

AGENDA MANAGEMENT SHEET

Name of Committee Pension Fund Investment Board

Date of Committee 18 May 2007

Report Title Business Plan Outcome 2006/07

Summary Report setting out the outcome of the 2006/07 financial year in terms of the Business Plan in respect of the Warwickshire County Council Pension Fund

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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllr Davis - Chair of Pension Board
- Cabinet Member
- Chief Executive
- Legal Tony Maione, Legal
- Finance David Clarke, Strategic Director of Resources – reporting officer
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION None

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Pension Fund Investment Board - 18 May 2007

Business Plan Outcome 2006/07

Report of the Strategic Director of Resources

Recommendation

That the Board note the progress made with regard to the Pension Fund Business Plan objectives for 2006/07.

1. Introduction

1.1 Following the publication of the Myners Report and the CIPFA Principles, local authority pension funds are recommended to compile an annual business plan.

1.2 This report sets out the outcome of the annual business plan for 2006/07.

2. Business Plan 2006/07

2.1 **Appendix A** sets out the approved business plan for the 2006/07 financial year. The plan listed the investment and pension administration tasks to be carried out during 2006/07, and the target date when these should be achieved.

2.2 The 2006/07 business plan reconciled with the Treasury and Pensions Group's section of the Business Plan 2006-2009 compiled for the Resources Department.

3. Outcomes in 2006/07: Administration

3.1 Action 1: County Treasurer to receive service plan report on a quarterly basis.

Outcome: Achieved. All reports were passed to the County Treasurer within the stated time limits. There were no reported instances of failures to meet objectives or targets.

3.2 Action 2: PFIB to receive the Annual Report by 30 September 2006.

Outcome: Achieved. The Annual Report was well received and used as the basis for a submission to the LGC Pension Fund Awards, culminating again in a placing in the top three shortlist. Norfolk County Council won the award.

3.3 Action 3: Review of any complaints and how they have been dealt with by County Treasurer.

Outcome: Three official complaints were received in 2006/07 and were addressed and resolved as follows:

- An unnecessary delay in replying to letter received from a retired member. A letter of apology was sent.
- A delay in making a payment of preserved benefits. The delay resulted from confusion over the bank details provided but the Pension Services Group should have been more proactive and not let the payment of the benefits be unduly delayed. A letter of apology was sent.
- An error occurred whereby the lump sum was put into payment instead of the annual pension. A letter of apology was sent and the pension adjusted accordingly.

3.4 Action 4: Task Manager/AXISe implementation/Document Imaging.

Outcome: Achieved. The Task Manager workflow system has been implemented to most processes. Further development of the system is ongoing.

All the Group's computers have been updated to accommodate the document imaging system. This project is still ongoing and running to timetable with implementation due later in 2007.

3.5 Action 5: Website implementation.

Outcome: The website has now been up and running for two years. It is utilised for keeping the membership up to date with developments in the scheme. Further development is envisaged although other tasks such as the actuarial valuation are currently assuming priority.

4. Outcomes in 2006/07: Communication

4.1 Action 1: Timely production of at least one pensioners' newsletter.

Outcome: Achieved. The Pension Services Group has provided newsletters to current, preserved and retired members.

4.2 Action 2: Timely production of benefit statements.

Outcome: Achieved. This is an area currently under review. The relevance of a statement being issued where the scheme is subject to certain future change has to be questioned.

4.3 Review communication material in last twelve months and compare with good practice.

Outcome: Achieved. A new communications strategy was approved by the Board on 17 February 2006. All standard booklets, information sheets and pro forma documentation are continuously reviewed and updated as appropriate.

5. Outcomes in 2006/07: Actuarial/Funding

- 5.1 Action 1: Receive annual funding updates (ongoing and FRS17).

Outcome: Achieved. An interim review and FRS17 valuation of the Fund were carried out in 2006/07 and the FRS17 data was incorporated into the 2005/06 financial accounting statements.

- 5.2 Action 2: Receive contribution monitoring schedule from Treasury Team and monitor

Outcome: Achieved. Contributing authorities to the Fund are closely monitored as to the accuracy and completeness of the monthly receipts. Late or inaccurate payments were always followed up immediately. Only one contributing body is in arrears at time of writing.

- 5.3 Action 3: Member training covering funding issues

Outcome: Regular quarterly training is now received by the Board.

6. Outcomes in 2006/07: PFIB Members

- 6.1 Action 1: Review decision-making process to ensure decisions are made effectively.

Outcome: It is suggested that members discuss this item within the forum of the meeting on 18 May 2007.

- 6.2 Action 2: Review member training requirements and implement training plan as appropriate

Outcome: Member training was successful in 2006/07 with courses and conferences attended by the Board. Bespoke fund manager training was provided prior to each PFIB London meeting for all four meetings.

- 6.3 Action 3: Ensure that meeting papers are issued at least seven days prior to meeting.

Outcome: Achieved. All papers were sent out on a timely basis.

- 6.4 Action 4: Review Pension Fund Investment Board meeting structure.

Outcome: Achieved. Pre-meetings are now held at fund manager offices on a quarterly basis in order to take advantage of training opportunities. Official meetings are always held at Shire Hall as a requirement of the Council's Constitution.

- 6.5 Action 5: Implement corporate governance review in line with Myners/CIPFA principles.

Outcome: Achieved. Governance strategy and risk management strategy were both approved in 2006.

7. Outcomes in 2006/07: Financial and risk management

- 7.1 Action 1: Produce expenses budget for scheme year.

Outcome: Achieved. This is monitored on a regular basis as part of the quarterly review reported to the Strategic Director of Resources.

- 7.2 Action 2: Produce Annual Statement of Accounts.

Outcome: Achieved. This was produced according to closedown timetable deadlines.

- 7.3 Action 3: Carry out risk assessment of financial management of scheme including fraud risk.

Outcome: Achieved. A full risk assessment with risk control procedures was presented to the Investment Board on 17 February 2006.

- 7.4 Action 4: To implement a system of disaster recovery/business continuity in the event of major disaster.

Outcome: This is currently being implemented in the 2007/08 year.

8 Outcomes in 2006/07: Investment

- 8.1 Action 1: Ongoing consideration of CIPFA/Myners principles.

Outcome: Ongoing. The monitoring and reporting of transaction costs remains an outstanding item in terms of Myners compliance. Work is currently being carried out.

- 8.2 Action 2: Review of investment manager arrangements.

Outcome: Achieved. Hedge fund and property managers appointments implemented and transition process achieved by deadline of 31 March 2007.

- 8.3 Action 3: Meet with all investment managers.

Outcome: Achieved. Regular meetings have been held with all investment managers.

- 8.4 Action 4: Review the Statement of Investment Principles

Outcome: Achieved. Presented to the Board on 18 May 2007.

8.5 Action 5: Investment Board to receive quarterly monitoring reports.

Outcome: Achieved. Performance review reports are compiled every quarter.

9 Recommendation

9.1 The Board is asked to note the progress made with regard to the Pension Fund Business Plan objectives for 2006/07.

DAVID CLARKE
Strategic Director of Resources
Shire Hall Warwick
May 2007

**Warwickshire County Council Pension Fund
Business Plan and Actions for 2006/07**

Administration			
Objective(s)			
<ul style="list-style-type: none"> - to ensure scheme is run in accordance with the rules; in accordance with agreed service standards; and compliantly - to deal with and rectify any errors and complaints in a timely way 			
Action	Description	Timescale	Primary Responsibility
1	County Treasurer to receive service plan report on a quarterly basis	Ongoing – due end March; June; September; December	Phil Triggs
2	Board to receive Annual Report	By 30 September	Phil Triggs
3	Review of any complaints and how they have been dealt with by County Treasurer	Ongoing	Phil Triggs/Neil Buxton
4	Task Manager/AXISe implementation	Ongoing	Neil Buxton/Kate Ball
5	Website development	Ongoing	Neil Buxton/Kate Ball

Communication			
Objective(s)			
<ul style="list-style-type: none"> - to convey the security of the Scheme - to ensure members understand and appreciate the value of their benefits 			
Action	Description	Timescale	Primary Responsibility
1	Timely production of (at least) annual pensioners' newsletter	At least one per annum	Neil Buxton
2	Timely production of benefit statements	Annually	Neil Buxton
3	Review communication material in last 12 months and compare with good practice	Annually	Neil Buxton

Actuarial/Funding

Objective(s)

- to monitor the funding level of the Scheme including formal valuation every 3 years
- to monitor contribution payments to the Scheme by the contributors
- to understand legislative changes which will impact on funding

Action	Description	Timescale	Primary Responsibility
1	Receive annual funding updates (ongoing and FRS17)	Ongoing	Phil Triggs
2	Receive contribution monitoring schedule from Treasury Team and monitor	Ongoing	Phil Triggs
3	Member training covering funding issues	Ongoing	Phil Triggs

Pension Fund Investment Board Members

Objective(s)

- to train and develop all members to enable them to perform duties effectively
- to meet quarterly and to include investment advisor and independent advisors as required
- to run meetings efficiently and to ensure decisions are made effectively

Action	Description	Timescale	Primary Responsibility
1	Review decision making process to ensure decisions are made effectively	2006/07	Board Members
2	Review member training requirements and implement training plan as appropriate	2006/07	Phil Triggs
3	Ensure that meeting papers are issued at least 7 days prior to meeting	Ongoing	Phil Triggs
4	Review Pension Fund Investment Board meeting structure	2006/07	Phil Triggs
5	Implement corporate governance review in line with Myners/CIPFA principles	Ongoing	Phil Triggs

Financial & Risk Management

Objective(s)

- To properly record financial transactions to and from the Scheme and produce annual accounts within 6 months of year end
- Manage advisers fees against budgets
- Assess the risk associated with the management of the Scheme

Action	Description	Timescale	Primary Responsibility
1	Produce expenses budget for next Scheme Year	2006/07	Phil Triggs
2	Produce Annual Statement of Accounts	Annually	Phil Triggs
3	Carry out risk assessment of financial management of scheme including fraud risk	Annually	Phil Triggs
4	To implement a system of disaster recovery/business continuity in the event of major disaster.	2006/07	Neil Buxton/Kate Sahota

Investment			
Objective(s)			
<ul style="list-style-type: none"> - Periodically review investment strategy and benchmarks - Monitor performance against benchmarks - Meet with investment managers to discuss performance 			
Action	Description	Timescale	Primary Responsibility
1	Ongoing consideration of CIPFA/Myners principles	Ongoing	Phil Triggs
2	Review of investment manager arrangements	Annually	Phil Triggs
3	Meet with all investment managers	Quarterly	Phil Triggs
4	Review SIP	Annually	Phil Triggs
5	Investment Board to receive quarterly monitoring reports	Quarterly	Phil Triggs