

<b>Essex Pension Fund Board</b>	<b>EPB/33/11</b>
<b>Date: 14 December 2011</b>	

### **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 Action 6 in Annex A: the Review of Annual of the Pension Fund Board is carried forward to 2012/13

### **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).
- 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. Related matters subject to separate agenda items**

- 4.1 A update will be given to the Board on the proposed reforms to the Local Government Pension Scheme.
- 4.2 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 11 are complete, 12 are in progress with 5 not due to start yet.
- 5.2 One of the five actions not yet due to start is the Annual Review of the effectiveness of the Board (Action 6 in Annex A) which is currently scheduled for March 2012. The first such Review took place in March 2011, and included a number of recommendations for the ISC to consider. At its June meeting the ISC agreed to defer detailed consideration for a subsequent meeting. This took place at the November ISC. In view of this timing **it is recommended that**

- Action 6 in Annex A: Annual Review of the Pension Fund Board is carried forward to 2012/13

- 5.3 The extent of potential impact of the proposed reforms to the Local Government Pension Scheme is currently being assessed by Fund officers. In the event of new risks being identified, an update to the risk register will be tabled at the meeting.
- 5.4 The scorecard continues to be developed. Measures to note:
  - 2.1 – Investment returns. The additional measures agreed at the Annual Strategy Awayday on 21 November have been included for the first time.

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, albeit the score shown do represent progress from the last quarter.

## **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
  - Understand and monitor risk and compliance
  - Continually measure and monitor success against our objectives

## **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.