

Pension Fund Investment Board

21 May 2012

Business Plan Outcome 2011/12

Recommendation

That the Board note the progress made with regard to the Pension Fund Business Plan objectives for 2011/12.

1.0 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 2011/12.

2.0 Business Plan 2011/12

- 2.1 The business plan listed the investment and pension administration tasks to be carried out during 2011/12, and the target date when these should be achieved.
- 2.2 The Investment Board approved the 2011/12 business plan at its meeting on 14 February 2011. The plan reconciled with the Treasury and Pensions Group's section of the Business Plan 2011-2014 compiled for the Resources Directorate.

3.0 Outcomes in 2011/12: Administration

- 3.1 Action 1: Head of Corporate Finance to receive a service plan report on a quarterly basis.

Outcome: Achieved. All service plan reports were passed to the Head of Corporate Finance within the stated time limit of five weeks after the quarter end. There were no reported instances of failures to meet any objectives or targets.

- 3.2 Action 2: PFIB to receive the Pension Fund Annual Report by 30 September 2011.

Outcome: Achieved. The Pension Fund Annual Report was posted onto the Fund's website in September 2011. It was used as the basis for the Local Government Pension Fund of the Year Award 2011, again being shortlisted into the final selection.

3.3 Action 3: Review of any complaints and how they have been dealt with by the Head of Corporate Finance.

Outcome: Four complaints were received in 2011/12 and were addressed and resolved as follows:

1. A complaint was received by an active member who had to wait several weeks for a reply to an enquiry about their pension entitlement. A letter of apology was sent.
2. A complaint was received by a preserved member who had to wait several weeks for a reply to an enquiry about their pension entitlement. A letter of apology was sent.
3. The daughter of a deceased member complained about information having been sent to an incorrect address. This was because the deceased member had received two pensions from the Pension Fund but only one record had been updated with the amended address. A letter of apology was issued.
4. A complaint was received from an overseas preserved beneficiary member concerning his address not having been amended. A letter of apology was issued.

Complaints 1 and 2 above were due to a member of staff not entering enquiries into the task manager workflow system. Additional training was provided as a result.

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

Outcome: Achieved. All major functions are now processed through the Task Manager workflow system. This enables pensions administrators to see exactly at what point within the process a task has reached. Team Leaders have control functions which enable the monitoring of work for their teams.

All files for active members have now been scanned and are accessible electronically. All post received is scanned to the relevant member's file and the administrator. When dealing with a case, staff no longer require access to a paper file. All information relating to an active member is available online. Files for retired members are scanned as and when it is necessary to recall the file from the archive.

The Group has still to resource the scanning of preserved member benefit files. It is planned for this part of the project to be completed during 2012/13.

3.5 Action 5: Website implementation.

Following a review of the corporate website, Treasury and Pensions has been reviewing the structure of the website and will implement some aesthetic changes.

The Group has yet to develop a bespoke area for employers and retired members. Further discussions with the County ITC section about limited online access for members to perform illustrations of their benefit entitlement are in the pipeline.

- 3.6 The Treasury and Pensions Group was awarded its Customer Service Excellence accreditation on 3 February 2012.

4.0 Outcomes in 2011/12: Communication

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

Outcome: Achieved. In line with the corporate edict on the production of newsletters, the Group has reviewed and limited the production of the Ragged Staff newsletter.

- 4.2 Action 2: Timely production of benefit statements.

Outcome: Achieved. Benefit statements were issued to all current members, preserved members and councillor members. All benefit statements were issued by our target date of 30 September 2011.

- 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 continue to host presentations to member groups and to one-to-one sessions for individual members around the County.

The Group has worked closely with several neighbouring administering authorities in the production of newsletters for active members of the LGPS.

The Group has also produced the first bi-monthly newsletter for employers and hosted the inaugural employers' forum in January 2012. Both of these initiatives aim to keep employers informed about the provisions of the LGPS and planned developments to the scheme, including auto-enrolment.

5.0 Outcomes in 2011/12: Actuarial/Funding

- 5.1 Action 1: Finalise 2010 actuarial valuation outcome.

Outcome: Achieved. The 2010 actuarial valuation was successfully resolved and implemented with all employer member contribution rates communicated within the target deadline.

5.2 Action 2: Receive feedback and agreement from employers.

Outcome: Achieved. Favourable feedback was received from the employer bodies.

The Fund's actuary presented to all organisational member representatives at the Fund's annual meeting held on 24 November 2011.

5.3 Action 3: Receive annual funding updates (ongoing and FRS17/IAS19).

Outcome: Achieved. The FRS17/IAS19 valuation of the Fund was successfully carried out in 2011/12.

5.4 Action 4: Receive contribution monitoring schedules from the Treasury Team and monitor.

Outcome: Achieved. Contributing authorities to the Fund are closely monitored as to the accuracy and completeness of their monthly contribution receipts. Late or inaccurate payments were always followed up immediately. There are no outstanding issues with member bodies.

5.5 Action 5: Member training covering funding issues.

Outcome: Partly achieved. Regular quarterly training has been temporarily suspended. Two members attended the NAPF Local Authority Pension Fund conference (16-18 May 2011).

6.0 Outcomes in 2011/12: 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 21 May 2012.

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

Outcome: Pending. It is suggested that members discuss this item within the forum of the meeting on 21 May 2011 in conjunction with the report on the proposed CIPFA framework for member training.

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

Outcome: Achieved. Papers were sent out on a timely basis meeting the seven-day target.

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

Outcome: Achieved. Official meetings are always held at Shire Hall as a requirement of the Council's Constitution. Members are asked to consider as to whether current arrangements are satisfactory.

- 6.5 Action 5: Finalise governance in line with Myners/CIPFA principles.

Outcome: Achieved. Work will be underway shortly to prepare for enhanced governance requirements following publication of the final Hutton governance reforms.

7.0 Outcomes in 2011/12: Financial and Risk Management

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

Outcome: Achieved. This is monitored on a regular basis as part of the quarterly review reported to the Head of Corporate Finance.

- 7.2 Action 2: Produce the Annual Statement of Accounts.

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

- 7.3 Action 3: Carry out the 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 13 February 2012.

- 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 2012/13 year.

8 Outcomes in 2011/12: Investment

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

Outcome: Ongoing. Work is now commencing on the United Nations Principles for Responsible Investment.

- 8.2 Action 2: Review of investment manager arrangements.

Outcome: Achieved. Instalments to HarbourVest as the Fund's Private Equity Fund of Funds manager were commenced at the start of the year 2011/12. Work is continuing on further diversification possibilities with an absolute return (fixed income and multi-asset) the next current project.

- 8.3 Action 3: Meet with all investment managers.

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

8.4 Action 4: Review the Statement of Investment Principles

Outcome: Achieved. A revised version will be submitted to the Board for approval at the conclusion of the current manager appointment and transition process.

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

Outcome: Achieved. Performance review reports are considered by the Board every quarter.

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