

Essex Pension Fund Board	EPB/25/11
Date: 28 September 2011	

Update on Pension Fund Activity

Joint Report by the Pensions Services Manager and Group Manager Investments

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1. Purpose of the Report

1.1 To provide the Board with an update on the following:

- 2011/12 business plan
- Risk management
- Scorecard – (Measurement against objectives)

2. Recommendations

2.1 That the report be noted.

2.2 That the proposed new risk detailed at Annex B (ii) is added to the Pension Fund's risk register.

3. Background

- 3.1 At its meeting on 9 March 2011 the Board approved the business plan for the Pension Fund for the financial year 2011/12. An update on the business plan is attached at Annex A.
- 3.2 Also at the 9 March 2011, the Board approved proposals for reporting and monitoring risks. Risks with a residual score of 6 or above are detailed at Annex B (i). A proposed new risk is detailed at Annex B (ii).
- 3.3 At its meeting on 29 June 2011, the Board received a report on the scorecard and agreed that, for the time being, the full scorecard be reported at each meeting. The full scorecard is attached at Annex C.

4. Matters subject to separate agenda items

- 4.1 The Actuary will report to the Board on 31 March 2011 Interim Funding Review.
- 4.2 An update will be given to the Board on the review of public sector pension provision.
- 4.3 A report on Pension Fund Knowledge & Skills from the Independent Governance Adviser is elsewhere on the agenda.

5. Key developments

- 5.1 Reasonable progress is being made with the business plan (Annex A). Of the 28 actions 6 are complete, 18 are in progress with 4 not due to start yet.
- 5.2 A new risk highlighting a possible reduction in employee participation within the LGPS has been identified and is detailed within Annex B (ii). This reflects a potential consequence of possible changes to public sector pension provision, and subsequent impact on the maturity of the Fund.
- 5.3 Whilst not fully complete, the scorecard continues to be developed. Measures to note:

2.1 – Investment returns .The annual investment return for 2010/11 was 10.0% which places the Essex Fund first in the group of selected neighbouring Funds. The 5 year rolling return is below that expected return as identified in the Statement of Investment Principles.

2.3 – Communication of investment issues. These measures principally deal with the dispatch of ISC agendas and publication of ISC minutes over the last 12 months when the targets identified in the scorecard were not in place. It will take the first full year of working to the new targets before these measures change from red.

4.3 – Administration of financial affairs. Measurement of the number of employing bodies submitting timely contributions is included for the first time. The result for the quarter ending June 2011 is 95.7%.

6. Link to Essex Pension Fund Objectives

- 6.1 Monitoring Pension Fund activity via the business plan, risks and scorecard assists the Fund in achieving all of its objectives, and in particular:
- Provide a high quality 'gold standard' service whilst maintaining value for money

7. Risk Implications

- 7.1 Key risks are identified at Annex B.

8. Communication Implications

- 8.1 Other than ongoing reporting to the Board, there are no communications implications.

9. Finance and Resources Implications

- 9.1 The business plan for 2011/12 is challenging and labour intensive, particularly around some of the improvements to governance areas. The forthcoming months will require considerable input by officers and advisers to bring some of the actions to conclusion.

10. Background Papers

- 10.1 None.