

INTRODUCTION PENSION BOARD

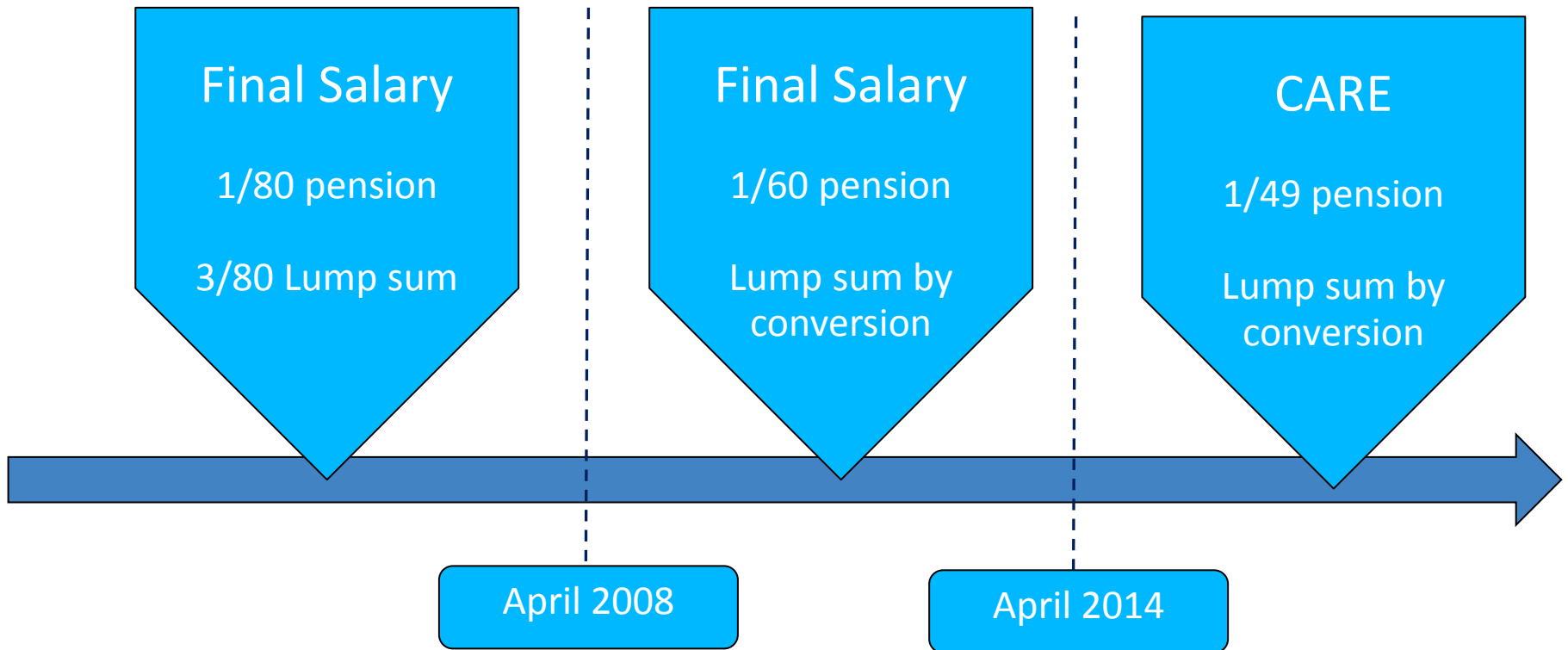
Nick Vickers
Business Partner (Pension Fund)



BACKGROUND

- Local Government Pension Scheme (LGPS) is a national scheme administered locally by 89 Administering Authorities in England and Wales
- Kent County Council is an Administering Authority – 500+ employers and 128,000 scheme members
- Drive for change:
 - Cost of public sector pension schemes – Lord Hutton review 2011
 - LGPS different – only funded scheme – but being treated the same as others
 - 2008 new scheme, 2014 new scheme
 - Asset pooling
- National Scheme Advisory Board (www.lgpsboard.org)

BENEFIT STRUCTURE



SUPERANNUATION FUND COMMITTEE

- Main Committee of the County Council
- Superannuation Fund Committee:
 - 10 KCC members
 - 3 District Council members
(voting)
 - 1 Medway member
 - 1 Unison member
 - 1 Staff member
 - 2 pensioner members
- Committee meets 5 times a year

ROLE OF THE SUPERANNUATION FUND COMMITTEE

- Set investment strategy:
 - Asset Allocation
 - Select and appoint investment managers
 - Set performance benchmarks
- Monitor the performance of the Fund and investment managers
- Strategic decision making
- Determine admission issues relating to employers
- Oversight of Pensions Administration function

ADVICE TO THE COMMITTEE

- KCC officers – Corporate Director of Finance/ Business Partner (Pension Fund) / Treasury and Investments Manager / Pensions Manager / Legal Services / Democratic Services Manager
- Investment adviser – Hymans Robertson
- Scheme actuary – Barnett Waddingham

SCHEME DOCUMENTATION

- Statement of Investment Principles
- Investment Strategy Statement
- Environmental, Social and Governance Policy Statement
- Committee papers on www.kent.gov.uk

THE FUND

- Fund value £5.6bn
- Asset allocation:
 - 68% Equities
 - 11% Fixed Income
 - 13% Property
 - 4% Absolute Return
 - 1% Private Equity
 - 1% Infrastructure
 - 2% Cash

PUBLIC SERVICES PENSIONS ACT 2013 – REGULATION 5

Pension board

- Each scheme must provide for the establishment of a board with responsibility for assisting the scheme manager to:
 - Secure compliance with the scheme and other legislation relating to the governance and administration of the scheme
 - Secure compliance with requirements imposed in relation to the scheme and by the Pensions Regulator
 - Such other matters as the scheme may specify
- More aimed at the other public service schemes

THE LGPS REGULATIONS 2013

106. – (1) Each administering authority shall no later than 1st April 2015 establish a pension board (“a local pension board”) responsible for assisting it:

- a) To secure compliance with:
 - i. these Regulations,
 - ii. any other legislation relating to the governance and administration of the Scheme and any connected scheme(a), and
 - iii. any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and
- b) To ensure the effective and efficient governance and administration of the Scheme and any connected scheme

THE ROLE OF THE LOCAL PENSION BOARD

Assist the scheme manager in securing compliance with:

- “Scheme” regulations
- Legislation relating to governance and administration of the Scheme
- Pension Regulator’s requirements e.g. Code of Practice

WHAT DOES THAT MEAN

Focus will be on issues which could be relevant from a regulatory perspective:

- Annual accounts
- External audit report
- Internal audit reports
- Pensions administration performance
- Regulatory breaches

THE REGULATOR'S "TEETH"

Section 3.3 Enforcement

"We expect scheme managers, assisted by pension boards as appropriate, to:

- Identify and understand the root causes of an issue which is resulting in poor standards of governance and administration and non-compliance with legal requirements
- Develop an improvement plan which will address the root causes of that issue within a reasonable time period, and
- Demonstrate implementation of their plan."

KNOWLEDGE AND SKILLS

- Scheme related and wider pension law
- Scheme documents and policies
- Regulator's Code of Practice

Membership

- 2 County Councillors (1 of whom will be Chairman)
- 2 Other Employer representatives (District Councils & Fire)
- 2 staff representatives
- 1 trade union representative
- 1 Kent Active Retirement Fellowship representative

QUESTIONS