

Essex Pension Fund Objectives and Measurements Against Objectives

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

Measurement Against Objectives

Objective	Measurement
a) Provide a high quality 'gold standard' service whilst maintaining value for money	a) Value for money – measured by cost per member via LGPS CIPFA benchmarking club. Target is to be within the second or third quartile of participating LGPS funds. Bottom quartile (i.e. cheapest) may indicate stretched resources which could mean reduced quality and top quartile could indicate inefficiencies. When considering this measurement, regard will be had to any untypical characteristics (e.g. large numbers of employers).

Objective	Measurement
	b) Gold standard – measured by a number of factors including (i) LGPS CIPFA benchmarking club performance indicators for turnaround times for members communications – aim is to better all target standards (ii) LGPS CIPFA benchmarking club member appeals – aim is to be below average for total number of cases and ‘lost’ number of cases (iii) Monitoring of compliments and complaints year on year – the Board will be given opportunity to consider whether the results represent a ‘gold standard’ service (iii) Member surveys – aim for at least 95% of members responding as being satisfied or very satisfied across all questions asked (iv) Employer surveys – aim for at least 95% of employers responding as being satisfied or very satisfied across all questions asked
b) Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise	a) Essex Pension Fund Board - Training plans in place and good attendance at training events. Training needs analysis carried out annually with consistently high level so knowledge demonstrated. Any areas of weakness are quickly reduced by training. b) Officers – Training plans and “my performance” objectives in place for each officer. Progress made against objectives and plans.
c) Evolve and look for new opportunities that may be beneficial for our stakeholders, ensuring efficiency at all times	Opportunities reported to Board for information with information on efficiency produced. Need to ensure that opportunities followed are in line with objectives.
d) Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based	Evidence through documentation of decisions at officer and Board level in accordance with Essex County Council’s Code of Conduct for members and officers. Review key decisions made in the previous year to determine whether they were effective or not. Learn from review and amend procedures going forward. In addition, the annual review of the effectiveness of the Board will assist in this regard.

Objective	Measurement
e) Understand and monitor risk and compliance	Ongoing reporting and discussion of key risks to the Fund. Output from internal audit and external audit reviews. Any other reviews as deemed necessary from time to time.
f) Continually measure and monitor success against our objectives	Evidenced by the production of an annual report (each December) with measurement results and comment.
g) Pursue socially responsible business practices	<p>a) ECC have a number of corporate policies and objectives that relate to socially responsible business practices. In maintaining Essex Pension Fund, these corporate policies and objectives will also be followed (but see point below in relation to the SIP). Specific examples relating to the Pension Fund will be provided as part of ongoing measurement.</p> <p>b) Statement of Investment Principles – the SIP requires intervention by the ISC if companies, in which the Fund is invested, display unacceptable behaviour due to environmental considerations and other social implications. Any such intervention will be used as an indicative measurement for this objective.</p>

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

Measurement Against Objectives

Objective	Measurement
h) To maximise the returns from investments within reasonable risk parameters	<p>Measurement will be provided in relation to the expected return and risk (in terms of funding volatility) both prospectively and retrospectively.</p> <p>Prospective assessment will be made via quantitative modelling of the expected return and volatility of the asset portfolio (modelling is undertaken by the Fund's investment consultants). The outcome of this modelling will be assessed relative to acceptable levels.</p> <p>Retrospective assessment will be made via quarterly review of asset returns and changes in asset values on a quarterly basis.</p> <p>The return on assets will also be benchmarked relative to peers and the market in general on a quarterly basis.</p> <p>Liquidity risk (ability to sell assets quickly if required) will also be considered and this is taken into account when agreeing in the proportion of Fund assets invested in more illiquid assets.</p>

Objective	Measurement
i) To ensure the Fund is properly managed	<p>Proper management of the Fund will be assessed by the management structures in place including:</p> <ul style="list-style-type: none"> - The provision of a dedicated Investment Steering Committee ('ISC') - Clear terms of reference and reporting lines for the ISC - Assessment of member knowledge and understanding of pension matters and regular training as required - Regular meetings of the ISC including attendance of members and Officers/Advisers - Provision of a forward looking business plan - The availability and provision of expert advice from qualified advisers - Sufficient and appropriate support resource including operations and administration - Provision of complete management information including asset values and returns for consideration ISC on quarterly basis for consideration - Delegation of appropriate decisions/operations to expert providers including appropriately qualified and registered asset managers and regular monitoring of all areas delegated. <p>Assessment of these arrangements plus the overall management of the Plan will also be undertaken by external experts e.g. independent investment advisers, governance adviser, auditors</p>

Objective	Measurement
j) Ensure all significant Fund investment issues are communicated properly to all interested parties	<p>Fund investment issues will be reported to interested parties via:</p> <ul style="list-style-type: none"> - All public minutes being made available - Publication of both the Fund's Statement of Investment Principles and Annual Report and Accounts - Reporting of ISC business and decisions to Essex Pension Fund Board - Annual employer meetings <p>To assess the effectiveness of communications with stakeholders consideration will be given to all feedback and queries from interested parties.</p>

Funding

[The current funding objectives are due for review as part of the funding strategy statement during 2010/11. The proposed objectives and measurements of those objectives will be brought to the Pensions Board for approval in March 2011 with the final Funding Strategy Statement.]

Objectives

[To be confirmed]

Measurement Against Objectives

[To be confirmed]

Objective	Measurement

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

Measurement Against Objectives

Objective	Measurement
k) Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	The measurements will be as per part (b) of objective (a) under governance, i.e.: <ul style="list-style-type: none">(i) LGPS CIPFA benchmarking club performance indicators for turnaround times for members communications – aim is to better all target standards(ii) LGPS CIPFA benchmarking club member appeals – aim is to be below average for total number of cases and ‘lost’ number of cases(iii) Monitoring of compliments and complaints year on year – Board will be given opportunity to consider whether the results represent a ‘gold standard’ service(iii) Member surveys – aim for at least 95% of members responding as being satisfied or very satisfied across all questions asked(iv) Employer surveys – aim for at least 95% of employers responding as being satisfied or very satisfied across all questions asked

Objective	Measurement
l) Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	a) Timeliness measurements as shown above. b) Measurements of errors will include reporting on: <ul style="list-style-type: none"> - Any errors highlighted in internal and external audit reports - Any errors highlighted through appeals or complaints - Any other errors identified.
m) Data is protected to ensure security and authorised use only	a) Adhere to ECC data protection/security policy requirements. Maintain EPF procedures and review these at least annually. b) Maintain a log of all security breaches with follow on action.
n) To ensure proper administration of the Fund's financial affairs	a) Following the completion of year end and external audit requirements, monthly reconciliations of equity and bond investment mandates to be completed within eight weeks of month end. b) All contributions to be received from employers in the month they fall due (i.e. the month after the month they relate to). c) Progress as reported within internal audit annual report.
o) To comply with the Fund's governance arrangements agreed by the Council	a) Compliance with governance principles contained within minute 35 of the meeting of Essex County Council held on 6 May 2008 (concerning the establishment of the Essex Pension Fund Board). b) Issue agendas for Board meetings in accordance with the statutory deadline. c) Issue all draft minutes in accordance with ECC Finance Directorate performance indicator.

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

Measurement Against Objectives

Objective	Measurement
p) Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally	a) Feedback from annual focus groups with employees to ascertain what is working well and how employees enjoy being communicated to.
q) Ensure our communications are simple, relevant and impactful	b) Having in place an effective communication plan that demonstrates the inclusion of all employees.
r) Deliver information in a way that suits all types of stakeholder	c) Communication specific questions within member surveys – aim for at least 95% of members responding as being satisfied or very satisfied in these questions
s) Aim for full appreciation of the pension scheme benefits by all scheme members and prospective scheme members	d) Communication specific questions within employer surveys – aim for at least 95% of employers responding as being satisfied or very satisfied in these questions
	e) Monitoring of compliments and complaints specific to communications year on year – the Board will be given opportunity to consider whether the results demonstrate objectives have been met
	f) Evidence that the communication strategy has been adapted according to feedback received from members and other stakeholders where appropriate.