

SUPERANNUATION FUND

BUSINESS PLAN 2010-11

(LGPS Logo to be inserted)



INTRODUCTION

This is the first 3 year business plan for the Superannuation Fund. We have chosen the 3 year period 1 April 2010 to 31 March 2013 to coincide with the actuarial valuation period.

The plan will be reviewed by Committee annually at its February meeting.

GOVERNANCE

The County Council, as administering authority for the Kent Pension Fund, has formally delegated responsibilities for the management of the Fund to the Superannuation Fund Committee. This is a main committee of the County Council. The Committee consists of:

- 8 County Councillors
- 3 District Councillors

(all with full voting rights)

- 1 Medway Council Councillor
- 2 Kent Active Retirement Fellowship representatives
- 1 Union representative
- 1 Staff representative

The Committee meets quarterly although this will change to 6 times a year in 2011.

There is a half day Pensions and Investments Conference for scheme employers held in November.

OBJECTIVES

The objectives of the Committee are:

- To provide for scheme members' pensions and lump sum benefits on their retirement and for dependants benefits.

- To achieve a 100% funding level, over the long term, with the accrued benefits fully covered by the actuarial valuation of the Fund.
- To fully comply with legal requirements for the management and governance of the Fund.
- To determine a suitable investment strategy in light of the Fund's liabilities and risk appetite.
- To appoint external investment managers and professional advisers.
- To monitor the performance of external investment managers.
- To provide an efficient and responsive pensions administration service.
- To communicate effectively with the Fund's participating employers and members.

THE FUNDING LEVEL AND EMPLOYERS' CONTRIBUTION RATE

The Committee seeks to achieve a 100% funding level and stable contribution rate by:

- Drafting and maintaining a Funding Strategy Statement, in partnership with the Fund's actuary and participating employers. This sets out the background and parameters to be used by the actuary when carrying out actuarial valuations, and the duties of the County Council as administering authority and the Fund's other employers.
- Commissioning a full actuarial valuation of the Fund every 3 years as required by law to determine employers' contribution levels. The next actuarial valuation of the Fund is due to take place as at 31 March 2010.
- Commissioning an asset / liability study following valuations or as necessary to help determine the best asset allocation needed to meet the Fund's liabilities.
- Where an actuarial valuation reveals a past service deficit, agreeing employers' contributions with the actuary to recover the deficit.

INVESTMENT OF THE FUND

The Committee seeks a return on the Fund's investment which will enable a 100% funding level to be achieved over a period determined by the Fund actuary. At the 2007 valuation the actuary assumed an investment return of 6.1% per annum. The Committee aims to achieve this by:

- Using the results of asset / liability studies to set a long term strategic asset allocation for the Fund.
- Appointing specialist investment managers to manage each asset class against specified benchmarks.
- Regularly reviewing managers performance against the performance benchmarks set.
- Monitoring variations for the strategic asset allocation and determining what action to take.
- Taking tactical asset allocation decisions where deemed appropriate.

ADVICE

The Director of Finance is the lead officer for the Fund. Day to day management of the Fund is delegated to the Head of Financial Services supported by the Treasury and Investments Manager and the Pensions Manager.

The principal professional advisers to the Fund are:

- Barnett Waddingham as actuary
- Hymans Robertson as investment consultant

Legal advice is provided by KCC's in-house Legal Services Unit.

BEST PRACTICE

The Committee will consider best practice as recommended by the Government, the Local Government Pensions Committee, the National Association of Pension Funds, the Chartered Institute of Public Finance and Accountancy and other organisations specialising in pensions investments.

ACTION PLAN

In Appendix 1 an Action Plan for 2010-11 is set out, Appendix 2 sets out major longer term issues and Appendix 3 shows a plan of major events over the next 3 years.

FURTHER INFORMATION

For further information please contact Nick Vickers, Head of Financial Services, nick.vickers@kent.gov.uk or 01622 694603.

APPENDIX 1

2010-11 ACTION PLAN

Action	Issues	Timescale
Manage the actuarial review process	<ul style="list-style-type: none"> - Data to actuary on time - Discussion of key variables - Manage communication and reporting with employers - Reporting to Committee 	<p>August 2010</p> <p>November 2010 – January 2011</p> <p>February 2011</p>
Review investment advisory services	<ul style="list-style-type: none"> - Framework tender process 	March 2011
Establish separate bank accounts	<ul style="list-style-type: none"> - Set up the bank accounts - Disaggregate Superannuation Fund cash balances - Management of Superannuation Fund cashflows 	March 2011
Infrastructure and Private Equity appointments	<ul style="list-style-type: none"> - Manage EU tender process - Evaluate responses - Member appointments - Fund mandates 	May 2010

Action	Issues	Timescale
Currency manager appointment	<ul style="list-style-type: none"> - Manage EU tender process - Evaluate responses - Member appointments - Fund mandate 	March 2011
Fund Accounts	<ul style="list-style-type: none"> - Prepare full Fund accounts 	June 2010
Annual report and accounts	<ul style="list-style-type: none"> - Prepare revised annual report and accounts report to comply with DCLG guidance 	November 2010
Business Plan	<ul style="list-style-type: none"> - Prepare a medium term business plan for the Fund 	June 2010
Member Training	<ul style="list-style-type: none"> - Prepare a Member training plan 	June 2010
Review and update of statutory Fund documents	<ul style="list-style-type: none"> - Statement of Investment Principles, Funding Strategy Statement, Governance Policy Statement, Communication Policy 	Ongoing
Officer delegations	<ul style="list-style-type: none"> - Formally document delegated responsibilities for posts below Director of Finance 	July 2010

Action	Issues	Timescale
Environmental Social and Governance Policy	- Review and update	March 2011
Develop the website	<ul style="list-style-type: none"> - Update and develop - Employer access 	Ongoing
Pensions administration	- Monitor effectiveness through regular reporting to Committee, KPI's and CIPFA benchmarking	Ongoing
Investment manager performance	- Monitor performance and report quarterly to Committee	Ongoing
Employer admissions	- Ensure admissions are undertaken in accordance with the LGPS regulations	Ongoing

APPENDIX 2

MEDIUM TERM ACTIONS

Action	Issues
New LGPS	<ul style="list-style-type: none">- Engage in restructuring of the LGPS- Implement agreed actions
Asset allocation	<ul style="list-style-type: none">- Review allocation to equities- Review allocation to Property and Alternatives- Develop options for tactical decision making
Unitisation of the Fund	<ul style="list-style-type: none">- Explore options for different investment strategies for different employers in the Fund
Pensions Administration	<ul style="list-style-type: none">- Explore options for collaborative working with other Councils

