

# WILTSHIRE PENSION FUND BUSINESS PLAN 2008-11



## **INTRODUCTION**

The purpose of this Wiltshire Pension Fund Business Plan 2008-11 is to outline the Fund's goal and objectives, as well as providing an Action Plan of the key priorities over the next three years in order to further these objectives. However, the document first of all gives some useful background information, in the following three sections.

## **PURPOSE & SCOPE OF THE FUND**

The Wiltshire Pension Fund (WPF) is one of a hundred funds making up the Local Government Pension Scheme (LGPS). Wiltshire County Council is the statutorily appointed Administering Authority for the WPF. The LGPS is a final salary scheme, funded principally by its constituent employers and employees, with assistance from investment returns. Unlike other public sector pension schemes, the LGPS is fully invested in financial markets and aimed to be fully funded over the long-term.

The Wiltshire Pension Fund has 42,600 members from 67 constituent employer bodies. The value of the investment assets currently under management at 31 March 2008 was £1.079bn. The cost of administering the Wiltshire Pension Fund in 2007-08 was £0.991m, with costs of fund investment adding a further £3.075m.

Contribution inflows into the Fund were £81.371m in 2007-08 and benefits outflows were £54.389m.

## **GOVERNANCE & MANAGEMENT OF THE FUND**

The Wiltshire Pension Fund Committee is responsible for the proper administration of the Fund in all its aspects. The Committee has its delegation direct from the County Council, rather than the Cabinet (ie. the Executive), to avoid potential conflicts of interest. Under the Council's constitution, the Committee has the power to "...*make decisions on matters of significant policy...*". The key focus of the Committee tends to be on investments, particularly asset allocation and the appointment and monitoring of investment managers, of which there are currently 7 managing the whole investment portfolio.

Committee is made up of 5 County Council members, 2 members from Swindon Borough Council, 1 District Council member and 1 representative from an admitted body, as well as 2 non-voting UNISON representatives. The Fund's Investment Adviser and the Independent Pension Fund Advisor also attend most meetings.

The Chief Financial Officer has "...*express authority to take all necessary actions to implement ... Committee decisions...*" and is "... *empowered to take operational decisions, within agreed policies...*". This responsibility is achieved with the assistance of the Head of Pensions, who has a team of 20 people solely dedicated to working on the Fund. This includes investments management and associated services, governance, accounting, benefits administration and operations (which is done entirely in-house), communications and funding.

## **CUSTOMERS OF THE FUND**

The Fund's customers fall into three categories.

a) Scheme Members (ie. our "Purpose of Existence"):

- o Contributors/Actives (c20,000)
- o Deferred Pensioners (c12,500)
- o Pensioners (c9,000)

b) Employers of the Scheme Members (c65):

- o At present (at least until 2011), the employee contributions are fixed according to salary level, so the effect of variations in costs and investment returns are felt by the employers. Coupled with this, the Fund is also very dependant on information from the employers in order to provide an effective service to members, so they are also a very important customer group.

c) Regulatory Bodies, principally:

- o The (Department for) Communities and Local Government – the regulatory body responsible for the LGPS
- o HM Revenues & Customs
- o The Department for Work & Pensions

## **OVERALL GOAL OF THE FUND**

***The overall goal of the Wiltshire Pension Fund is to provide high quality responsive pensions services to our customers in the most cost effective manner.***

The Fund's maxim is *"It's not about services, it's about people's lives"* (taken from Sue Redmond – Director of Community Services, Wiltshire County Council).

## **BUSINESS OBJECTIVES OF THE FUND**

1. To ensure the effective management and governance of the Fund in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory and best practice requirements.
2. To achieve a relatively stable "real" investment 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. This implies:
  - a) The setting of appropriate investment strategies;
  - b) The appointment of capable investment managers;
  - c) The monitoring and reporting of investment managers' performance, with appropriate action being taken in the event of underperformance.
3. To provide a lean, effective, customer friendly benefits administration service, which implies:
  - a) The calculation and payment of scheme benefits accurately and promptly;

- b) The accurate maintenance of the records of all members of the Fund; and
  - c) Effective communication, as well as fair explanation and support to the Fund's scheme members and employer bodies.
4. To have in place effective documented business relationships with all the Fund's employer bodies.
  5. To ensure the proper administration, accounting and reporting of all the Fund's financial affairs.
  6. To recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills.
  7. To become a recognised role model of best practice amongst LGPS Funds and to be recognized by our customers as providing an excellent service.

### **KEY POLICY DOCUMENTS**

Key policy documents which the reader may wish to refer to are available on the Wiltshire Pension Fund website ([www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk)):

- o Funding Strategy Statement
- o Statement of Investment Principles
- o Communications Strategy
- o Governance Compliance Statement
- o Governance Policy Statement

### **ACTION PLAN FOR THE FUND 2008-11**

The Action Plan for the period 2008-11, which seeks to drive forward on the business objectives laid out above is given in the following pages.

**WILTSHIRE PENSION FUND ACTION PLAN 2008-11**

These objectives are reflected in the following key principles that are planned for the next three years:

Activity	Deadline	Links to Objective No.	Purpose	
<b><u>GOVERNANCE / STAFFING</u></b>				
1	Members' training: a) Specific issues b) General	As required	1 & 2	To provide training on specific issues ahead of relevant decisions by the Committee To provide training for all Members of the Committee following the 2009 elections
2	Refresh key policy documents (eg. the 2 Governance Policy documents, Communications Strategy, etc)	Sept 2009	1	To seek Member approval and formally publish
3	Members' Handbook	May 2009	1	To refresh the Members' Handbook for the benefit of newly elected Members of the Committee
4	Prepare a Contracts Register and a Risk Register for the Fund	December 2008	1	To ensure that best practice business processes are in place for the Fund
5	Continue to develop a high performing team	On-going	6	To have a highly motivated staff team with the necessary professional, managerial and customer skills to provide excellent service

**FUNDING & ACTUARIAL MATTERS**

5	Review/Re-tender Actuarial Contract	December 2008	1	To ensure that there is an up-to-date and competitive actuarial contract in place
6a	Full Actuarial Valuation (Hymans Robertson)	May - October 2010	1 & 3	To identify the Funding Level at a whole Fund and Employer level and the associated Employer Contribution Rates
6b	Discuss & agree Actuarial Valuation results with Committee & employers	October - December 2010	1 & 3	To have the Actuarial Valuation formally signed off by 31 December 2010 (three months ahead of statutory deadline)
7	Refresh Funding Strategy Statement	January 2011	1	To have an up-to-date Funding Strategy Statement, which is a statutory document required to set-out the longer-term view of how liabilities will be funded and the agreed level of compromise between stability and affordability of employer contributions

**INVESTMENTS & ACCOUNTING**

8	Investment Strategy Review	On-going	2	To ensure that the Fund's investment strategy is optimal. Whilst there are no formal plans for a major investment strategy review within the timescale of this Business Plan, existing managers' underperformance or new developments in the markets may trigger a review of part or all of the Fund's investments
9	Review, retendering and implementation of the Fund's ESG arrangements	July 2008 to March 2009	1 & 2	To ensure that the Fund is complying with best practice and is achieving best value in relation to environmental, social and governance issues

10	Design and implementation of new accounting arrangements within the new SAP BMP system	July 2008 to March 2009	5	To ensure that the Fund is accounted for correctly and efficiently following the implementation of the SAP system
11	Review/Re-tender Investment Consultancy contract	December 2008	1	To ensure that there is an up-to-date and competitive investment consultancy contract in place
12	Review Custody Contract	December 2009	1 & 5	To ensure that the Fund achieves best value for money in relation to its investment custody arrangements

**PENSIONS BENEFITS ADMINISTRATION**

13	Lean Review of all Benefits Administration Procedures	June 2008	1 & 3	To identify where more efficient customer focused procedures and processes can be adopted
14	Implementation of the results of Lean Review (including implementation of Task Management module and Document Imaging)	July 2008 - March 2009	1 & 3	To implement the newly designed procedures and processes, including a new pensions administration system module which allows consistent work flow management and monitoring, together with management information and performance indicators
15	Design and implementation of system linkages with the new SAP BMP system	July 2008 to March 2009	1 & 3	To provide for the more efficient and reliable transfer of data between HR, Payroll and the Wiltshire Pension Fund Team

16	Implementation of new windows based version of pensions administration system (ALTAIR)	March 2010	1 & 3	To further improve productivity with a Windows-based version of the pensions administration system, which will also allow other customer benefits such as Customer Self-Service
17	Work through the pensions implications of "1 Council for Wiltshire"	June 2008 to June 2009	3 & 5	To ensure that any retirement estimates are given on time, pension payments made on time and that the pensions records and accounting records held by the Pension Fund for the new Wiltshire Council after 1 April 2009 are accurate and up-to-date as soon as possible
<b><u>COMMUNICATIONS / CUSTOMER LIAISON</u></b>				
18	Pension Fund Website	On-going	1 & 3	To ensure that the Fund's website is up-to-date, in line with best practice and serving the needs of our customers as well as possible
19	Develop links with Scheme Employers, including drafting of a Pension Administration Strategy and negotiating of Service Level Agreements with each	July 2008 to September 2009	4	To set-up proper business relationships with the employer bodies (as facilitated by the LGPS Regulations) for the benefit of both parties
20	Run Annual Pensioner Meetings and other more regular roadshows/seminars	April 2009 onwards	3	To improve communications with the Fund's members