

## Essex Pension Fund Business Plan 2011/12

### Governance

#### Objectives:

- Provide a high quality 'gold standard' service whilst maintaining value for money
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Evolve and look for new opportunities that may be beneficial for our stakeholders, ensuring efficiency at all times
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk and compliance
- Continually measure and monitor success against our objectives
- Pursue socially responsible business practices

#### Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2012
1. Annual business plan will be put in place.	A draft business plan will be produced based upon the draft objectives and submitted to the Board for approval in March 2011.	Hol and PSM	Complete - Plan agreed by March 2011 Board.
2. Measurement of progress.	Performance reports will be provided to the Board.	Hol and PSM	Complete - Measurement against Fund Objectives now forms part of the regular reporting to the Board.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2012
3. Review the scheme of delegation	Scheme of delegation to be reviewed to ensure appropriate reporting lines, particularly in relation to Pension Services and the recent move to Finance Professional Services	GMI	Complete - A high level review of the scheme of delegation was undertaken by Council on 10 May 2011.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2012
<p>4. Further roll out of training and training needs assessments</p>	<p>Consider further development of training for Board and officers including:</p> <ul style="list-style-type: none"> <li>• Induction programme to be offered to all new members of the Board and ISC. Training opportunities identified and offered to existing members throughout the year.</li> <li>• Officer training and development needs will be identified through “my performance” process and reviewed during year.</li> <li>• Background reports will be prepared on all decisions to be taken by the Board and ISC.</li> <li>• Arrangements to ensure that appropriate advice is available to the ISC from institutional investment consultant and two independent investment advisers will be maintained.</li> <li>• Where specific issues require additional specialist advice, suitable providers will be identified.</li> <li>• A handbook has been prepared and will be maintained for members of the Board.</li> </ul> <p>Review of success of training and agreeing an ongoing training assessment and delivery programme for PFB, ISC and, possibly, officers, which could incorporate the CIPFA Knowledge and Skills Framework</p>	<p>GO</p>	<p>Ongoing –</p> <ul style="list-style-type: none"> <li>• Ongoing training programme put in place for Board with various elements of training delivered during year, including induction for all new members.</li> <li>• Training needs assessment completed by some Board members.</li> <li>• Training needs assessment arrangements to be reviewed by officers before end of March.</li> <li>• Discussion ongoing on Pension Board Members Resource to replace handbook.</li> </ul>

Action	How will this be achieved?	Officer managing action*	Progress as at March 2012
5. Annual review of governance policy	Review governance policy to ensure it is relevant and up to date, including the governance compliance statement therein.	Hol and PSM	Complete - undertaken at June 2011 Board.
6. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it.	GO and IGA	December 2011 Board meeting agreed to carry this item forward to 2012/13 due to the previous review results just being discussed at ISC in November 2011.
7. Review Fund objectives.	Fund objectives to be reviewed later in 2011/12 in advance of preparation of 2012/13 business planning. Measurement indicators will assist in understanding the appropriateness of the current objectives.	Hol and PSM	Complete - undertaken at December 2011 Board.
8. Commence procurement of Independent Investment Adviser	One of the ISC's Independent Investment advisers is due to end his contract mid way through 2012. Arrangements will be made to ensure that a successor is in place when required.	Hol	Complete – at its meeting on 17 November, the ISC agreed to reduce the number of Independent Advisers from two to one. As a consequence successor arrangements are not required.

## Investments

### **Objectives:**

To maximise the returns from investments within reasonable risk parameters

To ensure the Fund is properly managed

Ensure all significant Fund investment issues are communicated properly to all interested parties

### **Actions:**

Action	How will this be achieved?	Officer managing action*	Progress as at December 2011
9. Monitor compliance with statutory guidance on investment decision making and disclosure.	Annually review the Statement of Compliance to be published in the SIP.	Hol	Complete – The Statement of Compliance has now been published in the Pension Fund's Annual Report.
10. Review of asset allocation	Commission the investment consultants to carry out an asset liability study for the Fund and coordinate the reporting of its findings to the ISC.	Hol	Complete. The study was submitted to the ISC in July 2011.

Action	How will this be achieved?	Officer managing action*	Progress as at December 2011
11. Review of Statement of Investment Principles (SIP)	Annual review of SIP following the annual review of strategy & structure.	Hol	On track. A draft revised SIP was approved for consultation by the ISC in February 2012. The consultation will be undertaken and the revised SIP incorporating any recommended amendments in the light of consultation will be brought back to the ISC for approval in June 2012.
12. To determine whether value for money is being obtained from the investment management fees being paid and to identify any areas where efficiencies can be achieved.	Ensure that new fee monitoring arrangements agreed as part of strategy & structure review are implemented by investment consultant as part of their annual review of performance and reported to the ISC.	Hol	Complete - A report was submitted to the ISC in July 2011.

# Funding

## Objectives

- Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined in the Funding Strategy Statement
- To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible
- To have consistency between the investment strategy and funding strategy
- To manage employers' liabilities effectively by the adoption of employer specific funding objectives
- Maintain liquidity in order to meet projected net cash-flow outgoings
- Minimise unrecoverable debt on termination of employer participation

## Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at December 2011
13. Review Funding Strategy Statement	In conjunction with the interim review and in discussion with the Actuary, the FSS will be reviewed to ensure that it remains appropriate.	Hol	Complete - At its September meeting the Board agreed not to amend the FSS in light of the outcomes of the March 2011 Interim Review.
14. Interim Review as at 31 March 2011.	An interim review of the Fund as at 31 March 2011 will be commissioned from the Actuary.	Hol	Complete - A presentation on the interim review was given to the September Board.
15. Admission/employer participation/bulk transfer policy	The agreed framework structure and associated documentation will be developed and implemented during the year.	Hol and PSM	Discussions are ongoing with new Actuary (Barnett Waddingham) on taking this forward.

# Administration

## Objectives:

- Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount
- Data is protected to ensure security and authorised use only

## Actions:

Action	How will this be achieved	Officer managing action*	Progress as at December 2011
16. Independent Review of Administration	The Independent Governance Adviser will complete the review of administration services.	EDfF	Complete. A report was submitted to the Board in June 2011. Recommendations are being prioritised and taken forward by officers. Any impact on resources will be reported back to the Board.
17. Hutton Review / Review of Public Sector Pensions	Pending outcomes, review and put in place a plan to deliver any requirements	Hol and PSM	Complete . The 14 December Board agreed the response proposed by the Task & Finish group.
18. Complete the annual end of year data exercise as at 31 March 2011	Provide data to the Fund Actuary in order that any necessary calculations may be carried out.	Hol and PSM	Complete
19. Review the provision of AVC	Investigate current and alternative arrangements available. Ensure	PSM	A report on this matter appears elsewhere on the 7 March 2012 Board



arrangements	stakeholders have choices.		agenda
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Action	How will this be achieved	Officer managing action*	Progress as at December 2011
20. Staff resources will be monitored to ensure that appropriate support can be provided to the Board, the ISC and other stakeholders.	As part of the ongoing general management of the service, workloads, resources and priorities are monitored and discussed at team meetings. The support arrangements for the Pension Fund, the Board and the ISC will need to be kept under review as new arrangements and policies are introduced.	PSM and Hol	Ongoing - Monitoring of workloads, and impact of volume of employers admitted into the Fund, continues.
21. Administration Strategy	Investigate and develop an action plan for the implementation of an administration strategy, following the completion and outcome of the administration review.	PSM	A report on this matter appears elsewhere on the 7 March 2012 Board agenda
22. Procurement of Actuary	The position of Fund Actuary will be subject to market testing	Hol	Complete – Following interviews in October, Barnett Waddingham were appointed Actuary w.e.f. 1 December 2011.
23. Procurement of Global Custodian	The position of Global Custodian will be subject to market testing	GMI	Ongoing – Site visits took place in later February, due diligence underway.

# Communications

## Objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally
- Ensure our communications are simple, relevant and impactful
- Deliver information in a way that suits all types of stakeholder
- Aim for full appreciation of the pension scheme benefits by all scheme members and prospective scheme members

## Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at December 2011
24. Hutton Review	Pending outcomes, review and put in place a plan to deliver any communication requirements	PSM	Awaiting detailed proposals on implementation. An update will be provided at this meeting.
25. Improve employer engagement	Review and put in place a plan to improve engagement with employers of the fund. This will be undertaken as part of a review of the communication strategy.	PSM	A report on the Communications Strategy (including engagement with employers) appears elsewhere on the 7 March 2012 Board agenda.
26. Improve engagement with other stakeholders	Review and put in place a plan to improve engagement with other stakeholders within the Fund. This will be undertaken as part of a review of the communication strategy	PSM	A report on the Communications Strategy (including engagement with other stakeholders) appears elsewhere on the 7 March 2012 Board agenda.
27. Further develop website	Investigate ways of increasing use of the website, including an area for Employers.	PSM	A report on the Communications Strategy (including increasing use of website) appears elsewhere on the 7 March 2012 Board agenda.

28. Instigate joint communications	Instigate joined up communications covering Administration and Investment issues	Hol and PSM	A report on the Communications Strategy appears elsewhere on the 7 March 2012 Board agenda
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