

AGENDA MANAGEMENT SHEET

Name of Committee Pension Fund Investment Board

Date of Committee 19 May 2008

Report Title Business Plan Outcome 2007/08

Summary Report setting out the outcome of the 2007/08 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
- 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 - 19 May 2008

Business Plan Outcome 2007/08

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 2007/08.

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 2007/08.

2. Business Plan 2007/08

2.1 **Appendix A** sets out the approved business plan for the 2007/08 financial year. The plan listed the investment and pension administration tasks to be carried out during 2007/08, and the target date when these should be achieved.

2.2 The 2007/08 business plan reconciled with the Treasury and Pensions Group's section of the Business Plan 2007-2010 compiled for the Resources Department.

3. Outcomes in 2007/08: Administration

3.1 Action 1: Strategic Director, Resources to receive service plan report on a quarterly basis.

Outcome: Achieved. All reports were passed to the Director 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 Pension Fund Annual Report by 30 September 2007.

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

3.3 Action 3: Review of any complaints and how they have been dealt with by Strategic Director, Resources.

Outcome: Three official complaints were received in 2007/08 and were addressed and resolved as follows:

- Following the death of a retired member, there was an unnecessary delay in dealing with the balance of pension owing. A letter of apology was sent.
- The winter edition of the Ragged Staff newsletter was sent to some retired members who had sadly passed away. All efforts were made to contact members of the families by telephone phone to apologise for the error. One letter of complaint was received and a letter of apology was sent by return.
- A letter of complaint was received from a school due to a delay in providing estimated benefits to the CYPF. A letter of apology was sent.

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

Outcome: Achieved. The task manager workflow system has now been set up for the majority of the Fund's administration systems with only one area still to be implemented, i.e., the death of members. This area needs to be dealt with very sensitively and is thus taking more time to install.

Outcome: Not achieved. The imaging project has stalled due, in the main, to IT services refusing to allow Heywood (the AXISe software providers) to have root access for the implementation of scanned documents. The delay, coupled with an increase in scheme membership, means additional scanning of back documents. The whole project will now be reviewed to see how this can be taken forward.

3.5 Action 5: Website implementation.

Outcome: Achieved. The Fund's website has been regularly updated and will be reviewed in light of the 2008 regulations and the changed benefit structure.

4. Outcomes in 2007/08: Communication

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

Outcome: Achieved. The Group has issued a newsletter and DVD to all current active members of the LGPS explaining the provisions of the "new look" pension scheme effective from 1 April 2008. The Ragged Staff has been issued to all retired members. A brief newsletter will accompany the benefit statements to be sent to preserved beneficiaries

4.2 Action 2: Timely production of benefit statements.

Outcome: Not achieved. The issue of benefit statements was delayed until the AXISE system had been amended to provide a statement including projected benefits under the “new look” scheme provisions. The statements are due to be issued in May/June/July 2008.

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

Outcome: Achieved. All standard booklets, information sheets and pro forma documentation are continuously reviewed and updated as appropriate. Members of the Pensions Team have hosted over twenty presentations, explaining the “new look” scheme to employees and employers around the County. All the scheme booklets and information sheets are being reviewed in light of the “new look” scheme.

5. Outcomes in 2007/08: Actuarial/Funding

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

Outcome: Achieved. An interim review and the FRS17 valuation of the Fund were carried out in 2007/08 and the FRS17 data was incorporated into the 2006/07 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 contribution receipts. Late or inaccurate payments were always followed up immediately. Only one small contributing body is in arrears at time of writing.

5.3 Action 3: Member training covering funding issues

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

5.4 Action 4: Receive Triennial Actuarial Valuation

Outcome: Achieved. The actuarial valuation was successfully conducted and received. The outcome was a funding level of 86%, which compares well with the average funding level in England and Wales.

6. Outcomes in 2007/08: 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 19 May 2008.

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

Outcome: Achieved. Member training was successful in 2007/08 with courses and conferences attended by the Board. Bespoke fund manager training was provided prior to each PFIB London meeting for three of the four quarters.

- 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: Not all achieved. A new statutory governance compliance statement was approved by the Board on 18 February 2008. However, the Fund remains non-compliant with Myners/CIPFA principles due to the Fund's failure to adopt and implement its own share voting policy.

7. Outcomes in 2007/08: 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 on time according to closedown timetable deadlines.

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

Outcome: Achieved. A re-evaluation of the Fund's risk assessments with risk control procedures was presented and approved by the Investment Board on 18 February 2008.

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

Outcome: This is currently being assessed in the 2008/09 year.

8 Outcomes in 2007/08: Investment

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

Outcome: Ongoing. A share voting policy remains the only outstanding item in terms of CIPFA/Myners compliance.

- 8.2 Action 2: Review of investment manager arrangements.

Outcome: Achieved. Asset liability study to be considered by the Board at the first meeting of the 2008/09 year.

- 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. Last revised and approved on 18 May 2007. Due to be revised further if any restructuring takes place.

- 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 2007/08.

DAVID CLARKE
Strategic Director of Resources
Shire Hall, Warwick
May 2008

**Warwickshire County Council Pension Fund
Business Plan and Actions for 2007/08**

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	Strategic Director of Resources to receive service plan report on a quarterly basis	Ongoing – due end March; June; September; December	Phil Trigs
2	Board to receive the Pension Fund Annual Report	By 30 September	Phil Triggs
3	Review of any complaints and how they have been dealt with by Director of Resources	Ongoing	Phil Triggs/Neil Buxton
4	Task Manager/AXISe implementation	Ongoing	Neil Buxton
5	Website development	Ongoing	Neil Buxton

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
4	Triennial Actuarial Valuation	31 December 2007	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	2007/08	Board Members
2	Review member training requirements and implement training plan as appropriate	2007/08	Phil Triggs
3	Ensure that meeting papers are issued at least seven days prior to meeting	Ongoing	Phil Triggs
4	Review Pension Fund Investment Board meeting structure	2007/08	Phil Triggs
5	Finalise corporate governance compliance 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	2007/08	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.	2007/08	Phil Triggs/Neil Buxton

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