

# Essex Pension Fund Board

<b>13:00</b>	<b>Thursday, 13 December 2012</b>	<b>Committee Room 2, County Hall, C Block</b>
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**Please note that pre-meeting training for all Board members will be held in Committee Room 2 between 11am and 12.30pm. A sandwich lunch will be provided for those attending.**

**Quorum: 4**

## **Membership**

Councillor R Bass  
Councillor J Aldridge  
Councillor D Finch  
Councillor N Hume  
Councillor M Lager  
Councillor M Mackrory  
Councillor J Archer  
Councillor Mrs P Challis  
Councillor M Healy  
Councillor B Kelly  
Councillor E Johnson  
Mr K Blackburn  
Ms J Moore  
Vacancy

## **Representing**

Essex County Council (Chairman)  
Essex County Council  
Essex County Council  
Essex County Council  
Essex County Council  
Essex County Council  
Essex County Council  
Maldon District Council  
Castle Point Borough Council  
Thurrock Council  
Southend-on-Sea Borough Council  
Essex Fire Authority  
Scheme Members  
Smaller Employing Bodies  
Essex Police and Crime Commissioner

**For information about the meeting please ask for:**

Graham Hughes , Committee Officer

**Telephone:** 01245 430356

**Email:** [graham.hughes@essex.gov.uk](mailto:graham.hughes@essex.gov.uk)



Essex County Council

## **Essex County Council and Committees Information**

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at County Hall, Chelmsford, CM1 1LX. A map and directions to County Hall can be found at the following address on the Council's website:  
<http://www.essex.gov.uk/Your-Council/Local-Government-Essex/Pages/Visit-County-Hall.aspx>

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The Council Chamber and Committee Rooms are accessible by lift and are located on the first and second floors of County Hall.

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Committee Officer before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Committee Officer before the meeting takes place. For any further information contact the Committee Officer.

Induction loop facilities are available in most Meeting Rooms. Specialist head sets are available from Duke Street and E Block Receptions.

The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk). From the Home Page, click on 'Your Council', then on 'Committees and Decisions' and select 'View Committees'. Finally, scroll down the list to the relevant Committee, click the 'Meetings' tab and select the date of the Committee.

Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

## Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

		Pages
1	<b>Apologies for Absence</b> To report the receipt (if any).	
2	<b>Declarations of Interest</b> To note any declarations of interest to be made by Members	
3	<b>Minutes</b> To approve as a correct record the minutes of the Board meeting held on 27 September 2012.	5 - 12
4	<b>Local Government Pension Scheme update</b> To receive an oral update from the Actuary.	
5	<b>Pension Fund Activity Update</b> <b>A 2012/13 Business Plan</b> <b>B Risk Management</b> <b>C Measurement against Fund Objectives</b>  To consider a joint report (EPB/31/12) by the Head of Essex Pension Fund and Essex Pension Services Manager.	13 - 50
6	<b>Employer Forum</b> To consider a joint report (EPB/32/12) by the Head of Essex Pension Fund and the Secretary to the Board.	51 - 52
7	<b>ISC Quarterly Report</b> To consider a report (EPB/33/12) by the Head of Investments.	53 - 56
8	<b>Forward Look</b> To consider a report (EPB/34/12) by the Secretary to the Board.	57 - 60
9	<b>Date of Next Meeting</b> To note that the next meeting will be held on at 2pm on Wednesday 6 March 2013.	
10	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

## **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

### **11 Employer Analysis Update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **12 Payment Plans**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **13 Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

## **Minutes of a meeting of the Essex Pension Fund Board held at 2.00 pm at County Hall, Chelmsford on 27 September 2012**

Present:

### **Member**

#### **Essex County Council**

Cllr R L Bass (Chairman, in the Chair for items 1 – 15)  
 Cllr D M Finch (Vice Chairman, in the Chair for item 16)  
 Cllr N J Hume  
 Cllr M Mackrory

### **District/Borough Councils in Essex**

Cllr J Archer Maldon District Council  
 Cllr Mrs P Challis Castle Point Borough Council

### **Unitary Councils in Essex**

Cllr M Healy Thurrock Council  
 Cllr B Kelly Southend-on-Sea Borough Council

### **Scheme Members**

Mr K Blackburn

The following officers were also present in support:

Margaret	Lee	Executive Director of Finance
Jody	Evans	Pensions Services Manager
Kevin	McDonald	Group Manager, Investments
Anne-Marie	Allen	Senior Pensions Consultant (Barnett Waddington)
Karen	McWilliam	Independent Governance and Administration Adviser
Graeme	Muir	Fund Actuary (Barnett Waddingham)
Joanna	Thompson	Contributions Officer
David	Tucker	Employer Liaison Manager, Pension Services
Judith	Dignum	Governance Team Manager, Secretary to the Board
Graham	Hughes	Committee Officer

## **1. Apologies for Absence**

Apologies for absence were received from Councillors J Aldridge (Essex County Council), M Lager (Essex County Council), E Johnson (Essex Fire Authority), and S Walsh (Essex Police Authority).

In addition, apologies had been received from M Quinn, Head of Investments and N Wood, Assistant Director, Financial Strategy.

## **2. Declarations of Interest**

It was acknowledged that all Councillors under the age of 75 were entitled to join the Local Government Pension Scheme and some Board members had done so.

Councillor Mackrory declared a personal interest, in that he was a deferred pensioner of the Essex Pension Fund and his son was an employee of Aviva Pensions department.

### **3. Minutes**

#### **Resolved:**

That the minutes of the Essex Pension Fund Board held on 7 March 2012 be approved as a correct record and signed by the Chairman subject to the following addition: Minute 4, at the end of the second paragraph add 'Pensions Department' after 'Aviva'.

### **4. Local Government Pension Scheme update**

The Board received and noted an oral update from the Pensions Services Manager. Full statutory consultation on the proposed changes to public sector pensions was expected imminently.

### **5. 2012 Interim Funding review**

The Board received a report (EPB/23/12) by the Fund Actuary and the Group Manager Investments. The Board also received a presentation from the Fund Actuary outlining the funding models and assumptions used in conducting fund valuations and the impact of current economic conditions on equity and gilt yields and the discount rates on asset values, funding levels and employer contribution rates.

The Fund Actuary highlighted that the employee option of a 50% reduced pension contribution in return for a proportionate reduced pension entitlement could be a significant factor in determining future employer contribution costs. The Fund Actuary also noted that the cost of the new scheme would vary between employers, and the existing deficit would continue to be a key factor in the calculation of employer contribution rates.

#### **Resolved:**

**(1)** That the 31 March 2012 Interim Funding Review report be noted.

**(2)** That no changes, at this time, be made to the Essex Pension Fund's Funding Strategy Statement.

#### **Governance**

### **6. Update on Pension Fund Activity**

**A 2011/12 Business Plan**

**B Risk Management**

**C Measurement against Fund Objectives (Scorecard)**

The Board considered a joint report (EPB/24/12) by the Group Manager Investments and the Pensions Services Manager, which provided an update on the 2012/13 Business Plan, risk management and scorecard recording measurement of progress against objectives.

In connection with the business plan, six of the 22 actions agreed by the Board at its meeting on 7 March 2012 were complete, with a further thirteen in progress. The remaining three actions were scheduled to commence later in the year.

Other key developments as outlined in the report on the Business Plan and Risk Management were noted.

With regard to Annex C (Measurement against Fund Objectives), the Board gave consideration to the scorecard, seeking clarification on points of interest and explanations for areas of concern. Most measures had not changed significantly. Since the last meeting a number of changes had also been made to the scorecard and these were outlined by officers.

The Annual Return for investments in 2011/12 was 1.5%, resulting in a ranking of fifth out of the six LGPS Funds in a selected group of statistical neighbours. The annual return of 1.5% outperformed the 2011/12 benchmark of 0.7% and the five year annualised return equalled the benchmark of 2.8%.

A new measure to 'Recognise in drawing up its Funding Strategy the desirability of employer contributions that are as stable as possible' was outlined. During consultation on the 2011 Funding Strategy, each of the 17 major presenting bodies were typically offered three options for employer contributions. These options included a set of contributions which would increase by no more than 1% per year and 3% per valuation.

The score and status for Measure 3.4 (Manage employers' liabilities effectively) reflected (i) the liquidation of the Connaught Partnership Limited and that, despite receiving payment against a surety bond, there remained a potentially unrecoverable amount; and (ii) there remained an unrecoverable deficit arising after receiving a final settlement from the liquidators of Chelmsford Agency for Voluntary Services. Members noted that as the Measure was updated quarterly, the 'amber' rating in respect of 3.4.3 would be updated in the next report.

Issues impacting on the scores for the measure 4.1 (Deliver a high quality, friendly and informative service) were outlined including the delayed changes to regulations and factors required to calculate transfers, and significant increases in the demand for estimates of retirement benefits.

## **Resolved**

That the update be noted.

## **7. Pension Fund Board Representative for the Essex Police Authority**

The Board considered a joint report (EPB/25/12) by the Secretary to the Board, the Pensions Services Manager and the Group Manager Investments highlighting the forthcoming changes to the Essex Police Authority and how this impacted on the Essex Pension Fund and its Board.

**Resolved:**

- (1) That the abolition of the Essex Police Authority and the movement of liabilities and notional assets to its successor body, the Essex Police & Crime Commissioner (EPCC) be noted;
- (2) That the Council be recommended to amend the membership of the Board (as set out in paragraph 8.1.7 of the s Constitution) to with effect from 22 November 2012 by the deletion of 'one member representing Essex Police Authority' and its replacement by 'one member representing the Essex Police & Crime Commissioner;;
- (3) That further actions and decisions required upon subsequent transfer of some staff to the Essex Chief Constable be the subject of a further report to the Board once the date of transfer and details are known; and
- (4) That appropriate induction training be provided to the new appointee.

**8. Governance Policy and Compliance Statement**

The Board considered a joint report (EPB/26/12) by the Secretary to the Board, the Pensions Services Manager and the Group Manager Investments comprising an updated Governance Policy and Compliance Statement.

Development of a Conflicts of Interest Policy for agreement by the Board, which would be incorporated into the Governance Policy at a later date, would be deferred until Essex County Council had completed its review of its own Code of Conduct, which included elements relating to Conflicts of Interest. It was acknowledged that elected members would likely be governed by their own particular authority's code in any case and that a policy for the Board was required to ensure that all members (including those not publicly elected) observed the same standards.

**Resolved:**

- (1) That the Fund's updated Governance Policy and Compliance Statement be agreed.

**9. Annual Governance Report for the Essex Pension Fund Accounts 2011-12**

The Board received a report (EPB/27/12) comprising the Annual Governance Report for the Pension Fund by the District Auditor which had been presented to ECCs Audit Committee earlier in the week. An unqualified audit opinion had been given and no weaknesses in internal control had been identified.



**Resolved:**

That the report comprising the Annual Governance Report for the Pension Fund by the District Auditor be noted.

**10. Investment Steering Committee Quarterly Report**

The Board received and **noted** a report (EPB/23/12) by the Group Manager Investments which provided an update on the ISC activity since the last Board meeting.

**11. Forward Look**

The Board received and **noted** a report (EPB/29/12) by the Secretary to the Board which presented a Forward Look detailing the Board's future business. The Localism Act now required that all private executive decision-making meetings were subject to a 28 clear day notice period to allow public representation to be made to object to a meeting being held in private where public concerns were being discussed. Legal advice was being sought but it was thought that the Pension Fund Board would not be classified as an executive decision-making body and that, therefore, this requirement would not apply to it.

**12. Dates of Future Meetings**

The Board considered a report (EPB/30/12) comprising a schedule of meetings for the Municipal Year 2013/14.

**Resolved:**

That the schedule of meetings for the Municipal Year 2013/14, as set out below, be agreed.

<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Event</b>
Wednesday	22 May 2013	2.00pm	Training (Induction)
Wednesday	10 July 2013	2.00pm	Board Meeting
Wednesday	18 September 2013	2.00pm	Board Meeting
Wednesday	13 November 2013	10.00am	Strategy Day
Wednesday	11 December 2013	2.00pm	Board Meeting
Wednesday	22 January 2014	2.00pm	Training
Wednesday	5 March 2014	2.00pm	Board Meeting
Wednesday	21 May 2014	2.00pm	Training

**13. Date of Next Meeting**

The following had been scheduled and would begin at 2.00pm (with the exception of the Annual Strategy Day):

14 November 2012	Annual Strategy Day
13 December 2012	Board meeting
23 January 2013	Board member training (all day)*
6 March 2013	Board meeting
*Previously afternoon only	

It was noted that Board meetings would be preceded by a Member Development session between Midday and 1.30pm.

**14. Exclusion of the Press and Public****Resolved:**

That, having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**15. Employer Risk Analysis Update**

(Exempt under paragraph 3 – information relating to the financial or business affairs of any particular person)

The Board considered a report (EPB/31/11) on the ongoing work undertaken on Employer risk analysis. Members sought clarification and further information on certain matters. The Board noted the conclusions in the report.

**Resolved:**

That the next steps outlined in the paper from Barnett Waddingham be agreed.

[At this point, Councillor Bass left the meeting and, with the agreement of those present, Councillor Finch took the chair for the remaining item of business. The Independent Governance & Administration Adviser, the Fund Actuary and the Senior Pensions Consultant also left the meeting due to a potential conflict of interest in this item.]

**16. Web based facility for Pension Board Members**

(Exempt under paragraph 3 – information relating to the financial or business affairs of any particular person)

The Board considered a report (EPB/32/12) updating the Board on the progress made by officers in connection with the procurement of a web-based facility for Members to replace the Members' Handbook.

**Resolved:**

That the FocalPOINT web-based facility proposed by Hymans Robertson be procured at the earliest opportunity.

The meeting closed at 3.10 pm.

Chairman  
13 December 2012



<b>Essex Pension Fund Board</b>	<b>EPB/31/12</b>
<b>Date: 13 December 2012</b>	

### **Update on Pension Fund Activity**

Joint Report by the Head of Essex Pension Fund & Essex Pension Services Manager

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Enquiries to Kevin McDonald on 01245 431301 and Jody Evans on 01245 431700

#### **1. Purpose of the Report**

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

- 2012/13 business plan
- Risk management
- Scorecard – (Measurement against objectives)

#### **2. Recommendations**

2.1 That the report be noted.

### **3. Background**

3.1 The following documents accompany this report:

- an update on the 2011/12 business plan is attached at Annex A;
- unchanged risks with a residual score of six or above are detailed at Annex B (i);
- risks with a changed score are detailed at Annex B (ii); and
- the full scorecard is attached at Annex C.

### **4. Related matters subject to separate agenda items**

4.1 Matters subject to separate agenda items include:

- Local Government Pension Scheme update
- Employer risk analysis update
- ISC Quarterly Report

### **5. Key developments**

#### **Business Plan**

5.1 Progress is on track with the business plan (Annex A). Of the 22 actions agreed by the Board at its meeting on 7 March, ten are now complete with work in progress on a further eleven.

#### **Risk Register**

5.2 Unchanged risks with a residual score of six or above are detailed at Annex B (i).

5.3 One further risk (A1) has been rescored. This addresses the possibility that the draft Regulations on the 2014 LGPS may not include comprehensive details on the new scheme. This in turn could impact on the implementation of required system changes.

#### **Scorecard**

5.4 Measures to note are detailed below:

**3.5** Maintain Liquidity in order to meet projected net cashflow outgoings.

A new measure (3.5.1 & 3.2.2) has been introduced to capture the most recent analysis of the how soon the Fund could change from positive to negative cash flow. At the 15 November Strategy day, Board Members were updated that the Fund is currently projected to turn cashflow negative in 2015/16.

**4.2** Data protected to ensure security and authorised use only

A security breach occurred in October when an email containing membership details of Essex Probation staff was sent to Essex Police in error. This was a mistake which was highlighted to Essex Police after which the details were deleted. The relevant procedure has now been changed to exclude the use of membership details in order to ensure that such a breach does not re-occur.

## **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 2012/13 is challenging and labour intensive, particularly around some of the improvements to governance areas. The remainder of 2012/13 will require significant input by officers and advisers to bring some of the actions to conclusion.

## **10. Background Papers**

- 10.1 None.





## **Essex Pension Fund Business Plan 2012/13**

### **Governance**

#### **Objectives:**

- Provide a high quality 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, particularly the Fund's beneficiaries, 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

#### **Actions:**

<b>Action</b>	<b>How will this be achieved?</b>	<b>Officer managing action*</b>	<b>Progress as at December 2012</b>
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 2012.	PSM/Hol	Complete

Action	How will this be achieved?	Officer managing action*	Progress as at December 2012
2. Further roll out of training and training needs assessments	Ongoing review of training needs and implementation of a training programme to fill any knowledge gaps for PFB, ISC and officers, with reference to the CIPFA Knowledge and Skills Framework.	IGA	In progress - Training plan agreed at July 2012 Board and individual modular approach now in place. Investment module TNAs issued and as at 26 November, six had been returned. The results have been incorporated into the scorecard but in general there is a measured improvement in Members' knowledge.
3. Board members' knowledge centre	A web based facility for Members to replace the handbook will be identified and put in place.	PSM	Procurement complete, anticipated go live date April 2013
4. Annual review of governance policy	Review governance policy to ensure it is relevant and up to date, including the governance compliance statement therein.	Hol, PSM and GTM	Complete. Review took place at the September meeting of the Board.
5. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it. The 2011/12 review was deferred to 2012/13.	GTM and IGA	Temporarily deferred to focus on completion of Training Needs Analysis.
6. Commence procurement of Independent Investment Adviser	Of the two Independent Investment advisers to the ISC, one contract will end in July 2012, and the ISC has agreed not to make a further re appointment The remaining Independent Investment adviser is due to end his contract mid way through 2013. Arrangements will be made to ensure that a successor is in place when required.	Hol and GMI	In progress – Preliminary discussions between the Chairman & senior officers have taken place.

# 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 2012
7. Monitor compliance with statutory guidance on investment decision making and disclosure.	Annually review the Statement of Compliance.	GMI	Complete. Updated by officers during September 2012 for publication in 2012/13 Annual Report & Accounts
8. Review of asset allocation	Annual review of asset allocation as part of the annual review of strategy & structure at the July 2012 ISC.	Hol	Complete. The ISC meeting on 25 July 2012 undertook this review.
9. Review of Statement of Investment Principles (SIP)	Annual review of SIP	Hol	Complete. The ISC meeting on 13 June approved the SIP
10. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	Hol	Complete. The ISC meeting on 25 July 2012 undertook this review.

# 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 recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible
- To have consistency between the investment strategy and funding strategy
- To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, 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 2012
11. 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 and PSM	Complete. Review took place at the September meeting of the Board.
12. Interim Review as at 31 March 2012.	An interim review of the Fund as at 31 March 2012 will be commissioned from the Actuary.	GMI and PSM	Complete. Review took place at the September meeting of the Board.
13. Admission/employer participation/bulk transfer policy	A framework structure and associated documentation will be agreed with the Fund Actuary and implemented.	GMI and PSM	In progress - A report on employer risk analysis appears elsewhere on the September 2012 Board agenda  A report on admission/bulk transfer policy will be brought to the March 2013 Board.

## 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 2012
14. Reform of LGPS	Pending outcomes, review and put in place a plan to deliver any requirements (e.g. revised processes, systems, etc).	PSM	A verbal update on this matter appears elsewhere on the 13 December 2012 agenda.
15. Complete the annual end of year data exercise as at 31 March 2012	Complete year end accounting, gather information from employer and update Axise, and produce annual benefit statements.	PSM	Complete. The annual benefits statements for both Deferred and Active members have been dispatched in line with deadlines.
16. Review the provision of AVC arrangements	The outcomes of the AVC review will be implemented.	PSM and GMI	In progress - Interviews held with two providers. Decision due December 2012.
17. Administration Strategy	Carry out consultation exercise, approve and publish agreed strategy.	PSM	In progress – Employer Consultation underway. Deadline for responses 18 December 2012.

Action	How will this be achieved	Officer managing action*	Progress as at December 2012
18. Integration of Pensions Services and Investment Team	A review will be carried out of the two teams that currently service the Pension Fund, with a view to integrating structures.	EDfF and ADFM	In progress – Appointment made to Head of Pensions post. Staff consultation on revised structure underway.
19. Procurement of Global Custodian	The market testing of the Funds Global Custody services will be completed.	GMI	Complete. Northern Trust contract commenced: 1 October 2012.
20. Auto Enrolment – Work based Pensions	Monitor developments and maintain dialogue with Pension Fund employers throughout the process of auto enrolment implementation. (Staggered staging dates apply to all employers – depending on size – between 2012 and 2016)	PSM	In progress – First employer staging date (ECC): 1 January 2013

## 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 have impact
- Deliver information in a way that suits all types of stakeholder
- Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme members and employers

### **Actions:**

Action	How will this be achieved?	Officer managing action*	Progress as at December 2012
21. Reform of LGPS	Pending outcomes, review and put in place a plan to deliver any communication requirements including delivery of key messages	PSM	In progress – Further communications will commence after receipt of the Statutory consultation, expected late 2012.
22. Implement agreed Communications Policy	Implement in accordance with detailed provided in report on 7 March Board agenda, including consideration of implementation of on line facilities (subject to appropriate business case).	PSM	In progress - Discussions ongoing with ECC Communications Team around the development of a clear identity for the Fund as set out in the Communications Policy.  Involved in national framework for procurement of Administration system, which will include online employer and scheme member access. Further progress expected once draft Regulations published.

#### Officer Managing Action Key:

- PSM – Pension Services Manager
- Hol – Head of Investments
- GMI – Group Manager Investments

- GTM – Governance Team Manager
- IGA – Independent Governance and Administration Adviser
- ADFM – Assistant Director Financial Management
- EDfF - Executive Director for Finance



**ANNEX B (i)**

Category	Objective	Risk Ref:	Description of Risk of not Achieving the Objective	Residual Impact	Residual Probability	Residual Risk	Previous Risk Score	Risk Owner	Comments, Actions and Recommendations
Governance	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G7	Failure of succession planning for key roles on PFB	3	2	6	6	Judith Dignam	The Board's approach to training, where members are working toward compliance with the CIPFA Knowledge & Skills Framework, should help minimise any adverse impacts of failure in succession planning because there should be a greater number of candidates for any position with appropriate knowledge and skills in depth.
Governance	Evolve and look for new opportunities that may be beneficial for our stakeholders, ensuring efficiency at all times	G12	Insufficient staff causes failure to free up time to look for other best practice areas then opportunities may be missed	2	3	6	6	Jody Evans	A revised staffing structure currently subject to consultation and is planned to be implemented in Q113.
Investments	To maximise the returns from investments within reasonable risk parameters	I1	If investment return is below that assumed by the Actuary in funding the plan this could lead to an increasing deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger this risk.	3	3	9	9	Kevin McDonald	Diversified portfolio; Annual Strategy Review; Asset Liability Study, extended recovery periods to smooth contribution increases.
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F2	Market yields move at variance with actuarial assumptions resulting in increases in liabilities, reduced solvency levels and increased employer contributions	3	3	9	9	Kevin McDonald	Annual interim reviews to enable consideration of the position and the continued appropriateness of the funding/investment strategies and to monitor the exposure to unrewarded risks.
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F7	Mismatch in asset returns and liability movements result in increased employer contributions	3	2	6	6	Kevin McDonald	Diversified investment structure and frequent monitoring against targets to adjust funding plans accordingly through the FSS. Employers are kept informed as appropriate.

**ANNEX B (i)**

Category	Objective	Risk Ref:	Description of Risk of not Achieving the Objective	Residual Impact	Residual Probability	Residual Risk	Previous Risk Score	Risk Owner	Comments, Actions and Recommendations
Funding	Minimise unrecoverable debt on termination of employer participation	F19	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. In the absence of all of these, the shortfall will be attributed to the Fund as a whole with increases being required in all other employers' contributions	3	2	6	6	Kevin McDonald	Assess the strength of individual employer's covenant and/or require a guarantee when setting terms of admission agreement (inc bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through traffic light analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible
Funding	Minimise unrecoverable debt on termination of employer participation	F20	Failure to monitor leading to inappropriate funding strategy and unrecovered debt on cessation of participation in the fund	3	2	6	6	Kevin McDonald	Assess the strength of individual employer's covenant in conjunction with the Actuary and/or require a guarantee when setting terms of admission agreement (inc bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through traffic light analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F21	Employee participation in the Essex LGPS reduces (possibly in response to changes in contribution rate / benefit structure or changes in patterns of service delivery)	3	2	6	6	Kevin McDonald / Jody Evans	Communications with both Employers and Employees over the benefits of the LGPS, both before and after any structural change. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A6	Lack or reduction of skilled resources. Significant increase in the number of employing bodies e.g. academies.	3	3	9	9	Kevin McDonald / Jody Evans	Continually monitor staffing position - revised staffing structure currently subject to consultation and is planned to be implemented in Q113. Continually monitor the impact of the volume of employers admitted to the Fund.

**ANNEX B (ii)**

Category	Objective	Risk Ref:	Description of Risk of not Achieving the Objective	Possible Actions	Residual Impact	Residual Probability	Residual Risk	Previous Risk Score	Risk Owner
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A1	Failure to administer scheme in line with Regulations and policies e. g. LGPS Reform – delays in the release of draft Regulations in sufficient detail could impact on the implementation of required system changes and staff training.	The calculation of pensionable service and associated benefits could be undertaken on a manual basis, however this would not only impact on turnaround times / performance measures, but would also be the first such calculation undertaken on the new CARE basis.	3	2	6	3	Jody Evans



Essex Pension Fund Scorecard - 13 December 2012	
<b>Guidance:</b> Measures are grouped around key objectives identified by the Board. For some objectives there are several indicators monitoring progress. The number of measures which are red, amber and green for each objective are displayed on the scorecard. Key areas of focus are highlighted in the commentary box below. Details of individual measures, including performance, targets, contextual commentary, definition and scope are given in the attached drill down pack. Measures which are still in development have not been displayed on the scorecard but are outlined in the drill down pack	
<b>1. GOVERNANCE</b>  1.1 - Provide a high quality service whilst maintaining value for money  1.2 - Ensure the Pension Fund is managed by people who have the appropriate knowledge and expertise  1.3 - Evolve and look for new opportunities, ensuring efficiency at all times: Progress against business plan  1.4 - Act with integrity and be accountable to our stakeholders (complaints against EPFB, robustness of decisions, contract management, accountability)  1.5 - Understand and monitor risk and compliance	<p>Scorecard for Governance showing performance across five measures. Measure 1.1 is Green (5). Measure 1.2 is Red (1), Amber (4), Green (1), and Grey (1). Measure 1.3 is Green (1). Measure 1.4 is Red (1) and Green (2). Measure 1.5 is Green (5).</p>
<b>2. INVESTMENTS</b>  2.1 - Maximise returns from investments within reasonable risk parameters  2.2 - Ensure the Pension Fund is properly managed (ISC attendance, skills and governance arrangements)  2.3 - Ensure investment issues are communicated appropriately to the Fund's stakeholders	<p>Scorecard for Investments showing performance across three measures. Measure 2.1 is Red (1), Amber (1), and Green (2). Measure 2.2 is Red (1), Amber (2), and Green (1). Measure 2.3 is Red (1) and Green (4).</p>
<b>3. FUNDING</b>  3.1 - Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters and Funding Strategy timescales  3.2 - To recognise in drawing up its Funding Strategy, the desirability of employer contributions that are as stable as possible  3.3 - Consistency between Investment and Funding strategies  3.4 - Minimise unrecoverable debt on termination of employer participation  3.5 - Maintain liquidity in order to meet projected net cashflow outgoings	<p>Scorecard for Funding showing performance across five measures. Measure 3.1 is Green (1). Measure 3.2 is Green (2). Measure 3.3 is Amber (1). Measure 3.4 is Amber (1), Green (1), and Grey (1). Measure 3.5 is Green (1).</p>
<b>4. ADMINISTRATION</b>  4.1 - Deliver a high quality, friendly and informative service  4.2 - Data is protected to ensure security and authorised use on  4.3 - Ensure proper administration of financial affairs  4.4 - Compliance with Fund's governance arrangements	<p>Scorecard for Administration showing performance across four measures. Measure 4.1 is Red (1), Amber (3), Green (9), and Grey (1). Measure 4.2 is Red (1) and Green (1). Measure 4.3 is Amber (1) and Green (1). Measure 4.4 is Red (1) and Green (4).</p>
<b>5. COMMUNICATIONS</b>  5.1 - Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.  5.2 - Ensure our communications are simple, relevant and have impact and deliver information in a way that suits all types of stakeholder.  5.3 - Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members and employers.	<p>Scorecard for Communications showing performance across three measures. Measure 5.1 is Green (4). Measure 5.2 is Amber (2) and Green (1). Measure 5.3 is Grey (2).</p>
<b>Key</b>  G = on or exceeding target A = missing target but within agreed tolerance R = missing target by more than agreed tolerance Gy = data not currently available / work in progress	

## 1.1 - Provide a high quality service whilst maintaining value for money

**Measure Purpose:** To provide a high quality service whilst maintaining value for money

**Scope:** Cost, scheme member satisfaction and scheme member complaints and compliments

**Measure Owner:** Jody Evans

**Data lead:** David Tucker/Matt Mott

### Status

	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
1.1.1 Cost per scheme member	2nd	quartile	G	G	2nd/3rd quartile	2nd/3rd quartile	Low	Annual (Aug)
1.1.2 Number of scheme member complaints	5		G	G	5	20	Low	Quarterly
1.1.3 Number of scheme member compliments	16		G	G	15	60	High	Quarterly
1.1.4 Scheme member survey - % of positive answers	97.7%	%	G	G	95%	95%	High	Annual (Nov)
1.1.5 Employer survey - % of positive answers	100	%	G	G	95%	95%	High	Annual (Nov)

### Rationale for performance status and trend

1.1.1. Cost per member was £18.57 in 2011/12 (£19.05 in 2010/11) compared to the CIPFA Benchmarking average of £21.49 (£22.14 in 2010/11). This Fund remains in the second quartile.

1.1.2. The number of complaints received in the 3 months to 30 September 2012 was 5. (Previous quarter 1)

1.1.3. The number of compliments received in the 3 months to 30 September 2012 was 16. (Previous quarter 26)

1.1.4. 400 scheme members (employees) were invited to participate in a survey by Pensions Services in November 2011. Of the 43 responses, 1 negative anonymous response was received. The remainder were 22 were "very happy" with the services over the previous 12 months, and 20 were "happy". The 2012 scheme member survey has commenced and the results will be included in the March 2013 scorecard.

1.1.5. 100 employers were invited to participate in a survey conducted in November 2011. Of the 32 responses, none were negative with 65.6% stating they were extremely satisfied and 34.4% moderately satisfied. The 2012 employer survey has commenced and the results will be included in the March 2013 scorecard.

## 1.2 - Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise

**Measure Purpose:** To ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise

**Scope:** Training needs analysis, attendance of training. Progress against training plans and My Performance objectives.

**Measure Owner:** Graham Hughes/Jody Evans/Kevin McDonald

**Data lead:** Graham Hughes/Jody Evans/Kevin McDonald

### Status

	Value	Units	Previous Status	Current Status	Target	Annual target	Polarity	Frequency
1.2.1 Board Member attendance at training	64	%	A	A	80%	80%	High	Quarterly
1.2.2 Board Members with adequate skills - average scores for <b>comprehensive</b> training need analysis (TNA)	47	%	A	A	65%	65%	High	Quarterly
1.2.3 Board Members with adequate skills - average skills for <b>introductory</b> training needs analysis (TNA)	70	%	A	A	75%	75%	High	Quarterly
1.2.4 Board Members completing training needs analysis (TNA)	47	%	R	R	90%	90%	High	Quarterly
1.2.5 Board Member attendance at Board meetings	73	%	G	A	80%	80%	High	Quarterly
1.2.6 Officer training plans and My performance Objectives in place	100	%	A	G	100%	100%	High	Annual (May)
1.2.7 Measure of officer knowledge and expertise - to be developed			Gy	Gy				

### Rationale for performance status and trend

**1.2.1.** The data relates to the calendar year until the date of the current meeting and includes both internal and external training opportunities. In calculating attendance rates, distinction is made between events where attendance is expected and those for which it is optional. There has been an improvement since the last meeting but the serious ill-health suffered by a former Board member continues to be a contributing factor.

**1.2.2.** This score of 47% reflects an improvement from the previous quarter's score of 37%. The training requirements relate to six separate subject matters. These are the average scores for all Board Members completing this Training Needs Analysis (TNA) across all sections (or as many sections as they have completed, if not all). The grading reflects the difficulty of this TNA (i.e. 65+% shown as green, 45+% shown as amber, below 45% shown as red).

**1.2.3.** This score of 70% reflects an improvement from the previous quarter's score of 67%. The training requirements relate to six separate subject matters. These are the average scores for all Board Members completing this Training Needs Analysis (TNA) across all sections (or as many sections as they have completed, if not all). The grading reflects the difficulty of this TNA (i.e. 75+% shown as green, 60+% shown as amber, below 60% shown as red).

**1.2.4.** This quarters score is 47% (previous quarter 57%) and reflects completion of the investment module. The grading for this measure is 90+% shown as green, 70+% shown as amber, below 70% shown as red.

**1.2.5.** This represents attendance at the previous four Board meetings covering the period December 2011 - September 2012. inclusive Target has been met.

**1.2.6.** My Performance objectives have been agreed for all Pension Administration & Pension Investment officers.

**1.2.7.** This measure has been deferred until the new staff structure is in place.

### 1.3 - Evolve and look for new opportunities, ensuring efficiency at all times

**Measure Purpose:** To evolve and look for new opportunities, ensuring efficiency at all times

**Scope:** Actions listed in Business Plan

**Measure Owner:** Kevin McDonald & Jody Evans

**Data lead:** Kevin McDonald & Jody Evans

Status	Value	Previous status	Current status	Target	Annual target	Polarity	Frequency
1.3.1 Fund Business Plan quarterly review - actions on track	45 % Complete, 50% in progress	A	G	45% Complete, 45% in progress	100% complete	High	Quarterly

Rationale for performance status and trend

1.3.1 Against a total of 22 actions or projects for the year:

10 (45%) are complete

11 (50%) are in progress

1 (5%) is yet to commence

The business plan is detailed in Annex A of this report.



## 1.4 - Act with integrity and be accountable to our stakeholders

**Measure Purpose:** To act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based

**Scope:** Formal complaints against Board Members relating to their role as member of the EPFB or ISC, with reference to Essex County Council's Code of Conduct. Formal complaints are those made to Standards Committee. The same complaint may be referred onto the Local Government Ombudsman or a third party may seek judicial review. Measure also includes annual review of key decisions and accountability and contract management measures currently in development

**Measure Owner:** Graham Hughes

**Data lead:** Graham Hughes

Status	Value	Units	Previous status	Current status	Target	Polarity	Frequency
1.4.1 Number of complaints made	0		G	G	0	Low	Ongoing
1.4.2 Number of complaints upheld	0		G	G	0	Low	Ongoing
1.4.3 Annual review of key decisions, based on criteria relating to good governance and robust decision making - to be developed		N/A	Gy	Gy	N/A	N/A	N/A
1.4.4 The Board has provision for representatives of employers and scheme members. Appointees are currently in place.	Yes		G	R	Yes	High	Quarterly
1.4.5 Measure of effective and robust contract management - to be developed		N/A	Gy	Gy	N/A	N/A	N/A

### Rationale for performance status and trend

- 1.4.1 Reflects performance over the previous 12 months as at 27 September 2012
- 1.4.2 Reflects performance over the previous 12 months as at 27 September 2012
- 1.4.3 This measure will be defined when the Pension Board effectiveness review is completed later in 2012/13
- 1.4.4 This is measured on an ongoing basis. Yes = green; No = red.  
A nominated representative from response is awaited from the newly elected Police & Crime Commissioner.
- 1.4.5 Work on this measure is underway.
- Scheme member and employer survey measurements shown in section 1.1 also provide an indication of accountability to stakeholders.

## 1.5 - Understand and monitor risk and compliance

**Measure Purpose:** Understand and monitor risk and compliance

**Scope:** Ongoing reporting and discussion of key risks to the Fund. Output from internal audit reviews.

**Measure Owner:** Kevin McDonald & Jody Evans

**Data lead:** Kevin McDonald & Jody Evans

### Status

	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
1.5.1 Number of internal audit reviews finding limited/no assurance	0		G	G	0	0	Low	Ongoing
1.5.2 Number of internal audit recommendations outstanding	0		G	G	0	N/A	Low	Ongoing
1.5.3 Percentage of risks on the risk register with a residual score that is classified as amber	12.5	%	G	G	<20%	<20%	High	Quarterly
1.5.4 Percentage of risks on the risk register with a residual score that is classified as red	0	%	G	G	0%	0%	High	Quarterly
1.5.5 Number of matters raised by external auditors relating to Pensions Services	0		G	G	0	N/A	Low	Annually (Sep)

### Rationale for performance status and trend

**1.5.1** This includes all internal audits conducted in the last 12 months. As reported to the July meeting of the Board, the 2011/12 internal audit reports for both Pensions Administration and Pensions Investment received full assurance.

**1.5.2** The 2011/12 internal audit reports for both Pensions Administration and Pensions Investment contained a total of three "advice & best practice" recommendation. None are outstanding.

**1.5.3** The Fund currently has 80 risks in its register, of which 10 have a residual score that is classified as amber. Previous quarters score was 9 (9 amber risks). The two new amber risks are detailed in Annex B(ii) of this report. Measurement: below 15% = green; between 15%-20% = amber; above 20% = red

**1.5.4** The Fund currently has 80 risks in its register, none of which have a residual score that is classified as red. Measurement: 0% red = green; under 2% red = amber; above 2% = red

**1.5.5** There were no recommendations in the 2011/12 Annual Governance Report (AGR) from the Audit Commission (None in 2010/11).

## 2.1 - Maximise returns from investments within reasonable risk parameters

Data as at: 31 March 2012

**Measure Purpose:** To maximise the returns from investments within reasonable risk parameters

**Scope:** All investments made by Pensions Fund: asset returns, liquidity and volatility risk

**Measure Owner:** Kevin McDonald

**Data lead:** Samantha Andrews

Status	Value	Units	Previous Status	Current Status	Target	Annual target	Polarity
2.1.1 Annual return compared to Peer Group	5th	ranking	G	A	1st	1st	High
2.1.2 Annual Return compared to Benchmark	1.5	%	G	G	0.7%	0.7%	High
2.1.3 Five year (annualised) return compared to Benchmark	2.8	%	G	G	2.8%	4.2%	High
2.1.4 Five year (annualised) return compared to Investment Return assumption in SIP	2.8	%	R	R	7.9%	7.9%	High

### Rationale for performance status and trend

2.1.1 Essex's annual return in 2011/12 was 1.5%, resulting in a ranking of fifth out of the six LGPS Funds in our selected group of statistical neighbours, comprising of Suffolk, Hertfordshire, Cambridgeshire, Norfolk and Kent. Highest was Kent with 2.7%, lowest was Cambridgeshire with 0.5%. In 2010/11, Essex was 1st in this group.

The investment returns shown in the remaining measures are as at 31 March 2012

2.1.2 The annual return of 1.5% outperformed the 2011/12 benchmark of 0.7%.

2.1.3 The five year annualised return equalled the benchmark of 2.8%.

2.1.4 The five year annualised Average annual return on investments for April 2006 - March 2011 was below the target long term return on investments in the Statement of Investment Principles.

2.2 - Ensure the Fund is properly managed

Measure Purpose: To ensure that the Fund is properly managed

Scope: Attendance at ISC and ISC member skills and knowledge

Measure Owner: Kevin McDonald

Designer: Kevin McDonald

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
2.2.1 ISC Member attendance at ISC meetings	82.5	%	G	G	80%	80%	High	Ongoing
2.2.2 ISC Members with adequate skills - average scores for <b>comprehensive</b> training need analysis (TNA)	56.0	%	A	A	65%	65%	High	Quarterly
2.2.3 ISC Members with adequate skills - average skills for <b>introductory</b> training needs analysis (TNA)	69.0	%	A	A	75%	75%	High	Quarterly
2.2.4 ISC Members completing training needs analysis (TNA)	57.0	%	R	R	90%	90%	High	Quarterly

Rationale for performance status and trend

2.2.1 Between December 2011 and December 2012 the ISC held five meetings. The attendance was 82.5%.

2.2.2 This score of 56% reflects an improvement from the previous quarter's score of 37%.The training requirements relate to six separate subject matters. These are the average scores for all ISC Members completing this Training Needs Analysis (TNA) across the three sections that are investment related (or as many of those sections that they have completed). The grading reflects the difficulty of this TNA (i.e. 65+% shown as green, 45+% shown as amber, below 45% shown as red).

2.2.3 This score of 69% reflects an improvement from the previous quarter's score of 67%. The training requirements relate to six separate subject matters. These are the average scores for all ISC Members completing this Training Needs Analysis (TNA) across the three sections that are investment related (or as many of those sections that they have completed). The grading reflects the difficulty of this TNA (i.e. 75+% shown as green, 60+% shown as amber, below 60% shown as red).

2.2.4. This quarters score is 57% (previous quarter 57%) and reflects completion of the investment module. The grading for this measure is 90+% shown as green, 70+% shown as amber, below 70% shown as red.

2.3 - Ensure investment issues are communicated appropriately to the Fund's stakeholders

**Measure Purpose:** To ensure all significant Fund investment issues are communicated properly to all interested parties  
**Scope:** Publication of meeting minutes and agendas, communication governance arrangements agreed by Board and ISC  
**Measure Owner:** Kevin McDonald                      **Data lead:** Kevin McDonald

Status	Value	Units	Previous status	Current status	Target	Annual target	Frequency
2.3.1 % of ISC agendas sent out 5 working days before meetings	100	%	G	G	100%	High	Quarterly
2.3.2 % of ISC committee agendas sent out 5 working days before meetings with all papers attached	100	%	G	G	100%	High	Quarterly
2.3.3 % of draft ISC minutes sent out 7 working days after meetings	100	%	G	G	100%	High	Quarterly
2.3.4 % of draft ISC minutes uploaded to internet 12 working days after meetings	0	%	G	R	100%	High	Quarterly
2.3.5 Number of communication and governance arrangements for the ISC not in place	0		G	G	0	High	Ongoing

Rationale for performance status and trend

2.3.4 The red measure displayed for the current quarter as the draft minutes of the 10 October 2012 meeting being uploaded onto the internet 13 days (rather than 12 days) after that meeting .

2.3.5 Measure will flag as red if one of the following communications arrangements is not in place:

- ISC Terms of Reference in place and noted at the beginning of the municipal year
- Pensions Fund Business Plan in place and renewed at the beginning of the financial year
- SIP to be reviewed and published annually
- Annual Report & Accounts published by 30 November
- Two independent advisers and 1 institutional investment consultant attended or were available to attend the last ISC meeting                      ( N.B This measure will change as a result of the decision to move to one independent investment adviser w.e.f.1 August 2012 )
- Briefing report provided to EPFB on the matters dealt with at the preceding ISC meeting
- Complete management information including asset values and returns made available for consideration at last ISC meeting

All arrangements are in place.

### 3.1 - Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters and Funding Strategy timescales

Data as at: 31 March 2012

**Measure Purposes:** To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters.

**Scope:** Sources of funding: employer contributions and investments

**Measure Owner:** Kevin McDonald

**Data leads:** Kevin McDonald

Status	Value Units		Previous status	Current status	Target	Annual target	Polarity	Frequency
3.1.1 Probability of hitting 30-year funding target	53	%	G	G	50%	50%	High	Annual (Sep)

#### Rationale for performance status and trend

3.1.1 As at the 31 March 2012 Interim Funding Review, the Actuary determined that the probability of achieving a 100% funding level at the end of the 30-year period was 53%. (2011 Interim Valuation - 53%).

## 3.2 - To recognise in drawing up its Funding Strategy the desirability of employer contributions that are as stable as possible

Data as at: 31 March 2010

**Measure Purposes:** To recognise the desirability of employer contributions that are as stable as possible

**Scope:** Fund Employers

**Measure Owner:** Kevin McDonald

**Data lead:** Sara Maxey

### Status

	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
<b>3.2.1</b> Stability mechanisms are included within the current Funding Strategy	Yes		Gy	G	Yes	Yes	High	3 yearly
<b>3.2.2</b> Each of the 17 major precept raising bodies are were offered contributions which increased by no more than 1% per year or 3% per valuation.	Yes		Gy	G	Yes	Yes	High	3 yearly

### Rationale for performance status and trend

**3.2.1** The Funding Strategy Statement is reviewed at least every three years as part of the Valuation process to include suitable stability mechanisms.

**3.2.2** During consultation on the 2011 Funding Strategy, each of the 17 major presenting bodies were offered typically three options for employer contributions. These options included a set of contributions which would increased by no more than 1% per year and 3% per valuation. The 17 major precepting bodies are listed below:

Essex County Council  
 Basildon District Council  
 Braintree District Council  
 Brentwood Borough Council  
 Castle Point District Council  
 Chelmsford City Council  
 Colchester Borough Council  
 Epping Forest District Council  
 Harlow District Council  
 Maldon District Council  
 Rochford District Council  
 Southend-on-Sea Borough Council  
 Tendring District Council  
 Thurrock Borough Council  
 Uttlesford District Council  
 Essex Police Authority  
 Essex Fire Authority

### 3.3 - Consistency between the Investment and Funding strategies

Data as at: 22 February 2012

**Measure Purpose:** To have consistency between the investment strategy and funding strategy

**Scope:** Long term investment return assumed by funding strategy and average expected return on investment portfolio

**Measure Owner:** Kevin McDonald

**Data leads:** Samantha Andrews

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
3.3.1 Long term return assumed by SIP	6.1	%	G	A	6.4%	6.4%	High	Annual (Feb)

#### Rationale for performance status and trend

##### 3.3.1 Long term return assumed by Funding Strategy

The ongoing assumptions used for the valuation as at 31 March 2010 were calculated referencing the gilt yield of 4.5% p.a. and were as follows:

Pre retirement investment return = 7.0% p.a. (Gilts plus 2.5% p.a.)

Post retirement investment return = 5.5% p.a. (Gilts plus 1.0% p.a.)

The return assumption therefore changes as the Fund matures (and as more members become pensioners). However, the relevant composite rate to use in the short term period to the next valuation would be **6.4%\*** p.a.

\* In one instance, where a Fund employer is considered by the Administering Authority to provide a high level of covenant, an allowance has been made as part of the recovery plan for investment performance at a higher level than that assumed for assessment of the funding target. This higher level of return assumed will, in particular, reflect the actual investment strategy of the Fund, on the basis that this is to be maintained over the entire recovery period.

##### Long term strategic expected return in the draft Statement of Investment Principles agreed by ISC on 22 February = 6.1%

The draft SIP approved by the ISC for consultation on 22 February 2012 sets out a central expectation, from the end December 2011, for the absolute return on the Fund assets of 6.1% p.a. This is below the assumption set out in the 2010 Actuarial Valuation of the Fund.

Whilst this suggests that the current asset allocation will generate insufficient return to meet the assumptions underlying the funding position for the Fund, this is a symptom of the current unusual market conditions where gilt yields are at very low levels. It is expected that gilt yields will return to more normal levels (i.e. increase) over time, which other things being equal is expected to lead to a fall in the assessed value of the liability which will assist in closing the funding gap in relative terms.

In addition, the funding of the Fund will be reassessed during 2013 as part of the triennial valuation.



## 3.4 - Manage employers' liabilities effectively

Data as at: 13 December 2012

**Measure Purpose:** To manage employers' liabilities effectively by the adoption of employer specific funding objectives

**Scope:** All employers contributing to the scheme

**Measure Owner:** Kevin McDonald

**Data leads:** Sara Maxey

### Status

	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
<b>3.4.1</b> Percentage of employers' liabilities which are high risk		%	Gy	Gy				
<b>3.4.2</b> Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.002	%	A	A	on track	on track	Low	Quarterly
<b>3.4.3</b> Deficit unrecoverable due to employers leaving scheme (as a proportion of Total Fund deficit)	0	%	A	G	0.00%	0.00%	Low	Quarterly

### Rationale for performance status and trend

**3.4.1** A report on employer liabilities appears elsewhere on this 13 December Pension Board agenda.

**3.4.2** Scoring:

0% = Green.

Below 0.02%(£250,000) = Amber.

Above 0.02% = Red

As reported to the September Board, Connaught Partnership Ltd were placed into liquidation in late 2010, and a termination deficit of £457,800 (0.037% of the Fund's total deficit) was filed as a creditor with the liquidators. Connaught had provided a Bond. Following a claim against that Bond the Fund has now received a payment of £440,000 (the full value of the Bond). This leaves a total of £17,800 outstanding, (0.002% of the Fund's total deficit) and although a payment is still due from the liquidators, it is not expected to cover this amount in full. In view of this, the score is amber.

**3.4.3** Scoring:

0% = Green.

Below 0.02%(£250,000) = Amber.

Above 0.02% = Red

There have been no unrecoverable deficits since the last Board meeting. The score is therefore green.

The Fund's total deficit as at 31 March 2010 Actuarial Valuation was £1,234bn.

### 3.5 - Maintain liquidity in order to meet projected net cashflow outgoings

**Measure Purpose:** Maintain liquidity in order to meet projected net cash-flow outgoings

**Scope:** All investments and funding

**Measure Owner:** Kevin McDonald

**Data lead:** Kevin McDonald

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
3.5.1 Contribution income adequate to meet benefit payments.	Yes		Gy	G	Yes	Yes	High	Ongoing

#### Rationale for performance status and trend

**3.5.1** This measure captures the most recent analysis of how soon the Fund could change from positive to negative cashflow. At the 15 November Strategy day, Board Members were updated that the Fund is currently projected to go cashflow negative in 2015/16.

Score criteria is based on the contribution income adequate to meet benefit payments for the following time periods

Green = more than two years  
Amber = between one and two years  
Red = less than one year

## 4.1 - Deliver a high quality, friendly and informative service

**Measure Purpose:** Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need

**Scope:** Communication and administration turnaround times, scheme member appeals, payment errors

**Measure Owner:** Jody Evans

**Data lead:** David Tucker/Joel Ellner/Daniel Chessell/Matt Mott

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
4.1.1 Letter detailing transfer in quote issued within 10 working days (631cases)	86.0%	%	A	A	95.0%	95.0%	High	Annual (Aug)
4.1.2 Letter detailing transfer out quote issued within 10 working days (462 cases)	87.3%	%	G	A	95.0%	95.0%	High	Annual (Aug)
4.1.3 Letter detailing process of refund and payment made within 5 working days (141 cases)	85.5%	%	R	A	95.0%	95.0%	High	Annual (Aug)
4.1.4 Letter notifying estimated retirement benefit amount within 10 working days (4634 cases)	96.2%	%	G	G	95.0%	95.0%	High	Annual (Aug)
4.1.5 Letter notifying actual retirement benefits and payment made of lump sum retirement grant within 5 working days (1940 cases)	95.1%	%	G	G	95.0%	95.0%	High	Annual (Aug)
4.1.6 Letter acknowledging death of active /deferred / pensioner member within 5 working days (857 cases)	99.7%	%	G	G	95.0%	95.0%	High	Annual (Aug)
4.1.7 Letter notifying the amount of dependent's benefits within 5 working days (832 cases)	96.0%	%	G	G	95.0%	95.0%	High	Annual (Aug)
4.1.8 Calculate and notify deferred benefits within 10 working days (5843 cases)	82.6%	%	R	R	95.0%	95.0%	High	Annual (Aug)
4.1.9 Annual benefit statements issued to active members by 30 September.	Yes		G	G	Yes	Yes	High	Annual (Sep)
4.1.10 Annual benefit statements issued to deferred members by 30 June.	Yes		G	G	Yes	Yes	High	Annual (Jun)
4.1.11 Number of payments errors	0	number	G	G	0	0	Low	Quarterly
4.1.12 New IDRPA appeals during the year	1		G	G	Below CIPFA average	Below CIPFA average	Low	Annual (Aug)
4.1.13 IDRPA appeals - number of lost cases	0		G	G	Below CIPFA average	Below CIPFA average	Low	Annual (Aug)
4.1.14 Employer survey - feedback on training and educational materials - % of positive responses			Gy	Gy				

**4.1.1 - 4.1.8** The Fund is aiming for a target of 95%. Above 95% = green, above 85% = amber, below 85% equals red. It should be noted that the Fund already compares favourably with other funds and is aiming even higher. In the 2011 CIPFA Benchmarking the Fund's turnaround times averaged 92.5% compared to the benchmarking average of 88.94%.

**4.1.1 & 4.1.2** Changes to regulations and to factors required to calculate transfers were subject to a delay by the Government Actuarial Department this led officers to postpone processing and therefore impacted the turnaround times.

**4.1.3** Turnaround times for processing and paying of refunds improved from 84% (2010/11) to 85.5% (2011/12) due to the additional measures that were implemented during 2011/2012 as agreed with the board. This measure should continue to improve.

**4.1.4** Estimates of retirement benefits processed during 2011/2012 more than doubled to 4634 cases from the previous figure in 2010/2011 of 2233 cases. In addition bulk exercises were carried out for Employers which produced a further 9237 cases. bulk exercises are not captured by the measure.

**4.1.8** Turnaround times for this measure improved from 78% (2010/11) to 82.6% (2011/12) At the board strategy day in November 2011 discussions took place regarding moving the turnaround time from 10 to 20 working days for 2012/2013. This is an area of high demand due to levels of employee turnover within our many employers.

**4.1.9** The 2011/12 Annual benefits statements for Active members were dispatched in late August 2012.

**4.1.10** The last dispatch of these statements to Deferred members was in June 2012. The previous dispatch was in June 2011.

**4.1.11** Measure captures the number of errors made by Pensioner Payroll which have resulted in scheme members being paid the wrong amount. During last 3 months, 0 payments errors to scheme members. Procedural checks are in place to measure this on a quarterly basis.

**4.1.14** Data to be gathered.

4.2 - Data is protected to ensure security and authorised use only

Data as at: 13 December 2012  
Measure Purpose: Data is protected to ensure security and authorised use only  
Scope: All service area budgets within the directorate  
Measure Owner: Jody Evans                      Data lead: Anna Casbolt

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
4.2.1 Number of information security breaches	1		G	R	0	0	Low	Quarterly
4.2.2 Actions in place for all breaches	1		G	G	Actions in place for all	Actions in place for all	N/A	Quarterly

Rationale for performance status and trend

4.2.1 There was one critical information security breaches this quarter.

In an exchange of information with Essex Police on the annual reconciliation of employee and employer contributions, details of Essex Probation staff were mistakenly sent via email to Essex Police. This error was highlighted to Essex Police, and the details deleted.

Green = 0 breaches  
Amber = 1 or more medium or minor breaches  
Red = 1 or more major or critical breaches

4.2.2 A change to the Investment Team's annual reconciliation of employee and employer contributions procedure has been implemented which excludes the use of membership details, to ensure that such a breach cannot occur in the future.

### 4.3 - Ensure proper administration of financial affairs

Data as at: 30 September 2012

Measure Purpose: To ensure proper administration of the Fund's financial affairs

Scope: Investments and Borrowing

Measure Owner: Kevin McDonald

Data leads: Samantha Andrews & Sara Maxey

Status	Value	Units	Previous status	Current status	Current target	Annual target	Polarity	Frequency
4.3.1 % of monthly reconciliations of equity and bond investment mandates which are timely	85	%	G	G	75% (Q2)	100%	High	Quarterly
4.3.2 % of contributing employers submitting timely payments	97.1	%	A	A	100%	100%	High	Quarterly

#### Rationale for performance status and trend

<p>4.3.1 Performance over quarter ending September 2012 was 85%:(Green). Given the workload for closure of accounts and custody transition the target for the September quarter was 75%.</p> <p>Subsequent quarter targets: Quarter ending December: 100% Quarter ending March: 100% Quarter ending June: 0%</p> <p>4.3.2 For the quarter ending September 2012 the performance was amber as payments from 97.1% of the 356 contributing employers were received within the month they fell due (June Quarter 97.3%) . In cash terms this equated to 99.5% of a total employer contribution of £38.4m. (June quarter 99.8% of £38.6m).</p>
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## 4.4 - Compliance with the Fund's governance arrangements

**Measure Purpose:** To ensure compliance with the Fund's governance arrangements agreed by the Council  
**Scope:** Publication of Essex Pensions Funding Board agendas and minutes. Governance arrangements agreed by Board  
**Measure Owner:** Graham Hughes/Jody Evans/Kevin McDonald      **Data lead:** Graham Hughes/Jody Evans/Kevin McDonald

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
4.4.1 % of Board agendas sent out 5 working days before meetings	100	%	G	G	100%	100%	High	Quarterly
4.4.2 % of Board agendas sent out 5 working days before meetings with all papers attached	100	%	G	G	100%	100%	High	Quarterly
4.4.3 % of draft Board minutes sent out 7 working days after meetings	100	%	G	G	100%	100%	High	Quarterly
4.4.4 % of Board minutes uploaded to internet 12 working days after meetings	100	%	G	G	100%	100%	High	Quarterly
4.4.5 Compliance with governance arrangements - number of governance arrangements not in place	0	number	G	R	0	0	High	Ongoing

### Rationale for performance status and trend

4.4.5. Essex County Council's Membership for the Board was agreed by the Council at its meeting on 8 May 2012. All other nominees are now in place, including the representative of the Smaller Employers was elected at the Fund Forum on 20 January 2012.

Measure will flag as red if one of the following governance arrangements is not in place, as agreed at Full Council meeting on 6 May 2008:

- Board membership consists of 6 representatives of ECC (also members of the ISC), 2 representatives of the District and Borough Councils in Essex (1 of whom also serves as an observer on the ISC), 2 representatives of Essex's unitary authorities, 1 representative of Essex Fire Authority, **1 representative of the Essex Police & Crime Commissioner (not yet in place)**, 1 representative of Scheme Members (who also serves as an observer on the ISC) and 1 representative of Smaller Employing Bodies.
- An Employer Forum has taken place during the last year - Fund is compliant
- The last Employer Forum received reports and representation from the ISC and EPFB - Fund is compliant

5.1 - Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.

Data as at: November 2011  
Measure Purpose: Communicate in a friendly, expert and direct way to our stakeholders, treating all our stake holders equally.  
Scope: All scheme members and employers  
Measure Owner: David Tucker      Data lead: Matt Mott

Status

	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
5.1.1. % of positive responses from the Employee Survey. - <i>Helpfulness of the Pensions Teams.</i>	97	%	Gy	G	95%	95%	High	Annual (Mar)
5.1.2. % of positive responses from the Employer Survey. - <i>Expertness of Pensions Teams.</i>	100	%	Gy	G	95%	95%	High	Annual (Mar)
5.1.3. % of positive responses from the Employer Survey. - <i>Pensions Teams are friendly and Informative.</i>	100	%	Gy	G	90%	90%	High	Annual (Mar)
5.1.4. A Communication Plan is in place for the current year.	Yes		Gy	G	Yes	Yes	High	Annual (Mar)

Rationale for performance status and trend

5.1.1 - 5.1.4  
In November 2011 an Employer and an Employee survey was issued to gather information to allow us to measure our effectiveness in communicating with all our stakeholders, in line with the board requirements. The results are reflected in 5.1.1 - 5.1.4  
  
These surveys will be repeated on an annual basis.

5.2 - Ensure our communications are simple, relevant and have impact. To deliver information in a way that suits all types of stakeholder

All measures as at: November 2012

Measure Purpose: Ensure our communications are simple, relevant and have impact. To deliver information in a way that suits all types of stakeholder

Scope: All Scheme members and employers

Measure Owner: David Tucker                      Data lead: Matt Mott

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
5.2.1. % of positive responses from the Employee Survey - <i>Clarity of website information.</i>	91.0%	%	Gy	A	95.0%	95.0%	High	Annual (Mar)
5.2.2. % of positive responses from the Employee Survey - <i>Understandable Annual Benefit Statements.</i>	88.0%	%	Gy	A	95.0%	95.0%	High	Annual (Mar)
5.2.3. % of positive responses from the Scheme Member Survey - <i>Communications that suit needs, and are simple and relevant.</i>		%	Gy	Gy	95.0%	95.0%	High	Annual (Mar)
5.2.4. % of positive responses from the Employer Survey - <i>Clarity of Website information.</i>	100.0%	%	Gy	G	95.0%	95.0%	High	Annual (Mar)
5.2.5. Increase in response of the Scheme Member Survey compared to last year.		%	Gy	Gy	Increase	Increase	High	Annual (Mar)
5.2.6. Increase in response rate of the Employer Survey compared to last year.		%	Gy	Gy	Increase	Increase	High	Annual (Mar)

5.2.1; 5.2.2 & 5.2.4

In November 2011 an Employer and an Employee survey was issued to gather information to allow us to measure our effectiveness in communicating with all our stakeholders, in line with the board requirements. The results are reflected in 5.2.1; 5.2.2 and 5.2.4

These surveys will be repeated on an annual basis. In the next survey a question will be included to reflect 5.2.3, and it will then be possible to also populate 5.2.5 and 5.2.6.



5.3 - Aim for a full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members and employers

Data as at:  
Measure Purpose: Aim for a full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members  
Scope: All scheme members and employers  
Measure Owner: David Tucker      Data lead: Matt Mott

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
5.3.1. % of opt outs is within reasonable parameters		%	gy	gy	0.10%	0.10%	N/A	Quarterly
5.3.2. %of positive responses from the Employer Survey - Information available is helpful in employers understanding their responsibilities		%	gy	gy	95%	95%		

Rationale for performance status and trend

Measures 5.3.1 & 5.3.2 are under development.



<b>Essex Pension Fund Board</b>	<b>EPB/32/12</b>
<b>date: 13 December 2012</b>	

### **Arrangements for Employer Forum**

Joint Report by the Head of Essex Pension Fund and the Secretary to the Board

Enquiries to Kevin McDonald, 01245 431301, ext 20301, or Graham Hughes, Corporate Law and Governance, 01245 430356, ext 20356

#### **1. Purpose of the Report**

- 1.1 To advise the Board of the arrangements for the Essex Pension Fund Employer Forum.

#### **2. Recommendation**

- 2.1 That the arrangements of the Essex Pension Fund Employer Forum be noted.

### **3. Essex Pension Fund Employer Forum**

- 3.1 Each year we hold a Forum for the Fund Employers in order to bring them up to date with developments in regard to the Fund and to consult with them on any matters on which we require their input.
- 3.2 The next Forum is to be held on the morning of 14 February 2013 at a central Chelmsford venue to be confirmed. Registration and refreshments will be provided between 9.00 and 9.30am. There should be time both before the start of the formal presentations and afterwards for delegates, speakers and members of the Board to mingle and exchange views. All members of the Board are therefore encouraged to attend.

At the Forum held in February 2012, Jenny Moore was elected as a Smaller Employing Bodies Representative to serve on the Pension Fund Board for two years through to the Employer Forum to be held in 2014. Therefore, no election is required to be held at the February 2013 Employer Forum.

### **4. Link to Essex Pension Fund Objectives**

- 4.1 Holding an Employer Forum will assist the Board in achieving the following Fund objectives:
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
  - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based

### **5. Risk Implications**

- 5.1 None.

### **6. Communication Implications**

- 6.1 Holding an Employer Forum facilitates effective communication between the Fund and its employers.

### **7. Finance and Resources Implications**

- 7.1 Budgetary provision will need to be made for the payment of appropriate expenses in hosting the event.

### **8. Background Papers**

- 8.1 None

<b>Essex Pension Fund Board</b>	<b>EPB/33/12</b>
<b>date: 13 December 2012</b>	

## **Investment Steering Committee (ISC) Quarterly Report**

Report by the Head of Investments

Enquiries to Martin Quinn on 01245 431412

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### **1. Purpose of the Report**

- 1.1 To provide a report on ISC activity since the last Board meeting.

### **2. Recommendations**

- 2.1 That the Board should note the report.

### **3. Background**

- 3.1 In accordance with the constitution of the Essex Pension Fund the ISC is required to submit quarterly reports on its activities to the Essex Pension Fund Board.
- 3.2 Since the Board's last meeting the ISC has met twice, on 10 October 2012 and 28 November 2012.

### **4. Report of meeting of ISC on 10 October 2012**

- 4.1 As this was one of the ISC's regular quarterly meetings, the ISC was presented with an update on the markets and individual managers up to 30 September 2012 and a performance report for the Fund up to 30 June 2012. The Fund's value had fallen from £3.520bn at 31 March 2012 to £3.394bn at 30 June 2012.
- 4.2 The Committee received a report from the Group Manager Investments on the transition to the Fund's new global custodian, Northern Trust. All segregated assets had been successfully transferred on 1 October 2012, as agreed by the Committee. Monitoring by officers of all aspects of the transition will continue until completion.
- 4.3 The ISC then received presentations from two of its investment managers – Marathon Investment Management Limited and Aviva Investors Limited, having first reviewed background reports from the officers and advisors in regard to the two managers.
- 4.4 The Chairman read out a letter received from Tony Hardy thanking the Members for his leaving gift and for the opportunity they gave to him to work with the Essex Pension Fund.

### **5. Report of the meeting of the ISC on 28 November 2012**

- 5.1 The ISC was provided with a verbal update on the markets by Hymans Robertson and a performance report for the Fund up to 30 September 2012. The Fund's value had risen from £3.394bn at 30 June 2012 to £3.512bn by 30 September 2012.
- 5.2 Proposed dates for meetings of the ISC for the Municipal year 2013/14 were submitted and provisionally agreed but will need to be confirmed by the Committee at its first meeting in the new Municipal year.
- 5.3 Details of a consultation exercise being undertaken by CLG in regard to possible changes to the LGPS (Management and Investment of Funds) Regulations to remove potential barriers to investment by LGPS funds in infrastructure were reported to the Committee. Consideration was given to a draft response that had been prepared and it was approved.
- 5.4 Reports of officer and adviser meetings with two managers since the last committee were noted. The unanimous recommendation by officers and advisers

that the Alliance Bernstein mandate should be terminated with immediate effect was agreed.

5.5 The ISC then received a background report by Hymans Robertson on Baillie Gifford followed by a presentation from Baillie Gifford on the management of its investment mandate. The ISC were reminded of the invitation for members to attend Baillie Gifford's local authority seminar to be held in Edinburgh on 2/3 October 2013.

5.6 The Committee then considered a report by Hymans Robertson, in consultation with Keith Neale and officers, on their review of equity management arrangements. After discussion of the proposals it was agreed that further research should be carried out on the basis for a new target allocation for the equity portfolio and brought back to the ISC at its February meeting. The implementation of the termination of the Alliance Bernstein mandate, the transfer of assets to Legal & General Investment Management and the commencement of a global equity procurement process were delegated to officers.

## **6. Link to Essex Pension Fund Objectives**

6.1 Investments  
To maximise the returns from investments within reasonable risk parameters.  
To ensure the Fund is properly managed.

## **7. Risk Implications**

7.1 None other than those already identified as part of the Fund's investment strategy.

## **8. Communication Implications**

8.1 None

## **9. Finance and Resources Implications**

9.1 None other than those already identified as part of the Fund's investment strategy.

## **10. Background Papers**

10.1 ISC meeting 10 October 2012– Agenda and minutes.

10.2 ISC meeting 28 November 2012 – Agenda and draft minutes





<b>Essex Pension Fund Board</b>	<b>EPB/34/12</b>
<b>date: 13 December 2012</b>	

## **Forward Look**

Report by the Secretary to the Board

Enquiries to Graham Hughes, Corporate Law & Governance, 01245 430356, ext 20356

### **1. Purpose of the Report**

- 1.1 To present a Forward Look detailing the Board's future business.

### **2. Recommendations**

- 2.1 That the Forward Look attached at Appendix A be noted and approved.

### **3. Updated Format**

- 3.1 For ease of reference, the format of the Forward Look has been updated to include the training sessions and external events highlighted on the training plan.

### **4. Link to Essex Pension Fund Objectives**

- 4.1 The Forward Look assists the Board in achieving the following Fund Objectives:
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
  - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
  - Continually measure and monitor success against our objectives

### **5. Risk Implications**

- 5.1 Failure to plan its business carefully may cause the Board to approach its work in an unstructured way and to make ineffective use of its Members', Officers' and Professional Advisers' time.

### **6. Communication and Finance and Resources Implications**

- 6.1 None

**Essex Pension Fund Board  
Forward Look**

Meeting	Agenda Item	Type
<b>12 December 2012</b>	Board meeting: Financial Services procurement & relationship management Update on Pension Fund Activity: Business Plans, Risks and Measurement against Fund Objectives  Admission/Employer participation/bulk transfer policy Implementation of Communication Policy Investment Steering Committee (ISC) Quarterly Report	Pre-Board Training Every meeting
<b>23 January 2013</b>	Board Member Training: Pensions legislative & governance context Actuarial methods, standards & practices	For all Board members
<b>28 February – 1 March 2013</b>	<b>Conference:</b> LGC Investment Seminar	For all ISC members unless  attending LGC Investment Summit
<b>6 March 2013</b>	Board meeting: Accounting & auditing standards Update on Pension Fund Activity: Business Plans, Risks and Measurement against Fund Objectives 2013/14 Business Plan Annual Review of Pension Fund Board Record of Member Attendance Treasury Management Strategy	Pre-board training Every meeting  Annual item Annual item Annual item Annual item

Administration Policy (final version for approval) Investment Steering Committee (ISC) Quarterly Report Admission/Employer participation/bulk transfer policy
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<b>May 2013</b>	<b>Conference:</b> NAPF Local Authority Pensions Conference	Exact date tbc – for all Board members unless attending LGE Trustees Conference
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<b>June 2013</b>	<b>Conference:</b> LGPS (LGE) Trustees Conference	Exact date tbc – for all Board members unless attending NAPF Local Authority Pensions Conference
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<b>2/3 October 2013</b>	<b>External Training Event:</b> Baillie Gifford Local Authority Investment Training and Seminar	Desirable for ISC members
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<b>Issues to be scheduled</b>		
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LGPS Pension Reform (ongoing) Induction Training for New Board Members	Likely item for each Board meeting Post CC Elections May 2013
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