this. The implementation was phased in over five years, depending on the size of employer.

Although the implementation is not the Wiltshire Pension Fund's responsibility, we can, where possible offer guidance and support for employers in relation to their implementation and direct them to relevant sources of information.

More information has been provided to employers within our technical updates but please do contact the Pension Fund if you have any further queries.

Other matters

The Fund continues to support its employers by co-ordinating the provision of FRS17 accounting reports from the actuary, so that they can meet their obligations to show their pension liabilities relative to their pension assets in their annual accounts.

6. Training report

Approach

As an administering authority of the Local Government Pension Scheme, this council recognises the importance of ensuring that all staff and members of the Pension Fund Committee charged with the financial management and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The Fund will provide and arrange training for staff and members of the pension committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

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

The Treasurer to the Pension Fund is responsible for ensuring that these training plans and strategies are implemented.

Recent Developments

The promotion of good governance in the public sector decision making bodies has been led by CIPFA and SOLACE over recent years. In light of this work and that of the Department for Communities and Local Government, specific guidance has led to the requirement for pension funds to produce governance statements and encouragement to follow best practices identified from various studies.

This initiative has been developed further with CIPFA producing guidance on the knowledge and skills elected representatives and fund officers need to have when involved in the work of the Pension Fund committee. These link to the Myners principles on best practice in managing investment funds.

In particular, Principle 1 'effective decision making' states:

Administering Authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor implementation; and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

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

This Members Training Plan is reviewed and updated on a rolling basis, to ensure it's aligned to the Fund's medium term priorities, in line with the recommended practice.

Assessments & Training Undertaken

Members of the Committee

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

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

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

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

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

This programme ran from November 2010 to 2013 and has taken Members up to the 2013 triennial valuation and local elections. It incorporated the ideas, themes and preferences identified in the self assessment exercise.

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

The Members Training Plan for 2011-13 approved by the Committee on 2 December 2010 is outlined at the end of this section.

Now that this plan has expired, another 'self-assessment' exercise is taking place in June 2014, the results of which will inform the next Members Training Plan that will run for the next 3 years.

Officers to the Pension Fund Committee

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

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

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

Michael Hudson
Treasurer of Pension Fund
23 June 2014

Wiltshire Pension Fund committee - Members' Training Plan - November 2011-2013

Proposed delivery methods

TRAINING NEEDED:	Member's Handbook	Members' Briefing Notes (Electronic)	Short Seminars (before Committee meeting)	Internal Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (eg. Webcasts, Videos)	One-to-One Briefing with an officer	COMPLETION TARGET DATE
GENERAL TRAINING								
General overview of LGPS	✓	✓						Update June 2013
Members' individual needs on specific areas arising during the year		✓			✓		✓	As required - notify Head of Pensions
Specific items on committee agendas		✓	✓					As required
SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS								
General Pension Framework								
· LGPS discretions & policies			✓					Completed
· Implications of the Hutton Review		✓		✓	✓			Completed Feb 2014
Pensions Legislation & Governance:								
· Roles of the Pension Regulator, Pension Advisory Service & Pension Ombudsman in relation to the scheme				✓				Completed Oct 2012
· Review of Myners principles and associated CIPFA & SOLACE guidance				✓				Completed Oct 2012
Pension Accounting & Auditing standards:								
· Accounts & Audit regulations and the legislative requirements			✓					Completed Nov 11
Financial Services procurement:								
· Current public procurement policy & procedures				✓				Completed Nov 11
· UK & EU procurement legislation				✓				Completed Nov 11
Investment Performance & Risk Management:					✓			Invite to be circulated to relevant ones
· Monitoring asset returns relative to liabilities				✓				Completed Oct 2012
· Myners principles of performance management				✓				Completed Oct 2012
· Setting targets for committee and how to report against them				✓				Completed Oct 2012
Financial markets & products knowledge:								
· Refresh the importance of setting investment strategy			✓					Completed May 12
· Limits placed by regulation on investment activities in the LGPS				✓				
· Understanding of the operations of the fixed income manager					✓			Visited WAM Jan 2011
· Understanding of Alternative asset classes				✓				Completed June 2011
Actuarial methods, standards and practices:								
· Considerations in relation to outsourcing and bulk transfers			✓					
· Triennial Valuation refresher			✓					Completed Sep 2012
CHAIRMAN / VICE CHAIRMAN TRAINING								
· Fund benchmarking							✓	Completed
· Stakeholder feedback							✓	
· Appreciation of changes to scheme rules					✓			Invite to be circulated to relevant ones

7. Investment report

Funding policy

The basic objective of LGPS pension fund investment is to minimise the level of contributions paid into the Fund by employer bodies to ensure its solvency. Therefore, investment strategy is necessarily intrinsically linked with funding policy.

All LGPS funds are required to publish a document called a “Funding Strategy Statement” (FSS). The Wiltshire FSS was updated in connection with the 2013 triennial valuation and can be supplied upon request or viewed at :-

www.wiltshirepensionfund.org.uk/funding-strategy-2013.pdf

The former Office of the Deputy Prime Minister (ODPM) defined the purpose of the FSS as being:

- a) “To establish a clear and transparent fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;
- b) to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- c) to take a prudent longer-term view of funding those liabilities.”

However, as CIPFA has noted in its guidance on the FSS, “there will be conflicting objectives which need to be balanced and reconciled”. For example, for most employers objective a) implies low contribution rates, because they would see pension liabilities being “best met” by gaining as much help as possible from the investment strategy over the long term, which would lead you towards an equity-biased investment strategy. By contrast, objectives b) and c) imply stability and prudence of employer contribution rates, which would lead you towards a bond biased investment strategy.

Therefore, the best that can be achieved is a sensible balance between low and stable employer contributions over the long term, accepting that triennial valuations are likely to lead to greater volatility if higher equity investment strategies are in place.

Investment goal

The Wiltshire Pension Fund’s investment objective is to achieve a relatively stable “real” return above the rate of inflation over the long term, in such a way as to minimise and stabilise the level of contributions required to be paid into the Fund by employer bodies in respect of both past and future service liabilities.

Investment strategy

The Wiltshire Pension Fund Committee has put in place a strategy to achieve this goal through use of the following elements:

- a) a relatively large allocation to equity investment to achieve higher returns;
- b) allocations to more diversified and less correlated asset classes such as bonds, property, infrastructure and absolute return products to achieve stabilisation; and

- c) the achievement of some “alpha” (manager) returns independently of “beta” (market) returns, through high alpha equity strategies.

All Local Government Pension Scheme (LGPS) funds have to produce, consult on and publish a Statement of Investment Principles (SIP) – the latest Wiltshire Fund’s SIP can be supplied upon request or viewed at :-

www.wiltshirepensionfund.org.uk/investment-principles.

Investment powers

These are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which provide wide investment powers, subject to certain restrictions. The current limits are as follows

- (a) No more than 10% deposited with a single bank (other than the National Savings Bank).
- (b) No more than 15% invested in unlisted securities.
- (c) No more than 10% in a single holding (except unit trusts).
- (d) No more than 35% in unit trusts or other collective investment schemes managed by any one body.
- (e) No more than 35% in a single insurance contract.

Regulations further state that administering authorities must obtain and consider proper advice on their investments, and formulate their investment policy with a view to:

- (a) the advisability of investing fund money in a wide variety of investments;
- (b) the suitability of particular investments and types of investments; and
- (c) the extent to which the administering authority complies with the revised six Myners principles for pension fund investment, scheme governance, disclosure and consultation. These principles have been adopted by CLG (the central government department with responsibility for oversight of the LGPS) and replaces the ten Myners principles published in 2001.

Strategic asset allocation

The Committee regularly reviews the Fund’s investment management arrangements. A strategy review was undertaken during the summer 2011. These changes were implemented during 2012/13. The Pension Fund Committee also resolved to make further changes to the strategic allocation resulting from the termination of two managers at the February 2013 Committee meeting. In broad terms, at 31 March 2014 the Fund’s strategic allocation was to be invested 60% in Equities, 15.5% in Bonds, 13% in Property and 11.5% in Alternatives. More details are given in the section below summarising the Fund’s investment management arrangements.

Risk control

The Committee believes that risk control is primarily achieved by the Fund's strategic asset allocation, and this has been taken into account in setting its overall investment strategy.

Environmental social governance policy

The Fund seeks to use its position as a shareholder to actively encourage good corporate governance practice in those companies in which it invests. It does this by contracting to Pensions & Investment Research Consultants Limited (PIRC) who provide a global proxy service for the Fund using PIRC Shareholder Voting Guidelines that are approved by the Fund. The Fund receives proxy research and voting recommendations for each company AGM and EGM holding the Fund has that can be voted.

It is also a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has 60 member funds with assets of more than £125 billion.

The Fund expects its investment managers, to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. This is insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such considerations forms part of the investment managers' normal fiduciary duty.

As such, the Fund has a commitment to ensuring that companies in which it invests adopt a responsible attitude toward the environment, and adopt high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

The Fund seeks to achieve this objective by raising issues with companies in which it invests, to raise standards in a way that is consistent with long term shareholder value. Again, the Fund primarily uses its membership of LAPFF to affect this policy.

The introduction of the Stewardship Code in July 2010 by the Financial Reporting Council strongly encouraged best practice in respect of investor engagement. The expectation is that institutional investors should publish a statement in respect of their adherence to the code. Compliance with the Code is currently on a voluntary basis. The Wiltshire Pension Fund published its statement of compliance with the code during 2011 and is reviewed annually. All of our global equity managers comply fully with the code.

Investment management arrangements

In the summer of 2011 a review of the current investment arrangements was commenced in light of investment managers' performance. Key themes surrounding asset allocation were considered including return generation, inflation protection, nimbleness and illiquidity/Cashflow management. The strategic asset allocation of the Fund changed a little as a result however a number of new manager searches followed from the review.

The Committee resolved:

- an aspiration to move the Fund's equities split to 30% UK/70% overseas as opportunities arise from changes in the equities mandates;
- to remove the 12.5% limit for new investment mandates and to set a limit of 20% for a single active manager and 30% for a passive manager;

- to implement a dynamic currency hedging programme;
- to make a strategic allocation of 10% to an Absolute Return Fund Mandate;
- to make a strategic allocation of 5% to an Infrastructure manager;
- to make a strategic allocation of 5% to a global equities passive 'fundamental' index product;
- to hold a passive global equities allocation of 10% on a temporary basis;

These changes were implemented during 2012/13.

At the February/June 2013 Committee meetings further changes were made to the strategic allocation moving forward. Steps have now been taken to put these in place.

At the February/June 2013 meeting the Committee resolved:

- to terminate the Edinburgh Partners mandate (7.5% of the Funds assets and place these assets in the Fundamental Indexation mandate (with L&G);
- to agree a strategic allocation of 10% to an Emerging market Equity/Debt product for the funds placed temporarily with Legal & General (Passive Global Equities) and for officers to commence the appropriate procurement process to enable a suitable manager to be appointed by the Committee;
- to terminate the Jubilee Advisers (formally Fauchier Partners) mandate (5% of the Fund's assets) and place these assets temporarily with Legal & General (Passive Global Equities) mandate; and
- to agree up to a 5% initial allocation for the purpose of Opportunistic Investing.

The assets from the Edinburgh Partners mandate have now all been transitioned across to the Legal & General Fundamental Indexation mandate. The Committee approved on 24 January 2014 the appointment of Investec to manage 10% of the Fund's assets in the Emerging Market Multi-Asset Strategy. The initial investment is anticipated to take place Quarter 2 2014. The Jubilee Advisers investment was held pending appointment of Investec to fund this mandate directly to avoid additional transition charges. This mandate is now being redeemed.

This means the Fund's asset allocation will change as follows:

Asset Allocation

Moving Forward

Equities: Long-Only:

UK*	12.5%
Overseas (Global)**	27.5%
Absolute Return (Lower Volatility)	10.0%
Emerging Market Multi Asset	10.0%
	<hr/> 60.0%

Bonds	15.5%
--------------	-------

Property	13.0%
-----------------	-------

Alternatives:

Infrastructure	5.0%
M&G Financing Fund	1.5%
Opportunistic Investment	5.0%
	<hr/> 11.5%

TOTAL	<hr/> 100.0% <hr/>
--------------	---------------------------

* (sits at approximately 15.5% moving to 14.7% if including the UK element of the t
 ** (includes active, and fundamental indexation)

The allocation of mandates to managers is as follows:

Manager / Mandate Allocation

Moving Forward

Baillie Gifford

Global Equities	15.0%
-----------------	-------

Legal & General

Passive UK Equities	12.5%
Passive Global Equities	0.0%
Passive Fundamental Equities	12.5%
Passive Index-Linked Bonds (UK)	5.0%

Barings

Absolute Return Fund	10.0%
----------------------	-------

Western Asset Management

Corporate Bonds (UK & Overseas)	10.5%
---------------------------------	-------

Investec

Emerging Market Multi Asset Mandate	10.0%
-------------------------------------	-------

CBRE Global Multi Manager

Property Fund of Funds (UK & Europe)	13.0%
--------------------------------------	-------

Partners Group

Infrastructure	5.0%
----------------	------

M&G Investment Management

UK Companies Financing Fund	1.5%
-----------------------------	------

Opportunistic Investment

5.0%

TOTAL

100.0%

Investment as at 31 March 2014

During the year, the managers transacted purchases of £911.9 million (£1,325.6m 31 March 2013) and sales of £897.9 million (£1,293.4m 31 March 2013). The value of assets under management at 31 March 2014 was £1,631.4 million (£1,480.5m 31 March 2013), broken down by managers as follows:

Legal & General	£723.9 million*
Baillie Gifford	£255.9 million
Western Asset Management	£178.2 million
CBRE Global Multi Manager	£177.9 million
Barings Asset Management	£181.1 million
Jubilee Advisors (Formally Fauchier Partners)	£ 86.1 million
M&G Financing Fund	£12.8 million
Berenberg Bank	£9.8 million
Partners Group	£5.6 million
Capital International	£0.1 million
TOTAL	£1,631.4 million

* This temporarily exceeds the limit of 30% for a single passive manager due to a current transition. This will be reduced during 2014.

The Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £27.7 million (1.7% of the total) were on loan at 31 March 2014. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.14%) representing a value of £30.6 million (110.4%). Income earned from this programme amounted to £0.043 million in the year.

Investment markets

The year to 31 March 2014 was a stronger year for growth assets than many had anticipated, with solid positive returns from developed equity markets led by the US and UK. As the recovery of all major developed economies began to broaden and the Eurozone emerged from recession, investor sentiment gradually improved over the year although it was not a smooth ride. The speech by Mr Bernanke on the potential tapering of the US Quantitative Easing programme in May 2013 and the US Government shutdown in October 2013 heightened investor's fear on the credibility of central bank and government policies and introduced volatility into the markets. Over the year developed markets, at the global level, as measured by the FTSE World Index returned 7.6% in sterling terms.

Positive economic data coming from the developed economies, such as the US and UK, shifted up a gear towards the end of 2013 and it appeared that global production growth gained further momentum. The global consensus on real GDP forecast for 2014 remains at 3.0%. (Source: Consensus Economics, March 2014)

While global economic activity accelerated notably in many of the developed economies, this had not been the case in many parts of the emerging economies. Emerging market were laggards in 2013 and remained differentiated both in terms of economic growth prospects and political environment. The political unrest and instability in some of the emerging economies undermined the performance of their equity markets. Interest rates in some of the emerging markets remained higher in those countries at risk of higher inflation due to currency weakness in 2013 and early 2014. Emerging markets declined by 10.8%, in sterling terms, as measured by the FTSE AW Emerging Market index.

Fee structures

The Committee generally expects to have an ad-valorem fee scale applied in respect of the investment management services it receives. This is generally accepted practice and is easily understood. A performance related fee basis is sometimes set, if it is believed to be in the overall financial interests of the Fund. For investment advisory services, the fee for specified services is set as agreed by the South West Framework Contract or at agreed hourly rates.

Other matters

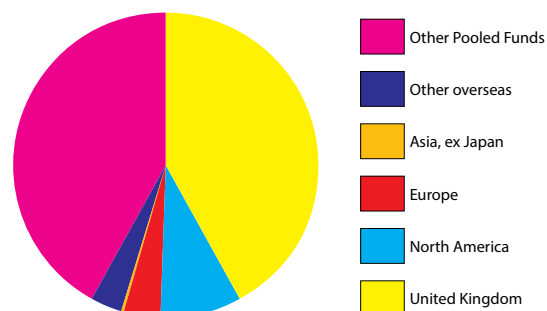
A Commission Recapture programme was introduced in 2003-04, whereby an element of the commission that is paid to brokers on stock market transactions is recovered.

Distribution of investments

Analysis of investments as at 31 March 2014

Geographical analysis	£000	% of Fund total
United Kingdom	689,596	42.2
North America	140,250	8.6
Europe	59,765	3.7
Asia, ex Japan	5,127	0.3
Other overseas	54,970	3.4
Other Pooled Funds	681,743	41.8
	1,631,451	100.00

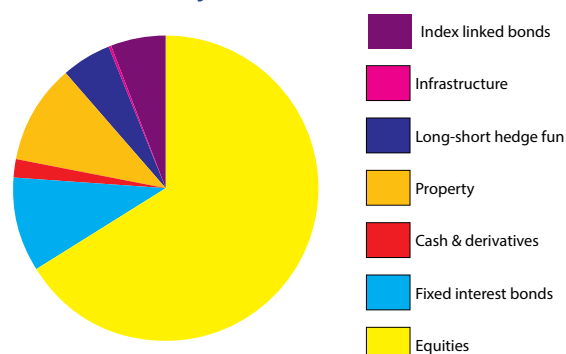
Investment by region/country



Analysis of investments by sector as at 31 March 2014

Sector analysis	£000	% of Fund total
Equities	1,081,380	66.2
Fixed interest bonds	164,262	10.1
Cash & derivatives	31,090	1.9
Property	170,936	10.5
Long-short hedge fund	86,138	5.3
Infrastructure	5,627	0.4
Index linked bonds	92,018	5.6
	1,631,451	100.00

Investment by sector



Twenty largest holdings at 31 March 2014

	£000	% of Fund total
1 Legal & General Equity Index Fund	226,922	13.91
2 Barings Alpha Funds - Dynamic Asset Allocation Fund	181,139	11.10
3 Legal & General World Equity Index	179,435	11.00
4 Jubilee Absolute Equity Fund	86,138	5.28
5 Tencent Holdings Ltd	22,302	1.37
6 Amazon Com Inc Com	20,432	1.25
7 Baidu Inc.	18,503	1.13
8 M&G Secured Property Income Fund	17,507	1.07
9 Google Inc	16,546	1.01
10 Illumina Inc	16,466	1.01
11 Blackrock UK Property Fund	13,573	0.83
12 Industrial Property Investment Fund	13,029	0.80
13 Industria De Diseno Textil	12,859	0.79
14 Schroders GBP	11,796	0.72
15 Henderson UK Shopping Centre	11,727	0.72
16 Kering	10,677	0.65
17 Standard Life Investment Retail Park Trust	10,606	0.65
18 Prudential/M&G Companies Financing Fund	10,171	0.62
19 Lend Lease Retail Partnership	10,034	0.62
20 Intuitive Surgical Inc.	9,998	0.61
	899,860	55.2

8. Actuarial position

This statement has been prepared in accordance with Regulation 34(1) of the Local Government Pension Scheme (Administration) Regulations 2008, and chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2013/14.

Description of Funding Policy

The funding policy is set out in the administering authority's Funding Strategy Statement (FSS). In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members' /dependents' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers)
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still a better than 2 in 3 chance that the Fund will return to full funding over 20 years.

Funding Position as at the last formal valuation

The most recent actuarial valuation carried out under Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 was as at 31 March 2013. This valuation revealed that the Fund's assets, which at 31 March 2013 were valued at £1,484 million, were sufficient to meet 71% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2013 valuation was £610 million.

Individual employers' contributions for the period 1 April 2014 to 31 March 2017 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Methods used to value the liabilities

Full details of the methods and assumptions used are described in the actuary's report dated 31 March 2014.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2013 valuation were as follows:

Financial Assumptions	Rate at 31 March 2013	
	Nominal	Real
Discount rate	4.6%	2.1%
Pay increase	4.3%	1.8%
Price inflation/pension increases	2.5%	0.0%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Funds VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25%p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.3 years	24.5 years
Future Pensioners	24.1 years	26.9 years

Copies of the 2013 valuation report and Funding Strategy Statement are available on request from Wiltshire Council, the administering authority to the Fund.

Experience over the year since April 2013

Experience has been slightly better than expected since the last valuation (excluding the effect of any membership movements). Real bond yields have risen and assets returns have been broadly in line with that expected meaning that funding levels are likely to have improved since the 2013 valuation.

The next actuarial valuation will be carried out as at 31 March 2016. The Funding Strategy statement will also be reviewed at that time.

Prepared by:-

Catherine McFadyen

23 May 2013

For and on behalf of Hymans Robertson LLP

9. Audit opinion

Independent auditor's report to the members of Wiltshire Council on the pension fund financial statements published with the Pension Fund Annual Report

We have examined the pension fund financial statements for the year ended 31 March 2014 on pages 37 to 61.

Respective responsibilities of the Chief Financial Officer and the auditor

The Chief Financial Officer is responsible for the preparation of the pension fund financial statements in accordance with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements included in the Pension Fund Annual Report with the pension fund financial statements included in the annual published statement of accounts of Wiltshire Council, and their compliance with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

In addition, we read the information given in the Pension Fund Annual Report to identify material inconsistencies with the pension fund financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the administering authority's annual published statement of accounts describes the basis of our opinion on those financial statements.

Opinion

In our opinion, the pension fund financial statements are consistent with the pension fund financial statements included in the annual published statement of accounts of Wiltshire Council for the year ended 31 March 2014 and comply with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Matters on which we are required to report by exception

The Code of Audit Practice for Local Government Bodies 2010 requires us to report to you if:

- the information given in the Pension Fund Annual Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters relating to the pension fund have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit.

We have nothing to report in respect of these matters.



Darren Gilbert

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

3 September 2014

10. Statement of accounts

Fund Account

For the year ended 31 March 2014

	Notes	2013-14 £000	2012-13 £000
Contributions and benefits			
Contributions receivable	5	79,128	77,083
Individual transfers		2,902	4,551
		82,030	81,634
Benefits payable	6	-76,669	-68,351
Payments to and on account of leavers	7	-4,789	-4,156
Administrative expenses	8	-1,509	-1,382
		-82,967	-73,889
Net additions from dealings with members		-937	7,745
Returns on investments			
Investment income	9	18,377	24,774
Change in market value of investments	11	136,981	120,124
Investment management expenses	12	-3,170	-3,529
		152,188	141,369
Net returns on investments		152,188	141,369
Net increase in the fund during the year		151,251	149,114
Add opening net assets of the funds restated		1,493,913	1,344,799
Closing net assets of the scheme		1,645,164	1,493,913

Net Asset Statement

At 31 March 2014

	Notes	31-Mar-14 £000	31-Mar-13 £000
Investment assets	11		
Fixed interest securities		163,143	162,030
Index linked securities		933	2,435
Equities		267,461	236,695
Pooled investment vehicles		997,888	895,984
Property		170,936	149,468
Derivative assets		2,649	1,871
Cash held on deposit		26,042	29,809
Other investment balances		3,465	3,509
		1,632,517	1,481,801
Investment liabilities			
Derivatives liabilities	11	-1,066	-1,313
Total net investments		1,631,451	1,480,488
Current assets	13	18,150	15,797
Current liabilities	14	-4,437	-2,372
Net assets of the scheme at 31 March		1,645,164	1,493,913

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of Wiltshire Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the actuarial statements and these accounts should be read in conjunction with these.

Notes

Forming part of the accounts

1. Basis of preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

IAS26 requires the actuarial present value of promised benefits to be disclosed. A separate report has been prepared by Hymans Robertson and is enclosed on page 62. The Chancellor's budget statement on 22 June 2010 declared that future pension increases should be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The report on page 62 has been prepared on the CPI basis.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid.

2. Accounting policies

The principal accounting policies of the Fund are as follows:

Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions (for both Normal and Deficit Funding) are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

Benefits and refund of contributions

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

Transfers to and from other schemes

No account is taken of liabilities to pay pensions and other benefits after the year end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

Investment income

Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.

Valuation of investments

Investments are shown in the accounts at market value, determined on the following basis:

(i) **Quoted securities**

Quoted Securities have been valued at 31 March 2014 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.

(ii) **Unquoted securities**

Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.

(iii) **Pooled investment vehicles**

Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.

(iv) **Fixed interest stocks**

Fixed interest stocks are valued on a clean basis. Accrued income is accounted for within investment income.

(v) **Derivative contracts**

Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

- Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data as at the year end date.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

Foreign currency translation

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2014.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

Investment management expenses

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

Acquisition costs of investments

Transaction costs are charged as part of investment management expenses. These include costs charged directly to the fund such as fees, commissions, stamp duty and other fees.

Administration expenses

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

Taxation

The Fund is a registered pension scheme for tax purposes and as such is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

Additional Voluntary Contributions (AVCs)

The accounts of the Fund in accordance with regulation 5 (2) (C) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits.

3. Critical Judgement in Applying Accounting Policies

Pension Fund Liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement (on page 33). This estimate is subject to significant variances based on changes to the underlying assumptions.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net asset statement at 31 March 2014 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Debtors	At 31 March 2014, the fund had a balance of £18.1m for debtors (£5.8m relate to a long term debtor). A review of significant balances suggested that no impairment is currently necessary. However, in the current economic climate, it is not certain that all debts will be paid.	If collection rates deteriorate it may be necessary for an allowance to be included in the accounts for doubtful debts.
Hedge Fund of Funds	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £86.1m. There is a risk that this investment may be under or overstated in the accounts. Using the volatility data provided by the Fund's investment advisor the fund of funds valuation may be over/ understated by £6.8m.

5. Contributions receivable

	2013-14 £000	2012-13 £000
Employer		
Normal	46,466	46,169
Augmentation	3,513	2,080
Deficit funding*	11,498	11,122
Members		
Normal	17,404	17,448
Additional contributions	247	264
	79,128	77,083

	2013-14 £000	2012-13 £000
Analysis of contributions receivable		
Contributions from employees (Including Additional Contributions)		
Wiltshire Council	7,396	7,610
Other scheduled bodies	8,887	8,075
Admitted bodies	1,368	2,027
	17,651	17,712
Contributions from employers (Including Augmentations)		
Wiltshire Council	27,499	26,099
Other scheduled bodies	27,841	25,481
Admitted bodies	6,137	7,791
	61,477	59,371
Total contributions receivable	79,128	77,083

* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2011 as specified in the Rates and Adjustment certificate dated 25 March 2011 in order to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

6. Benefits payable

	2013-14 £000	2012-13 £000
Pensions	59,388	55,875
Commutation and lump sum retirement benefits	16,023	11,549
Lump sum death benefits	1,258	927
	76,669	68,351

	2013-14 £000	2012-13 £000
Analysis of benefits payable		
Pensions payable		
Wiltshire Council	32,187	30,558
Other scheduled bodies	22,891	21,120
Admitted bodies	4,310	4,197
	59,388	55,875

Retirement and Death grants payable		
Wiltshire Council	8,146	4,847
Other scheduled bodies	7,719	5,241
Admitted bodies	1,416	2,388
	17,281	12,476
Total benefits payable	76,669	68,351

7. Payments to and on account of leavers

	2013-14	2012-13
	£000	£000
Individual transfer out to other schemes	4,775	4,154
Refunds to members leaving service	13	6
State Scheme Premiums	1	-4
	4,789	4,156

8. Administrative expenses

	2013-14	2012-13
	£000	£000
Administration and processing	1,165	1,057
Actuarial fees	277	196
Audit fees	40	71
Legal and other professional fees	27	58
	1,509	1,382

9. Investment income

	2013-14	2012-13
	£000	£000
Quoted securities		
UK fixed interest bonds (coupon receipts)	7,759	8,061
Overseas fixed interest bonds (coupon receipts)	369	40
UK index linked bonds (coupon receipts)	13	16
UK equities	421	370
Overseas equities	1,938	4,791
Pooled investment vehicles		
Overseas equities	94	2,713
UK property	7,655	8,615
Infrastructure	35	39
Cash held on deposit		
Sterling cash	93	129
	18,377	24,774

10. Stock lending

The Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £27.7 million (1.7% of the total) were on loan at 31 March 2014. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.14%) representing a value of £30.6 million (110.4%). Income earned from this programme amounted to £0.043 million in the year.

	2013-14	2012-13
	£m	£m
WC securities on loan	27.7	0.0
(percentage of total)	1.7%	0.0%
WC collateral share of pool	0.14%	0.00%
Value of WC pooled share	30.6	0.0
Percentage of securities on loan	110.4%	0.0%
Income earned in year	0.043	0.056

11. Investments

Reconciliation of investments held at beginning and end of year

	Value at 1 April 2013	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market Value	Value at 31 March 2014
	£000	£000	£000	£000	£000
Fixed interest securities	162,030	42,762	-36,937	-4,712	163,143
Index linked securities	2,435	5,922	-7,471	47	933
Equities	236,695	280,879	-296,643	46,530	267,461
Pooled funds					
- Other	895,984	184,123	-146,934	64,715	997,888
- Property	149,468	35,921	-23,785	9,332	170,936
Derivative assets					
- Futures	-386	347	-703	693	-49
- Options	0	0	0	0	0
- Forward FX	944	64,808	-91,298	27,178	1,632
	1,447,170	614,762	-603,771	143,783	1,601,944
Cash deposits	29,809	297,106	-294,086	-6,787	26,042
Other Investment balances	3,509	0	-29	-15	3,465
	1,480,488	911,868	-897,886	136,981	1,631,451

	Value at 1 April 2012	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market Value	Value at 31 March 2013
	£000	£000	£000	£000	£000
Fixed interest securities	144,117	39,286	-34,478	13,105	162,030
Index linked securities	627	2,975	-1,226	59	2,435
Equities	426,513	429,346	-621,460	2,296	236,695
Pooled funds					
- Other	546,157	398,926	-163,331	114,232	895,984
- Property	154,161	27,592	-27,893	-4,392	149,468
Derivative assets					
- Futures	-330	2,536	-2,298	-294	-386
- Options	0	0	0	0	0
- Forward FX	5,668	49,921	-48,753	-5,892	944
	1,276,913	950,582	-899,439	119,114	1,447,170
Cash deposits	46,805	374,990	-392,990	1,004	29,809
Other Investment balances	4,466	0	-963	6	3,509
	1,328,184	1,325,572	-1,293,392	120,124	1,480,488

The PRAG guidance, Accounting for Derivatives in Pension Schemes, recommends that derivatives are set out separately in the investment reconciliation table for reasons of clarity and are reconciled on a 'net' basis as opposed to 'gross' as reported in the Net Assets Statement.

Transaction costs have been debited through the Fund Account and have been disclosed as part of the Investment Management Expenses. Costs are also borne by the Fund in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

Details of investments held at year end

	31 March 2014 £000	31 March 2013 £000
Investment assets		
Fixed interest securities		
- UK fixed interest government bonds	7,131	14,897
- UK fixed interest corporate bonds	146,856	146,901
- Overseas fixed interest government bonds	5,026	0
- Overseas fixed interest corporate bonds	2,378	232
- Emerging markets government bonds	1,752	0
	163,143	162,030
Index linked securities		
UK index linked corporate bonds	933	2,435
	933	2,435
Equities		
UK equities	23,865	23,640
Overseas equities	243,596	213,055
	267,461	236,695
Pooled investment vehicles		
- UK equities	226,922	219,821
- Overseas equities	586,997	518,961
- Overseas fixed interest government bonds	169	177
- Overseas fixed interest corporate bonds	950	978
- UK index linked government bonds	91,085	76,875
- Property	170,936	149,468
- Long-short hedge fund	86,138	75,364
- Infrastructure	5,627	3,808
	1,168,824	1,045,452
Cash held on deposit		
Sterling cash	25,427	25,591
Overseas cash	615	4,218
	26,042	29,809
Other investment balances		
Derivatives assets	2,649	1,871
Outstanding dividend entitlements	3,162	2,998
Recoverable tax	303	511
	6,114	5,380
Investment liabilities		
Derivatives liabilities	-1,066	-1,313
Total of investments held	1,631,451	1,480,488
Net current assets & liabilities		
Current assets	18,150	15,797
Current liabilities	-4,437	-2,372
Total net current assets	13,713	13,425
	1,645,164	1,493,913

Derivative contracts

Objectives and policies

The Wiltshire Pension Fund committee have authorised the use of derivatives by their investment managers as part of the investment strategy for the Fund.

The main objective for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Options - The Fund allows two of its managers to invest in options as part of their portfolio construction to assist them in achieving performance targets. These options are limited to 'Over-the-Counter' contracts purchased on major exchanges and must not exceed specified limits. Option exposures are limited and hedged through the use of futures.

Futures – The Fund allows a number of its managers to invest in futures, within specified exposure limits, as part of their overall portfolio construction to assist them in achieving performance targets.

Forward foreign exchange – In order to maintain an appropriate diversification of investments within the Fund and take advantage of overseas investment returns a proportion of the investment portfolio is invested overseas. To balance the risk of investing in foreign currencies a dynamic currency hedging programme, using forward foreign contracts, is in place to reduce the currency exposure of the overseas investments. The overseas equity investments are hedged this way.

The Fund had the following derivative contracts outstanding at the year end relating to its fixed interest investment and dynamic currency mandate. The details are:

Derivative contracts

Future Contracts	Nominal Amount	Duration	Economic Exposure	Asset value at year end	Liability value at year end
Nature	£000		£000	£000	£000
Fixed Income Security					
UK Long Gilt	(68)	Expires Jun 14	(7,448)		(49)
				-	(49)

Forward cash currency contracts

Contract	Settlement date	Currency bought	Currency sold	Asset value at year end	Liability value at year end
				£000	£000
Forward OTC	0 to 6 months	Sterling	Australian Dollar		(113)
Forward OTC	0 to 6 months	Sterling	Brazil Real		(67)
Forward OTC	0 to 6 months	Sterling	Canadian Dollar	15	
Forward OTC	0 to 6 months	Sterling	Chilean Peso		(4)
Forward OTC	0 to 6 months	Danish Krone	Sterling		(1)
Forward OTC	0 to 6 months	Sterling	Danish Krone	64	
Forward OTC	0 to 6 months	Euro	Sterling		(85)
Forward OTC	0 to 6 months	Sterling	Euro	710	
Forward OTC	0 to 6 months	Hong Kong Dollar	Sterling		(35)
Forward OTC	0 to 6 months	Sterling	Hong Kong Dollar	96	
Forward OTC	0 to 6 months	Sterling	Indian Rupee		(12)
Forward OTC	0 to 6 months	Sterling	Indonesian Rupiah		(2)
Forward OTC	0 to 6 months	Sterling	Israeli Shekel	5	
Forward OTC	0 to 6 months	Japanese Yen	Sterling		(180)
Forward OTC	0 to 6 months	Sterling	Japanese Yen	442	
Forward OTC	0 to 6 months	Sterling	Malysian Ringgit		(1)
Forward OTC	0 to 6 months	Sterling	Mexican New Peso		(3)
Forward OTC	0 to 6 months	Sterling	New Taiwan Dollar	7	
Forward OTC	0 to 6 months	Sterling	New Turkish Lira		(7)
Forward OTC	0 to 6 months	Sterling	New Zealand Dollar		(1)
Forward OTC	0 to 6 months	Sterling	Norwegian Krone	6	
Forward OTC	0 to 6 months	Sterling	Russian Ruble (new)		(45)
Forward OTC	0 to 6 months	Sterling	Singapore Dollar		(1)
Forward OTC	0 to 6 months	Sterling	S.A. Comm Rand		(14)
Forward OTC	0 to 6 months	Sterling	South Korean Won		(13)
Forward OTC	0 to 6 months	Swedish Krona	Sterling		(117)
Forward OTC	0 to 6 months	Sterling	Swedish Krona	270	
Forward OTC	0 to 6 months	Sterling	Swiss Franc	98	
Forward OTC	0 to 6 months	Sterling	Thailand Baht	2	
Forward OTC	0 to 6 months	US Dollar	Sterling		(316)
Forward OTC	0 to 6 months	Sterling	US Dollar	934	
				2,649	(1,017)
				2,649	(1,066)

Financial Instruments

Classification of financial instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2014

	Designated as Fair value through Profit and Loss £000	Loans and Receivables £000	Financial liabilities at amortised cost £000
Financial assets			
Fixed interest securities	163,143	0	0
Index linked securities	933	0	0
Equities	254,703	12,758	0
Pooled investment vehicles	997,888	0	0
Property	170,936	0	0
Derivative assets	2,649	0	0
Cash held on deposit	0	31,448	0
Other Investment balances	3,465	0	0
Debtors	0	12,744	0
	1,593,717	56,950	0
Financial liabilities			
Derivative liabilities	-1,066	0	0
Creditors	0	-4,437	0
	-1,066	-4,437	0
	1,592,651	52,513	0

As at 31 March 2013

Financial assets			
Fixed interest securities	162,030	0	0
Index linked securities	2,435	0	0
Equities	225,346	11,349	0
Pooled investment vehicles	895,984	0	0
Property	149,468	0	0
Derivative assets	1,871	0	0
Cash held on deposit	0	33,226	0
Other Investment balances	3,509	0	0
Debtors	0	12,380	0
	1,440,643	56,955	0
Financial liabilities			
Derivative liabilities	-1,313	0	0
Creditors	0	-2,372	0
	-1,313	-2,372	0
	1,439,330	54,583	0

Net gains/(losses) on financial instruments

	2014 £000	2013 £000
Financial assets		
Fair value through profit and loss	136,981	120,874
Loans and receivables	-6,770	994
Financial liabilities		
Fair value through profit and loss	-714	-1,744
Loans and receivables	0	0
Total	129,497	120,124

Financial Risk Disclosure

As an LGPS Pension Fund, the Fund's objective is to achieve a relatively stable "real" return above the rate of inflation over the long term. In order to achieve this objective the Fund holds financial instruments such as securities (equities, bonds), property, pooled funds (collective investment schemes) and cash and cash equivalents. The Fund's activities expose it to a variety of financial risks including Market Risk, Credit Risk and Liquidity Risk.

All the Fund's investments are managed by appointed Investment Managers. All investments are held by BNY Mellon who acts as custodian on behalf of the Fund. Each investment manager is required to invest the assets managed by them in accordance with the terms of a written investment mandate or pooled fund prospectus.

The Wiltshire Pension Fund Committee has determined that these managers are appropriate for the Fund and is in accordance with its investment strategy. The Committee obtains regular reports from each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

a) Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. This could be as a result of changes in market price, interest rates or currencies. The objective of the Funds Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class and investment manager. Each manager is also expected to maintain a diversified portfolio within their allocation.

1) Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices have been analysed using the volatility of returns experienced by asset classes. The volatility data has been provided by the Fund's Investment Advisor (Mercers) and is broadly consistent with a one-standard deviation movement. The volatility is measured by the (annualised) estimated standard deviation of the returns of the assets relative to the liability returns. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant.

Movements in market prices would have increased or decreased the net assets valued at 31 March 2014 and 2013 by the amounts shown below.

As at 31 March 2014	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	255,917	17.30%	44,274	(44,274)
CBRE Global Multi Manager - Property	177,857	15.10%	26,856	(26,856)
Western Asset Management - Corporate Bonds	178,243	4.00%	7,130	(7,130)
Legal & General - Equity	226,922	17.00%	38,577	(38,577)
Legal & General - Gilts	91,085	8.10%	7,378	(7,378)
Legal & General - Global Equity	179,435	17.30%	31,042	(31,042)
Legal & General - Rafi Equity	226,424	17.30%	39,171	(39,171)
Jubilee Advisors - Long/Short Hedge Funds	86,138	7.90%	6,805	(6,805)
Barings - Dynamic Assets Allocation	181,139	12.10%	21,918	(21,918)
Partners Group - Infrastructure	5,626	15.20%	855	(855)
M&G - Financing Fund	12,758	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	9,838	0.00%	0	0
Capital International - Global Equity	46	0.00%	0	0
Capital International - Absolute Income Grower	23	0.00%	0	0
	1,631,451		224,006	-224,006

As at 31 March 2013	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	227,940	17.00%	38,750	(38,750)
CBRE Global Multi Manager - Property	162,841	10.80%	17,587	(17,587)
Western Asset Management - Corporate Bonds	173,712	6.70%	11,639	(11,639)
Legal & General - Equity	219,821	16.60%	36,490	(36,490)
Legal & General - Gilts	76,875	11.00%	8,456	(8,456)
Legal & General - Global Equity	249,512	17.00%	42,417	(42,417)
Edinburgh Partners - Global Equity	120,759	17.00%	20,529	(20,529)
Jubilee Advisors - Long/Short Hedge Funds	75,365	10.90%	8,215	(8,215)
Barings - Dynamic Assets Allocation	150,774	12.00%	18,093	(18,093)
Partners Group - Infrastructure	3,811	30.00%	1,143	(1,143)
M&G - Financing Fund	11,349	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	7,482	0.00%	0	0
Capital International - Global Equity	135	0.00%	0	0
Capital International - Absolute Income Grower	112	0.00%	0	0
	1,480,488		203,319	-203,319

2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments in cash & cash equivalents, fixed interest and loans at 31 March 2014 and 2013 are provided below.

As at 31 March 2014	£000
Cash held on deposit	26,042
Fixed Interest Securities	163,143
Loans	12,758
	201,943
As at 31 March 2013	£000
Cash held on deposit	29,809
Fixed Interest Securities	162,030
Loans	11,349
	203,188

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the affect of a 100 basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Value	Change in net assets	
As at 31 March 2014	£000	£000	£000
		+100 BP	+100 BP
Cash held on deposit	26,042	260	-260
Fixed Interest Securities	163,143	-13,084	13,084
Loans	12,758	0	0
	201,943	-12,824	12,824
As at 31 March 2013	£000	£000	£000
		+100 BP	+100 BP
Cash held on deposit	29,809	298	-298
Fixed Interest Securities	162,030	-13,108	13,108
Loans	11,349	0	0
	203,188	-12,810	12,810

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa. The loans identified are part of the M&G Financing Fund. Borrowers pay a fixed annual interest rate agreed at the outset.

3) Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

Currently Wiltshire Pension Fund has a dynamic hedging arrangement in place. This reduces the volatility of returns over the long term.

The tables below show approximate exposures to each of the three major foreign currencies based on manager benchmarks and target allocations. This is based on the three global equity managers Baillie Gifford, Edinburgh Partners and Legal & General.

2014	US Dollar	Euro	Yen
Benchmark Weights	17.88%	7.41%	3.18%
	£'000	£'000	£'000
Net Currency Exposure	291,676	120,887	51,842

2013	US Dollar	Euro	Yen
Benchmark Weights	18.00%	6.60%	3.20%
	£'000	£'000	£'000
Net Currency Exposure	266,904	97,108	47,408

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2014 and 31 March 2013 would have increased or decreased the net assets by the amount shown below.

2014	Assets Held at Fair Value	Change in net assets	
		+10%	-10%
	£'000	£'000	£'000
US Dollar	291,676	29,168	-29,168
Euro	120,887	12,089	-12,089
Yen	51,842	5,184	-5,184
Net Currency Exposure	464,405	46,441	-46,441

2013	Assets Held at Fair Value	Change in net assets	
		+10%	-10%
	£'000	£'000	£'000
US Dollar	266,904	26,690	-26,690
Euro	97,108	9,711	-9,711
Yen	47,408	4,741	-4,741
Net Currency Exposure	411,420	41,142	-41,142

As the Fund has a dynamic hedging arrangement in place only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

A securities lending programme is run by the Fund's custodian, BNY Mellon, who manage and monitor the counterparty risk, collateral risk and the overall lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending upon the type of transaction. This level is assessed daily to ensure it takes account of market movements. The current collateral Wiltshire Pension Fund accepts is AAA rated Supranational debt, AA rated sovereign debt and FTSE Equity DBV. Securities lending is capped by investment regulations and statutory limits are in place to ensure that no more than 35% of eligible assets can be on loan at any one time.

Forward currency contracts are entered into by the Fund's currency overlay manager – Berenberg. These contracts are subject to credit risk in relation to the counterparties of the contracts which are primarily banks. The responsibility for these contracts rests with Berenberg. Prior to appointment full due diligence was undertaken, they are regulated by BaFin (the German equivalent of FCA) and meet the requirements set out in the LGPS (Management and Investment of Funds) Regulations 2009.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds a AA- long term credit rating and it maintains its status as a well capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers is invested with the custodian in a diversified money market fund rated AAAM.

The Fund's exposure to credit risk at 31 March 2014 and 2013 is the carrying amount of the financial assets.

2014	£000
Fixed interest securities	163,143
Index linked securities	933
Derivative assets	1,583
Cash held on deposit	26,042
Other investment balances	3,465
Current assets	18,150
	213,316

2013	£000
Fixed interest securities	162,030
Index linked securities	2,435
Derivative assets	558
Cash held on deposit	29,809
Other investment balances	3,509
Current assets	15,797
	214,138

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyses the Fund's financial liabilities as at 31 March 2014 and 2013, grouped into relevant maturity dates.

2014	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Accounts Payable	93	93	0
Benefits Payable	1,348	1,348	0
Sundry Creditors	2,996	2,996	0
	4,437	4,437	0

2013	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Accounts Payable	26	26	0
Benefits Payable	819	819	0
Sundry Creditors	1,527	1,527	0
	2,372	2,372	0

Fair Value Hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the Fund has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability used to measure fair value that rely on the Funds own assumptions concerning the assumptions that market participants would use in pricing an asset or liability.

The tables below analyse financial instruments, measured at fair value at the end of the reporting period 31 March 2014 and 31 March 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. This has been produced from analysis produced by the Fund's custodian BNY Mellon.

2014	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Fixed Interest Securities	2,359	160,784		163,143
Index Linked Securities		933		933
Equities	254,112		13,349	267,461
Pooled Funds:				0
- Other		992,261	5,627	997,888
- Property		138,154	32,782	170,936
Derivative assets				0
- Futures	-49			-49
- Options				0
- Forward FX	1,632			1,632
	258,054	1,292,132	51,758	1,601,944
Cash Deposits	26,038	4		26,042
Other Investment balances	3,465			3,465
	287,557	1,292,136	51,758	1,631,451
2013	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Fixed Interest Securities	679	161,351		162,030
Index Linked Securities		2,435		2,435
Equities	223,788		12,907	236,695
Pooled Funds:				0
- Other		892,176	5,585	897,761
- Property		132,508	15,183	147,691
Derivative assets				0
- Futures	-386			-386
- Options				0
- Forward FX	944			944
	225,025	1,188,470	33,675	1,447,170
Cash Deposits	29,805	4		29,809
Other Investment balances	3,509			3,509
	258,339	1,188,474	33,675	1,480,488

During 2013/14 there were no transfers between level 1 and 2 of the fair value hierarchy.

The following tables presents the movement in level 3 instruments for the year end 31 March 2014 and 31 March 13.

2014	£000
Opening balance	33,675
Total gains/losses	16,668
Purchases	3,614
Sales	-2,199
Transfer out of Level 3	0
Closing balance	51,758

2013	£000
Opening balance	11,582
Total gains/losses	12,911
Purchases	12,771
Sales	-3,589
Transfer out of Level 3	0
Closing balance	33,675

12. Investment management expenses

	2013-14	2012-13
	£000	£000
Administration, management and custody	2,852	3,200
Transaction Costs	277	289
Performance measurement services	41	40
TOTAL	3,170	3,529

13. Current assets

	31 March 2014 £000	31 March 2013 £000
Contributions due from other authorities and bodies		
- Employees	1,362	767
- Employers	4,072	2,501
Income due from external managers and custodians	-	-
Debtors (Magistrates)	5,790	6,755
Other	1,520	2,357
Cash balances	5,406	3,417
Total	18,150	15,797
Less:		
Long term debtors (Magistrates)	-5,790	-6,755
Net current assets	12,360	9,042

Contributions due at the year end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment certificate.

14. Current liabilities

	31 March 2014 £000	31 March 2013 £000
Managers / custody fees	943	764
HMRC	661	607
Other	2,833	1,001
TOTAL	4,437	2,372

15. Additional Voluntary Contributions (AVCs)

Fund members paid contributions totalling £0.433 million (£0.371 million in 2012/13) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Fund members totalled £3.293 million (£3.152 million in 2012/13), made up as follows:

	£m
Equitable Life Assurance Society	
- With Profits Fund	0.849
- Unit Linked Managed Fund	0.271
- Building Society Fund	0.037
Clerical Medical Funds	
- With Profits Fund	0.217
- Unit Linked Managed Fund	0.986
NPI Fund	
- Managed Fund	0.030
- With Profits Fund	0.108
- Global Care Unit Linked Fund	0.051
- Cash Deposit Fund	0.032
Prudential	
- With Profits Cash Accumulation Fund	0.267
- Deposit Fund	0.121
- Diversified Growth Fund	0.097
- Equity Passive	0.002
- Long Term Growth Fund	0.093
- Pre-Retirement Fund	0.077
- Property Fund	0.055
	<hr/>
	3.293

As mentioned earlier, AVC investments are not included in the Fund's financial statements.

16. Employer related assets

There are no employer related assets within the Fund.

17. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently there is a strong relationship between the council and the pension fund.

The council incurred costs of £1.076m (2012/13: £0.975m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the single largest employer of members of the pension fund and contributed £26m to the fund in 2013/14 (2011/12: £25m). A balance of £1.2m was owing to the Pension Fund by the Council at year end.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2013, the fund had an average investment balance of £2.8m (31 March 2012: £2.8m), earning interest of £22k (2011/12: £22k) in these funds.

Governance

There are two members of the pension fund committee L Croft and T Jackson that are active members of the pension fund. These individuals are the employer bodies' representatives.

18. Guaranteed minimum pension

The Fund continues to make progress on updating the details of Guaranteed Minimum Pensions (GMP) that were not previously shown on member's records.

GMP elements of member's LGPS pension are not increased by the Fund for Pre 1988 GMP (in respect of the period 06/04/1978 to 05/04/1988) but for Post 1988 (in respect of the period 06/04/1988 to 05/04/1997) it is increased by a maximum of 3%. The Government increase the State Pension for the member fully on the Pre 1988 GMP element and for Post 1988 GMP element it is only increased if CPI is above 3%.

The effect of LGPS pensions not showing the correct amount of GMP for its members would mean that their pension would be increased by more than it should be.

Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary.

19. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2014 totalled Euro 42.725m (31 March 2013: 45,266m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

11. IAS26 statement

Actuarial Statement in respect of IAS26 as at 31.03.2013

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2013/14 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined obligation under IAS19. There are three options for its disclosure in pension fund account:

- Showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- As a note to the accounts; or
- By reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Council Pension Fund, which is in the remainder of this note.

Balance sheet Year ended	31 Mar 2014 £m	31 Mar 2013 £m
Present Value of Promised Retirement Benefits	2,452	2,285

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. I estimate this liability at 31 March 2014 comprises £986m in respect of employee members, £523m in respect of deferred pensioners and £944m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of the benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2014 is to increase the actuarial present value by £109m.

Financial assumptions

My recommended financial assumptions are summarised below:

Year ended	31 Mar 2014 % p.a.	31 Mar 2013 % p.a.
Inflation/Pension Increase Rate	2.8%	2.8%
Salary Increase Rate*	4.6%	5.1%
Discount Rate	4.3%	4.5%

**Salary increases are 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.*

Longevity assumption

As discussed in the accompanying report the life expectancy assumption is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.5 years
Future Pensioners	24.1 years	26.9 years

**Future pensioners are assumed to be currently aged 45*

Please note that the assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2014 for IAS19 purposes' dated 22 April 2014. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Catherine McFadyen FFA

16 May 2014

For and on behalf of Hymans Robertson LLP

12. Further information & contacts

The Council produces a number of other publications, as well as this booklet to support its role as administering authority of the Wiltshire Pension Fund. You can request these from the Wiltshire Pension Fund at County Hall, Trowbridge, from our Website at www.wiltshirepensionfund.org.uk or by emailing pensionenquiries@wiltshire.gov.uk.

Guide to the Local Government Pension Scheme

This booklet explains the benefits available to employees and their dependants of being in the Fund.

Employers' guide

This is available on our website and specifically aimed at staff within employer bodies with responsibility for providing information to the Pensions Section in respect of Fund administration. The aim of the Guide is to provide Scheme Employers with all the information they need in order to fulfil their pension responsibilities correctly.

Starter packs

These contain information that has to be made available to new employees on their pension entitlements, together with supporting information.

Retirement packs

These contain information for every new pensioner about their pension and other supporting information.

Newsletters

Occasional newsletters are produced, both for participating Fund members and for pensioners, containing information of interest.

Annual benefit statements

Statements are automatically available for all full-time Fund members and those working regular part time hours, and also for deferred pensioners. Statements are also available on request for any Fund member at any time.

Other information

Various leaflets, posters and fact sheets explaining the Fund and highlighting its benefits are produced. The Pensions Section also has booklets available produced by Prudential on Additional Voluntary Contributions.

For further information contact:

Zoe Stannard
Fund Communications Manager

Tel: 01225 718054
Email: zoe.stannard@wiltshire.gov.uk

David Anthony
Head of Pensions

Tel: 01225 713620
Email: david.anthony@wiltshire.gov.uk

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[illegible]





WILTSHIRE
PENSION FUND