



Royal Borough of
Kingston upon Thames

Pension Fund Annual Report 2009/10

Submitted to Audit Committee & Executive
28th & 29th September 2010

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INTRODUCTION

This annual report sets out key information about how the Royal Borough of Kingston upon Thames Pension Fund is managed for the benefit of all employing bodies, contributors and beneficiaries. This report summarises financial and management performance. The production of an annual report in accordance with regulatory guidance is a requirement of the Local Government Pension Scheme (LGPS) regulations.

The recovery in equity markets in 2009-2010 helped the Pension Fund achieve one of its best annual investment returns on investments and offset the negative return for the previous year. The one year relative return for the Pension Fund was 35.4%. (See page 10 for details of investment performance.)

The funding level and market volatility remains a cause for concern in spite of the market recovery in 2009. The last actuarial valuation assessed a funding level of 70% as at 31 March 2007. The next actuarial valuation of the Fund is underway to be based on the value of the Fund as at 31 March 2010. The actuary's recommendations determine the required level of employers' contribution the period over which the fund is expected to become fully funded and shapes the long term investment strategy required to achieve the fully funded target.

The Pension Fund Panel has completed a major review of the pension fund investment arrangements. By changing to a more diversified and active strategy over time, the Fund aims to achieve higher investment returns over the longer term, without taking greater risk. In May 2009 following a rigorous selection procedure, the Pension Fund Panel recommended the appointment of four new investment fund managers - one for a bond mandate and three for active global equity mandates - each with targeted performance benchmarks, set to deliver the out-performance required to improve investment returns. The funds were transitioned to the new managers successfully in September 2009.

The new managers' performance is reviewed quarterly by the Pension Fund Panel to ensure that the investment strategy objectives and performance targets are being met. All four new managers have presented to the Panel since September 2009.

UBS Global Asset Management retained the property portfolio, pending a review of alternative asset classes by the Pension Fund Panel. In March 2010 the Panel arranged an additional meeting as a training seminar to review the range of alternative investments available. The Panel will give further consideration to the investment strategy in 2010-2011.

An additional Observer Member has been appointed to the Pension Fund Panel to represent the Association of Retired Council Officers. This promotes good governance and increases stakeholder involvement in the management of the Fund's investments.

A Pension Fund bank account was opened during the year. This enables pension fund monies to be clearly ring-fenced from other monies of the local authority. It is a LGPS regulation to operate a separate pension fund bank account from 1 April 2011.

The annual report and its appendices are published on the Pension Fund webpage. This report contains links to the webpage and to the Financial Statements of the Pension Fund for 2009-2010. The format of the Pension Fund statement of accounts has been amended following a review of the Council's accounting policies to ensure compliance with the Statement of Recommended Practice (SoRP).

Iain Millar Head of Treasury Services

ADMINISTRATION & BENEFITS

Welcome to the 2009-2010 annual report. This report contains information about the Pension Scheme and how both the investment and administration functions are run. I hope that you will find it interesting and informative.

Pension Services is a team of seven staff who deal with the administration of the Pension Fund. Our daily work involves calculating transfers of pension rights for members, into and out of the Fund; calculating and paying retirement benefits and dependent's benefits; and notifying former members of their deferred benefits. We are also responsible for the administration of the Council's additional voluntary contribution (AVC) arrangement with Aviva.

The next triennial valuation of the Pension Fund is based on the position of the Fund on 31 March 2010. We have to supply data for current, deferred and pensioner members to the Hewitt, Pension Fund actuary during summer 2010. The provisional report and employer contribution rate should be available later this autumn.

Our web pages can be found on the RBK web site <http://www.kingston.gov.uk/pensions> and we continue to add to it. You can find the Scheme booklet which is broken down into 13 leaflets covering various aspects of the Scheme. There is information about the payment of Additional Regular Contributions (ARCS) including a ready reckoner and an application form. Recent newsletters for both active members and pensioners are available. You can download forms for changing your "Expression of Wish" for the death grant or to nominate a co-habiting partner to receive a pension if you die. There are also links to related web sites.

We continue to hold briefing sessions which are well attended. Further sessions are planned for the autumn of 2010. These sessions cover retirement benefits, including the calculation of membership and pay and also information on the ways to increase your retirement benefits. We also have a slot on Induction Courses and Pre Retirement Courses giving information to members at the start and end of the membership of the LGPS.

The Annual Pension Fund Meeting open to all members was held on 19 October 2009 and, as usual, was well attended. The next Annual meeting will be held on Monday 10th October, 5.15 pm Guildhall.

Sue Grimstead, Pensions Manager.

RISK MANAGEMENT

Governance

Responsibility for the Royal Borough of Kingston Pension Fund's investment strategy, fund performance, investment transactions and related matters is delegated to the Pension Fund Panel which reports to Executive for decision making. The Pension Fund Panel is subject to the Council's Standing orders and the Code of Conduct.

The Fund's approach to risk management is to manage risk because it cannot be eliminated entirely. All investments expose the fund to varying levels of risk. The decision making process used in investment strategy review in 2008 and the selection of new fund managers to was designed to measure the level of risk taken by managers and the custodian ensure risk is kept to the minimum necessary to achieve the Fund's investment objectives.

Internal controls and processes are in place to manage administrative and other financial risks. Risk managements processes ensure that key risk exposure is identified and action plans put in place to manage and reduce risk. The fund managers and custodian are required to report annually on internal control compliance (SAS 70 reports) to demonstrate they comply with their risk controls.

Investment Risk

The Fund manages investment risk through diversification by asset class and use of external fund managers to manage Investments. Until September 2009, pending completion of the strategic review, the Fund assets were held by one fund manager, UBS Global Asset Management. Fund investments have since been transitioned to an additional four new managers using global equities, fixed income bonds, property and cash to diversify between asset classes.

The provision of expert investment advice and legal advice, use of external fund management, a specialist transition manager and a global custodian for secure custody of assets is critical to effective risk management. During the strategic investment review members received training from Mercer to help them understand the risk process and to help them make informed decisions on strategic asset allocation.

A due diligence process was followed in the selection of new fund managers and transition managers and in the review of the custodian to ensure the appointment of appropriate fund managers who demonstrated the ability to manage investment risk within the agreed parameters.

The Pension Fund Panel reviews individual managers and monitors and benchmarks overall fund performance quarterly.

Financial Risk

The Fund's financial management framework is the same as the Council's and uses

the Council's financial accounting system though a separate bank account has been set up in 2009. Late payment of contributions by employers and admitted bodies is regulated through a sanction for late payment. Reconciliation processes and monitoring controls ensure all contributions are paid on time.

Administrative risk

The risks of late payment of member benefits and miscalculation of benefits through manual error is managed through a workflow system and through use of system controls and internal checking and ensuring that staff are trained and keep up to date on changes to the LGPS scheme.

Business Continuity

Risk of system failure is managed through an externally managed pension benefits administration system with daily back up in addition to use of the Council's business continuity plans which are tested and updated annually.

FINANCIAL PERFORMANCE

FUND ACCOUNTS AND NET ASSETS STATEMENT AND ACTUARIAL REPORT

The Annual Pension Fund Accounts are attached as a separate document and will be made accessible via the link below

http://www.kingston.gov.uk/information/your_council/financial_information

Five Year Summary of Financial Statistics

Year Ended 31 March	2006	2007	2008	2009	2010
Revenue Account	£'m	£'m	£'m	£'m	£'m
Income					
Net Contributions	21.4	24.0	25.9	28.3	29.8
Investment Income	6.0	7.5	9.3	8.4	4.9
Net Cash Transfer Values	-	3.0	1.5	-	0.9
	27.4	34.5	36.7	36.7	35.6

Expenditure					
Pension & Benefits	12.6	14.1	16.9	17.8	20.6
Management Expenses	1.2	1.3	1.1	1.1	1.8
Net Cash Transfer Values	0.9	-	-	0.4	-
	14.7	15.4	18.0	19.3	22.4

Surplus for the Year	12.7	19.1	18.7	17.4	13.2
Revaluation of Investments	46.6	10.3	(17.3)	(61.1)	92.4

Change in Fund Value	59.3	29.4	1.4	(43.7)	105.6
Total Fund Value	292.0	321.4	322.9	279.1	384.7

The net contributions indicate that the fund continues to be a maturing fund, as contributions exceed the cost of pensions and benefits payable. During 2009-2010 the market value of the Fund made a significant recovery from the 2008-2009 low.

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Investment Expenses	31-Mar-08 £'000	31-Mar-09 £'000	31-Mar-10 £'000
Portfolio management	332	284	837
Global custody	16	11	68
Investment advisors	72	178	133
Performance measurement	20	15	53
Investment accounting	87	95	94
TOTAL	527	583	1,185

Financial performance remained within budget. Portfolio management, custody and performance measurement expenses were higher in 2009-10 reflecting the movement to four new active fund managers during the year.

An analysis of amounts due to the fund from Employers is attached at **Annex 2**.

Employers Contributions

All contributions from employers were received on or before the due date each month and it was not necessary to levy interest.

MANAGEMENT PERFORMANCE

Performance Indicator	London Standard Target	Number of cases	Percentage within target
Issue Starter's pack	10	713	100
Letter detailing transfer in quote	10	202	47
Letter detailing transfer out quote	15	143	92
Letter providing details of Add Regular Contributions	10	*	
Transfer in actual	10	149	48
Transfer out payment	12	71	88
Calculate and notify deferred benefits	15	531	47
Letter notifying retirement benefits amount – estimate	10	188	95
Letter notifying retirement benefits – actual	5	198	79
Letter acknowledging death of pensioner	5	93	50

*As this information is now available on our web pages, we do not issue letters.

We continue to review members' records to ensure that they are accurate. However discrepancies often don't become apparent until a member leaves or retires. We are striving to overcome these problems and improve performance.

Fund Membership 5 year analysis

Year	05/06	06/07	07/08	08/09	09/10
Active	4112	4438	4217	4332	4500
Deferred	2476	2565	3086	3284	3390
Pensioners	2204	2291	2404	2496	2618
Dependents	455	448	456	467	478
Early Retirement (Efficiency/Redundancy)	12	24	23	29	25
Ill Health Retirement	10	8	13	8	2

Membership by 5 year age bands

16 - 20	21 - 25	26 - 30	31 - 35	36 - 40	41 - 45	46 - 50	51 - 55	56 - 60	61 - 65	66 - 70	71 - 75
13	126	286	433	467	727	814	695	559	322	54	4

Contributing employers' analysis is attached at Annex 2.

INVESTMENT POLICY AND PERFORMANCE

Until September 2009 fund assets were invested under a care and maintenance basis with UBS Global Asset Management (UBS) pending the transfer of funds to new managers to deliver the revised investment strategy. There were no changes to the Funding Strategy Statement during the year.

The investment strategy review recommendation required moving from a largely passive strategy to an active global strategy. The transition took place in September 2009 following Executive approval of the appointment of new managers in May 2009.

£319 million was safely transitioned to four of the new managers using specialist transition manager State Street. The performance of the transition manager was reviewed by the Pension Fund Panel in February 2010

The transitioned assets were shared between the new managers as detailed below:

Fidelity	£126 million	40%
Threadneedle	£81 million	25%
Schroder	£65 million	20%
Henderson	£47 million	15%

The current strategic asset allocation benchmark for the Fund is 80% equities (MSCI All Countries World Index) 15% bonds (iBoxx All Stocks Non-Gilts Index) and 5% Property (IPD All Properties Index).

The Pension Fund Panel will consider options including appointing to alternative asset classes to provide further diversification to the portfolio. Members undertook training on alternative investments in March 2009. They decided to continue holding part of the property portfolio with UBS Global Asset Management because of current market uncertainty and because of the high transition costs involved in moving from property funds. There will be further consideration of asset allocation by the Pension Fund Panel in 2010-2011.

The details of the new fund managers are set out in the Statement of Investment Principles (SIP). All managers complied with the voting policy set out in the SIP.

Compliance with the Myners Principles is set out in Annex 3. During 2009-2010 Panel Members and lay Members received training from Mercer and from fund managers to assist them in their role. They also reviewed the performance of the Fund's investment consultant, Mercer.

Pension Fund Performance 2009 - 2010

The benchmark set for the fund up until 30 September 2009 was the WM Local Authority Universe excluding emerging markets and other investments. Since 30 September 2009 the benchmark is a strategic allocation benchmark of 80% Equities and 15% Bonds. 5% of the Fund remains in property with UBS Global Asset Management pending a review of alternative asset classes. Each of the new fund managers is required to outperform their respective index over a three year rolling

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period.

The Table below sets out the quarter by quarter results for the Fund in 2009-2010. The one year total Fund return was +35.4%, whereas the benchmark return was +39.1%, the Fund thus showed relative underperformance of -2.7%. Performance has been measured at total fund level only as full year performance data is not yet available for the fund managers appointed during the year.

Quarterly Fund Returns 2009-10

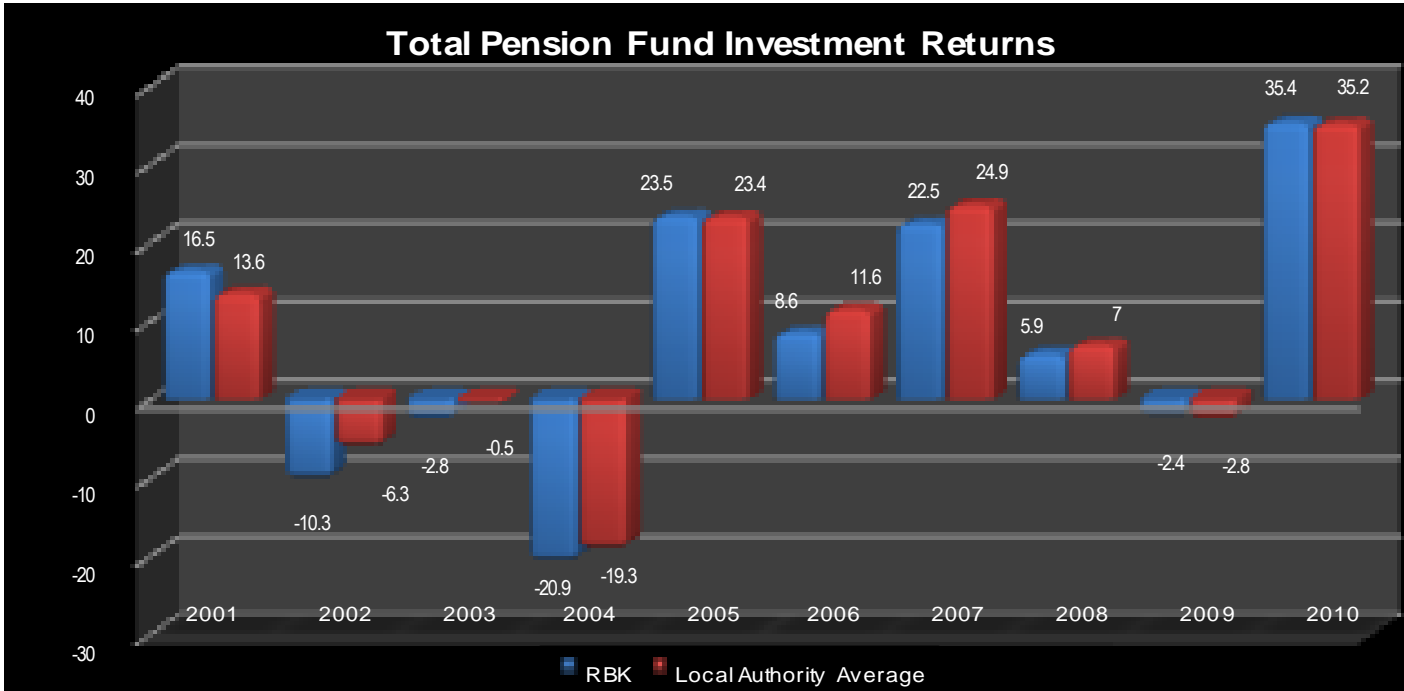
2009-10	First Quarter April to June 2009	Second Quarter July to September 2009	Third Quarter October to December 2009	Fourth Quarter January to March 2010	Total Annual Performance 2009-2010
	%	%	%	%	%
Fund Return	4.6	15.6	3.2	8.6	35.4
Benchmark Return	6.6	16.2	3.2	8.9	39.1
Relative Return	-1.9	-0.5	0	-0.3	-2.7

Summary of Fund Assets as at 31st March 2010

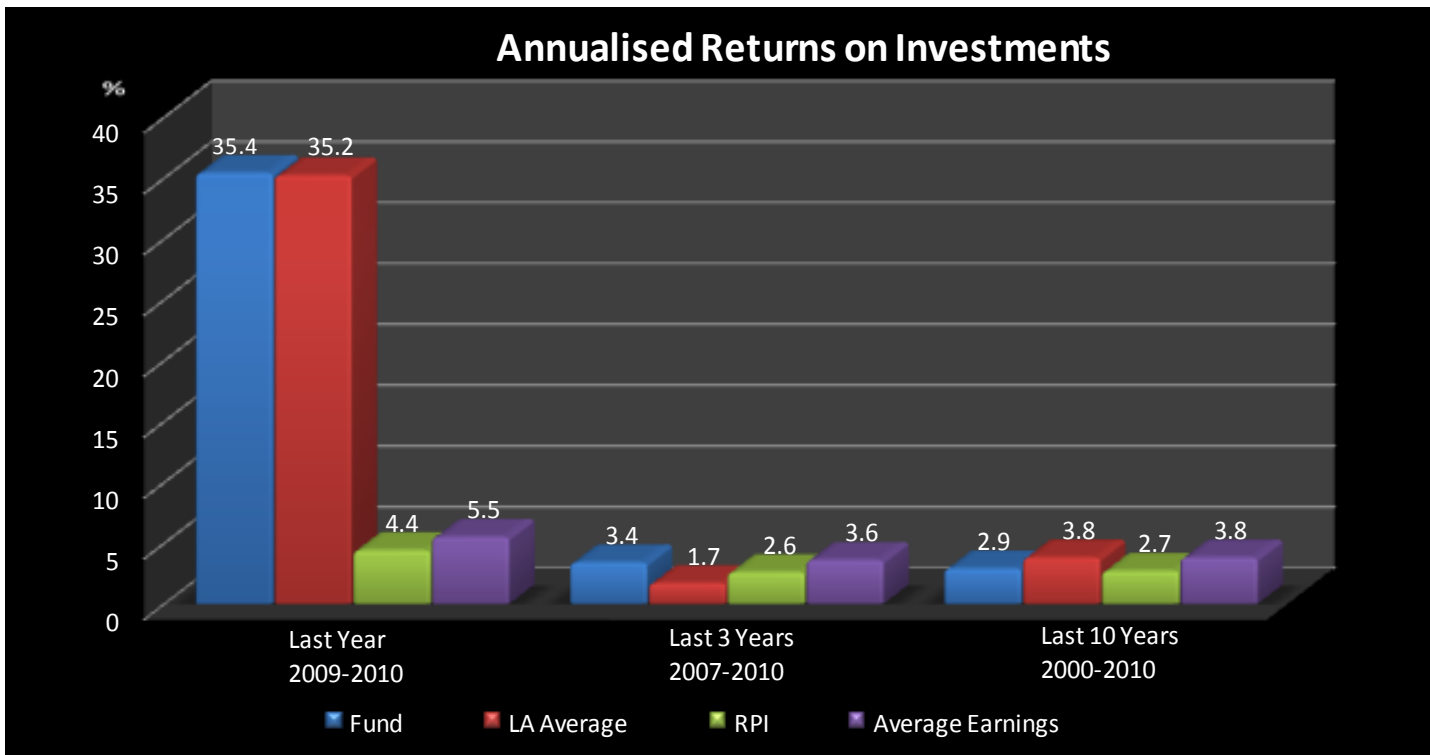
Manager	Asset Class	Market Value £'000	Percentage Total Assets by Market Value (%)
Fidelity	UK Equities	11,588	3.0
	Overseas Equities	111,950	29.2
	Other Managed Funds (Emerging market equities)	18,156	4.7
	Cash	2,169	0.6
Threadneedle	Unitised Insurance Policy (Global equities)	93,652	24.5
Schroders	Other Managed Funds (Global equities)	74,789	19.5
Henderson	Other Managed Funds (Bonds)	50,923	13.3
UBS	Property Unit Trusts	14,144	3.7
	Cash	3,020	0.8
State Street	UK Equities (liquidated)	46	
In house	Cash	2,453	0.6
	Other investment balances	305	
TOTAL		383,195	100

Asset Returns

The chart below provides a comparison between the performances of Kingston's Fund and that of the average of 88 local authority funds with total assets valued at £133.06 billion as at 31 March 2010. The annual returns take into account the change in market value of the Fund's investments together with the income they have earned over the period.



The chart below shows the Fund's performance compared to the local authority average, price inflation (retail price index - RPI) and wage inflation (national average earnings) over various durations.



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The ten largest holdings of the Pension Fund were as follows:

Name	Value as at 31st March 2010 £000	% Total Net Assets as at 31st March 2010
Threadneedle TPN Global Equity Fund	93,652	24.3
Schroder Life QEP Global Active Value Fund	74,789	19.4
Henderson All Stocks Credit Fund	50,923	13.2
Fidelity Select Emerging Markets Fund	18,156	4.7
UBS Triton Property Unit Trust	6,398	1.7
Standard Life Inv Plan Property Fund	5,000	1.3
Microsoft Corp	1,821	0.5
Chevron	1,532	0.4
Rockspring Hanover Property Trust	1,396	0.4
Procter & Gamble	1,337	0.3

The largest holdings are in the pooled funds of the five fund managers.

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The 10 largest directly held equity holdings of the Pension Fund were as follows:

Name	Value as at 31st March 2010 £000	% Total Net Assets as at 31st March 2010
Microsoft Corp	1,821	0.5
Chevron Corp	1,532	0.4
Procter & Gamble	1,337	0.3
HSBC Holdings	1,272	0.3
Apple Inc	1,230	0.3
Wells Fargo & Co	1,167	0.3
Google Inc	1,121	0.3
Nestle SA	1,121	0.3
General Electric Co	1,090	0.3
Wal-Mart Stores	1,072	0.3

Investment diversification means that the largest direct equity holding represented half of one per cent of the total value of the Fund as at 31 March 2010.

SCHEME ADMINISTRATION REPORT

The Pension Fund Panel meets at least four times a year. The responsibilities of the Panel include:

- Setting the investment policy for the Scheme;
- Appointing Investment Managers, advisors and custodians;
- Reviewing the performance of the Investment Managers and the Investments held in the Scheme; and
- Corporate governance policy.

In addition, on a three yearly cycle the Panel formally reviews the Fund's Investment Management arrangements. However, if circumstances dictate, the arrangements may be reviewed at any time.

The Council members serving on the Panel are:

Councillor Derek Osbourne (Chair)
Councillor Barry O'Mahony (Vice Chair)
Councillor Rolson Davies
Councillor Frank Thompson
Councillor James White

Observer members are:

Dennis Spratling (Kingston College)
Robert Ewing (Kingston University)
Majid Mafi (Staff Representative)
Chris Coke (Association of Retired Council Officers (ARCO))

MANAGEMENT

Management and administration of the Pension Fund is delegated to the Director of Finance. The Treasury Services Group within the Council's Finance Department has responsibility for day-to-day management. The head of Treasury Services is responsible for the production of the annual report.

Director of Finance	Leigh Whitehouse
Head of Treasury Services	Iain Millar
Pensions Manager	Sue Grimstead

ADVISERS

Investment Managers	UBS Global Asset Management Fidelity Investment Management Threadneedle Schroders Investment Management Henderson Global Investors
Transition Manager	State Street Global Markets
Independent Advisor	Mercer Investment Consulting
Actuary	Hewitt Bacon & Woodrow
Custodian	JP Morgan Chase Bank
Auditor	Audit Commission
Legal	Legal Services, RBK
Bank	National Westminster Bank

Communications

There is an extensive website for Scheme Administration which contains the following:

- A full scheme booklet broken down into easy to read leaflets.
- Recent newsletters both to active members and pensioner members.
- Information on Additional Regular Contributions together with a ready reckoner and an application form
- Forms for Expression of Wish and nominating a co-habiting partner
- Pensions Charter containing details of timescales for various tasks
- Links to other relevant websites

Technology

Pension Services makes good use of technology within the team. The computerised administration system used is AXIS provided by Heywood Ltd. In addition to record keeping and performing calculations, there is an integrated work flow and document management system. There is an electronic exchange of data from RBK's payroll system and it is hoped to extend this to other employers within the Fund.

Dispute Resolution

From the day a person starts a job with an employer, to the day when benefits or dependant's benefits are paid, the employer and the Pension Scheme administering authority have to make decisions under the Pension Scheme rules that affect the member and his dependents.

If the member is not satisfied with any decision affecting him, made in relation to the

Scheme, he has the right to ask for it to be looked at again under the formal complaint procedure. He also has a right to use the procedure if your employer or administering authority should have made a decision, but haven't.

The Internal Dispute Resolution Procedure has two stages. In the first stage the matter is considered by a person nominated by the employer. At RBK this is the Chief Pensions Administrator who, after reviewing the matter, will write formally to the member giving the reasons for overturning the original decision or for upholding it. If the member is still dissatisfied, he can refer the matter to the Strategic Director of Finance for consideration under Stage 2 of the Procedure.

At any stage in the process, the member can contact The Pensions Advisory Service for assistance in making his case. If, after the two stage internal procedure, the member is still dissatisfied, he can take his case to the Pensions Ombudsman

AVC PROVIDERS:

EQUITABLE LIFE ASSURANCE SOCIETY PO Box 177
Walton Street
Aylesbury
Buckinghamshire
HP21 7YH

AVIVA Rose Lane Business Centre
PO Box 520
Norwich
NR1 1BB

FUND ACTUARY:

HEWITT ASSOCIATES LIMITED Prospect House
St Albans
AL1 2QU

SCHEME ADMINISTRATORS:

PENSION SERVICES Royal Borough of Kingston
Guildhall 2
Kingston upon Thames
KT1 1EU

LEGAL SERVICES Royal Borough of Kingston
Guildhall 2
Kingston upon Thames
KT1 1EU

BANKERS National Westminster Bank
5 Market Place
Kingston upon Thames
KT1 1JX

HOW TO CONTACT US

If you have any questions about Scheme Administration you should contact the Pensions Team. They can also supply you with copies of any of the Scheme's official documents (for example, Pensions Charter, or Scheme booklet)

If you want to write to us, this is our address

Pension Services
Royal Borough of Kingston upon Thames
Guildhall 2
Kingston upon Thames
Surrey
KT1 1EU

Fax us on: 020 8547 5611

Email us: pensions@rbk.kingston.gov.uk

We would prefer that you contact us by e-mail but if you do not have access to e-mail you can telephone a member of the Pensions Team:

Sharan Virk - Pensions Assistant
Deals with new members, contribution returns from external payrolls
Telephone: 020 8547 5724

Monica Harries/Kuljit Kalra - Pensions Officer
Transfers of pension rights from and to other local authorities, deferred benefits.
Telephone: 020 8547 5721/5

Kathryn Derbyshire/Gary Stephenson - Senior Pensions Officer
Transfers of pension rights from and to external schemes, retirement and death benefits.
Telephone: 020 8547 5615/0

Geraldine Wells - Senior Pensions Officer/Assistant Pensions Manager
Day to day running of team, transfers, retirement and death benefit.
Telephone: 020 8547 5722

Veronica Gravatt - Assistant Pensions Manager
Day to day running of team, external bodies.
Telephone: 020 8546 5616

Pensions Manager - Sue Grimstead
Overall responsibility for service, policy.
Email: Sue.Grimstead@rbk.kingston.gov.uk
Telephone: 020 8547 5614

ANNEX 1

The Annual Pension Fund Accounts and Statement of the Actuary are shown as a separate attachment and will be made accessible on this link:

http://www.kingston.gov.uk/information/your_council/financial_information/

The following documents can be found on our website by clicking the link below:

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

www.kingston.gov.uk/council_and_democracy/treasuryservices/pensions/fund_investment.htm

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ANNEX 2

CONTRIBUTIONS - SCHEDULED BODIES

RBK						
Employer Contributions				15,059,137 53,978 (cost of early retirements)		
Employee Contributions				4,129,070		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
30,903	113,153	602,217	1,621,883	853,777	675,320	139,893
Protected Contribution Rate 5.25%				65,756		

Kingston University						
Employer Contributions				6,367,791 131,117 (cost of augmentation)		
Employee Contributions				1,957,485		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
765	785	6,622	568,783	776,526	560,142	43,871
Kingston College						
Employer Contributions				924,308		
Employee Contributions				300,496		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
931	2,034	32,977	164,316	56,582	35,320	3,666

ADMITTED BODIES

Kingston Grammar School						
Employer Contributions				28,351		
Employee Contributions				1,312		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
0	0	0	1,312	0	0	0
Hillcroft College						
Employer Contributions				80,563		
Employee Contributions				26,375		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
0	0	6281	3507	8204	8165	0
Kingston Town Centre Management Ltd						
Employer Contributions				36,634		
Employee Contributions				13,100		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
	1,641	367	892	5,274	4,917	0
London Grid for Learning						
Employer Contributions				156,822 14.184 Early retirement cost		
Employee Contributions				67520		
5.5%	5.8%	5.9%	6.5%	6.8%	7.2%	7.5%
0	52	1,410	11,723	5,886	28,266	9,174

Employee additional contributions are included with total employee's contributions but not shown in Bands.

There are two other admitted bodies detailed in the Statement of Accounts, Coombe

Oak and Glencross Cleaning neither of whom have active members. Glencross Cleaning was a Transferee Admission body. The contract has ended and the members transferred back to the RBK school. However both bodies continue to have liabilities in the form of deferred and pensioner members.

Financial Performance

All contributions from employers were received on or before the due date each month apart from one school who changed payroll providers on 1 April 2009 and had initial problems with payments being made on time. This has now been resolved. One admitted body was discovered to have paid the wrong employer's rate in 2009/10. The contributions were recovered with interest.

ANNEX 3

Statement of Investment Principles Compliance

Principle	Compliance Status	Comment
1: Effective Decision-Making	Compliant	Clearly defined decision-making process. Members have sufficient skills and training
2: Clear Objectives	Compliant	Members have set investment strategy taking account of scheme liabilities and risk appetite and advised new investment managers.
3: Risk and Liabilities	Compliant	As above
4: Performance Assessment	Compliant	External quarterly performance measurement of investment managers and custodian. Performance of adviser reviewed March 2009.
5: Responsible Ownership	Compliant	Statement on responsible ownership in Statement of Investment Principles.
6: Transparency of Reporting	Compliant	Statement of Investment Principles updated and published. Annual meeting held for members

ANNEX 4

Governance Compliance Statement

Principle	Compliance Status	Comment
Governance structure	Compliant	The decision-making structure is clearly defined.
Representation	Partial Compliance	Main employers and scheme members represented on the committee. However no individual representation for admitted bodies.
Selection/ role of lay members	Compliant	Lay members play full role and receive same training as Members. Additional Observer: Pensioner representative appointed to Panel.
Voting	Partial Compliance	Voting rights have not been extended to employer and member/pensioner representatives.
Training/Facility time/ Expenses	Compliant	There is a clear policy on training. The Fund pays all approved training courses for all members. The training plan reflects the needs of the committee agenda.
Meetings	Compliant	Formal meetings are held quarterly and lay members are included in the formal arrangements.
Access	Compliant	All members have equal access to meeting papers and advice.
Scope	Compliant	Pension Investment Panel terms of reference investment related
Publicity	Compliant	All statutory documents are made available to members. Minutes of Pension Fund Panel available on Council website.

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ANNEX 5

Employees

Number at 31 March 2009 **4,332**

Add Employees joining during the year 613

4,945

Less Members leaving during year:

Normal retirements (including redundancies etc) 118

Ill-health retirements 2

Deaths in service 7

Refunds of contributions 7

Deferred pensions 311 445

Number at 31 March 2010 **4500**

Pensioners

Number at 31 March 2009 **2,963**

Add New pensioners during year:

Normal retirements (including redundancies etc) 118

Ill-health retirements 2

Dependants' pensions 37

Deferred pensions becoming payable 76 233

3,059

Less Deaths/dependants ceasing to be eligible 100

Number at 31 March 2010 **3,096**

Deferred Pensioners

Number at 31 March 2009 **3,284**

Add New deferred pensioners during year 253

3,537

Less Normal retirements (including redundancies etc) 75

Ill-health retirements 1

Transferred 60

Back to active status 9

Deaths 2 147

Number at 31 March 2010 **3,390**

Total Membership at 31 March 2010 **10,986**

Membership Note

Please note that the opening figures for membership shown above differ from those reported in the Pension Fund Accounts and Annual Report for 2008-2009. This is due in part to timing differences from information received after the accounts were submitted and also due to an ongoing data cleansing exercise. These differences have no impact on the calculation of the cost of the Scheme.

GLOSSARY

Active Member – A member of an occupational pension scheme who is building up pension benefits, in either a defined benefit or a defined contribution scheme, from their current job.

Actuarial Valuation – An investigation by the Scheme actuary into the ability of a pension scheme to meet its liabilities.

Actuary – An adviser on financial information and assumptions relating to a pension scheme.

Admitted Body – A body which can be admitted to the LGPS with the agreement of the Administering Authority, It must be non profit-making and will normally be in receipt of a grant from either central or local government.

Assets – Any item of economic value owned by an individual or corporation, especially that which could be converted to cash.

Deferred Member – A member who is no longer active in the Scheme but is not yet in receipt of a pension.

Equity – The capital of a company belonging to the ordinary shareholders who have voting rights allowing them to influence the management of the company.

Fixed Interest Security – A security which yields fixed and regular income (interest).

Liability – A financial obligation, debt, claim, or potential loss.

Scheduled Body – There are a number of employers who are required to provide membership of the Local Government Pension Scheme to all their employees. These employers are listed in a schedule that appears at the back of the Local Government Pension Scheme Regulations. Unlike admitted bodies, scheduled bodies cannot refuse membership of the Scheme to their employees.

Security – Any kind of transferable certificate of ownership.

Statement of Investment Principles (SIP) – Trustees of Pension Funds are required to prepare and keep up to date this written statement to show the governance decisions on the investment of scheme's assets.

Unitised fund – An investment vehicle whereby the contributions of a number of unit-holders are pooled and the total amount is then used to purchase assets such as shares, bonds property and cash.