

Essex Pension Fund Strategy Board

14:00	Wednesday, 16 March 2016	Committee Room 1, County Hall, Chelmsford, Essex
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Quorum: 4

Membership

Councillor R Bass
Councillor S Barker
Councillor S Canning
Councillor K Clempner
Councillor N Hume
Councillor N Le Gresley
Councillor J Whitehouse
Councillor C Riley
Councillor R Woodley
Ms S Child
Ms J Moore

Representing

Essex County Council (Chairman)
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Castle Point Borough Council
Southend-on-Sea Borough Council
Scheme Members
Smaller Employing Bodies

For information about the meeting please ask for:

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Essex County Council

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Part 1

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

	Pages
1 Apologies for Absence	
2 Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
3 Minutes To approve as a correct record the minutes of the Board meeting held on 16 December 2015	5 - 10
4 Actuarial Valuation To receive a presentation and joint report by the Director for Essex Pension Fund and the Fund Actuary.	11 - 12
5 Investment Steering Committee (ISC) Quarterly Report To note a report by the Director for Essex Pension Fund.	13 - 18
6 Update on Pension Fund Activity To note a report by the Director for Essex Pension Fund and the Head of Essex Pension Fund. <ul style="list-style-type: none">○ 2015/16 business plan○ three year business plan○ risk management○ scorecard	19 - 64
7 Training Plan To receive a presentation and consider a report from the Independent Governance & Administration Adviser.	65 - 70
8 Report from the Pension Advisory Board To note a report from the Pension Advisory Board	71 - 74

9 Date of next meeting and rescheduling of future meetings

To note that the next meeting will take place on Wednesday 13 July at 2.00pm in Committee Room 2 and to note revised dates for future meetings as follows:

- Thursday 15 September 2016 at 2.00pm, Committee Room 2
- Tuesday 13 December 2016 at 2.00pm, Committee Room 2

10 Urgent Business

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 Arrangements for the Independent Governance & Administration Adviser

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

12 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 Strategy Board held at 2.00 pm
at County Hall, Chelmsford on 16 December 2015**

Present:

Member

Essex County Council

Cllr R Bass (Chairman)

Cllr S Barker

Cllr S Canning

Cllr K Clempner

Cllr N Hume

Cllr N LeGresley

Cllr J Whitehouse

District/Borough Councils in Essex

Cllr C Riley

Unitary Councils

Scheme Members

**Smaller Employing
Bodies**

J Moore

Also in attendance were the following members of the Pension Advisory Board:

Nicola Mark

Keith Flowers

Paul Hewitt

Jenny Hunt

Mark Paget

James Durrant

The following officers and advisers were also present in support:

Jody Evans

Head of Essex Pension Fund

Kevin McDonald

Director for Essex Pension Fund

Barry Mack

Independent Governance and Administration Adviser
(IGAA) (Hymans Robertson LLP)

Matt Mott

Communications Manager

David Tucker

Employer Liaison Manager

Ian Myers

Secretary to the Board

Samantha Andrews

Investment Manager

Mark Stevens

Independent Investment Advisor

1. Apologies for Absence

Apologies for absence were received from Councillor Ron Woodley and
Councillor Keith Bobbin.

2. Declarations of Interest

The Chairman requested Members declare any interests as appropriate.
Cllr Colin Riley declared he was in receipt of an Essex pension.

3. Minutes

Resolved:

That the minutes of the Essex Pension Fund Board held on 16 September 2015 be approved as a correct record and signed by the Chairman.

4. LGPS Benefit Structure

Members received a presentation from Matt Mott, Communications Manager, on the LGPS benefit structure.

The presentation gave an overview of the arrangements and examples relating to:

- The Final Salary Schemes 1997 and 2008
- The 85 Year Rule
- Flexible Retirement
- Ill health benefits
- Additional Regular Contributions (ARC)
- Additional Voluntary Contributions (AVC)
- Ancillary Benefits
- Transfers and Aggregation

The Chairman thanked the officer for his contribution and informative training session.

5. LGPS Reform

Members received report EPB/26/15 and presentation from the Director for Essex Pension Fund.

Members were introduced to Mark Stevens, Independent Investment Advisor, and Nicola Mark, Independent Chairman of the Essex Pension Fund Advisory Board.

Members were informed that on 25 November 2105 the Government published:

- The criteria for LGPS investment reform being:
 - Asset pools that achieve the benefits of scale
 - Strong governance and decision making
 - Reduced costs and excellent value for money
 - Improved capacity to invest in infrastructure
- A consultation on revised LGPS Investment Regulations
- Its own response to the May 2014 consultation on 'Opportunities for collaboration, cost savings and efficiencies'

It was noted that funds are required to respond to the Government on pooling arrangements by 19 February 2016 with refined final responses made by 15 July 2016.

Members discussed the criteria and proposed pooling arrangements at length and a number of comments and concerns were raised:

- all responses to Government need to be made with great caution and consideration;
- the Government's proposed timetable of events appears very ambitious;
- the draft Investment Regulations propose powers allowing Secretary of State to intervene in a Fund's investment strategy. This in turn raises fundamental questions;
- whilst the needs for, and benefits of, domestic infrastructure are clear, Pension Funds are required to invest with a paramount fiduciary duty;
- the indicative key conclusion of project POOL (a collaboration of LGPS Find officers from across the country) was that Multi Asset Pools (MAPS) on a regional and/or like-minded basis largely met the Government's criteria; and
- officer discussions with other LGPS Funds within the Eastern Region "Access" Group (a potential MAP) continue.

A timetable highlighting the key milestones around the Government's February and July milestones was also discussed and noted.

Date	Activity
January 2016	
Early January	Project POOL report published
Early January	ACCESS group officer meeting
15 January	Update at Pension Advisory Board (PAB)
Mid / late January	POOL event for Chairman of LGPS s101 Cttees
25 January	Officer & Adviser meeting
Late January	Officers circulate ISC paper for comment
February 2016	
13 February	ISC agenda dispatch
19 February	Government deadline for initial pooling submission and response to draft investment regulations <i>NB: CLG "comfortable" with a response early the following week</i>
22 February	ISC Strategy meeting
23 February	Dispatch initial submission & response on draft investment regulations
February – June	Ongoing detailed pooling discussions

March 2016	
9 March	PSB meeting
16 March	Chancellor's budget
23 March	ISC meeting
June 2016	
15 June	ISC Strategy meeting to agree Final submission to then be proposed to Council on 12 July
July 2015	
12 July	Council
13 July	PSB
15 July	Government deadline for Final submission
20 July	ISC

Resolved:

That the report and timetable be noted.

6. Investment Steering Committee (ISC) Quarterly Report

Members received report EPB/27/15 from the Director for Essex Pension Fund

Resolved:

That the report be noted.

7. Year End Returns

Members received report EPB/28/15 from the Director for Essex Pension Fund and Head of Essex Pension Fund.

A proposed scale of charges for late year-end data returns were distributed and discussed by Members. It was agreed these charges apply to returns up to one month late and thereafter doubled. Further infringements would be reported to this Board. Any charges levied against the Fund by the Pension Regulator due to specific Employers non-compliance of provision of statutory data will be passed on.

Resolved:

That the report be noted and recommendations agreed.

8. Update on Pension Fund Activity

The Board considered a joint report EPB/29/15 by the Director for Essex Pension Fund and Head of Essex Pension Fund, which provided an update on the 2015/16 Business Plan, three year Business Plan, Risk Management and

Scorecard. Members were appraised of the objectives, the risks and progress made against the objectives, noting in particular any areas of concern.

Resolved:

That the report be noted.

9. Governance Policy and Compliance Statement

Members received report EPB/30/15 from the Director for Essex Pension Fund and the Independent Governance & Administration Adviser.

Members were informed, in particular, that the Statement takes into account changes to regulation and the formation of the Pension Advisory Board

Resolved:

That the report be noted and that the PAB be invited to consider the document.

10. Communications Policy

Members received report EPB/31/15 from the Director for Essex Pension Fund and Head of Essex Pension Fund.

Members noted the Fund's updated draft Communications Strategy and agreed the Pension Advisory Board be invited to provide a review and feedback to a future meeting of this Board.

Noting that the policy may need to include relevant stakeholder consultations on the Fund's Statement of Investment Principles

Resolved:

That the report be noted and that the PAB be invited to consider the document.

11. Annual Report & Accounts 2014/15

Members noted the publication of the Annual report and Accounts for 2014/15

12. Date of Next Meeting

Members noted the next meeting of the Board would be held at 2.00pm on Wednesday 9 March 2016.

13. Proposed dates for 2016/17

The dates of meetings of the Board for the municipal year 2016/17 were noted.

There being no further business, the meeting closed at 4.00pm.

Chairman

Essex Pension Fund Strategy Board	EPB/01/16
date: 16 March 2016	

Actuarial Valuation

Report by the Director for Essex Pension Fund

Enquiries to Kevin McDonald on: 0333 0138 488

1. Purpose of the Report

1.1 The Fund Actuary will deliver a presentation on:

- An overview of the context of the valuation process commencing in April 2016
- Consideration around Academy pooling
- An update on exit payments

2. Recommendations

2.1 That the Board should note the presentation.

Essex Pension Fund Strategy Board	EPB/02/16
date: 16 March 2016	

Investment Steering Committee (ISC) Quarterly Report

Report by the Director for Essex Pension Fund

Enquiries to Kevin McDonald on: 0333 0138 488

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 its Terms of Reference, the ISC is required to submit quarterly reports on its activities to the Essex Pension Fund Strategy Board (the Board).

3.2 Since the Board's last meeting the ISC has met once on 22 February 2016.

4. Report of the meeting of ISC on 22 February 2016

4.1 A draft schedule of meetings for the municipal year 2016/17 was tabled for Members consideration.

4.2 The Committee noted the work undertaken on the Fund's Investment Cost compared to its peer group.

4.3 The main focus of the meeting's business was the developments in respect of the structural reform of the LGPS and the six monthly review of strategy.

4.4 By way of background, Kevin McDonald, Director for Essex Pension Fund updated the Committee on the findings of "Project Pool", a collaborative joint working group of officers of over 25 LGPS Fund's, the emerging pooling group arrangements and the Fund's proposed draft response to the draft LGPS investment regulations.

4.5 The Committee agreed that:

- the Fund's response to the draft investment Regulations be based on the points made in section 7 of the report and updated (as shown in *italics*) as follows:
 - welcome removing the old investment limits and the introduction of prudential approach;
 - support for the inclusion of an explicit reference to fiduciary duty within the Regulations;
 - oppose *absolutely* the Secretary of State's power to direct investments without *rigorous* checks and balances;
 - strongly reaffirm the fundamental principle that LGPS investment decisions, including those made with regard to infrastructure, must be based upon each Fund's risk/return objectives; and
 - argue for more time to prepare new ISS (current deadline 1 October).
- the Essex Pension Fund, as administered by Essex County Council, is a signatory on the joint ACCESS submission;
- the Essex Pension Fund participates exclusively within the ACCESS pooling group of funds at this time;

- Officers go back to the ACCESS pooling group and request that the Memorandum of Understanding (MOU) reference the Chairman's Steering Group; and
 - further details on the approach to pooling are brought to future Committee meetings for ongoing consideration.
- 4.6 The Committee received a report from Hymans Robertson in conjunction with the Independent Investment Adviser and the Director for Essex Pension Fund which provided a high level health check of the overall Fund structure and addressed outstanding issues with the Fund's Investment Managers.
- 4.7 After discussion of the report the Committee noted that:
- the overall structure, now well established remains appropriate given both the Committee's stated investment beliefs and objectives set as part of the 2013 Valuation and as a consequence no changes were proposed to the equity or bond portfolios; and
 - the continuing disappointing performance of M&G Investments global equity mandate.
- 4.8 The Committee also received an update on cash flow arrangements which highlighted that existing arrangements were forecast to generate sufficient investment income to supplement contribution income to pay benefits during 2016/17.
- 4.9 The Committee agreed that:
- Baillie Gifford's existing remit of permissible investments be retained and the manager's request to expand this to include unlisted investments be declined at this time;
 - a c.1% allocation to Infracapital's continuation fund be made in principle, subject to further investigation by the Officers & Advisors on the final terms of the deal;
 - Officers & Advisors undertake additional due diligence on Infracapital's greenfield proposal;
 - Officers & Advisors bring back to a future meeting proposals for a longer term approach to realising income over the next 3 to 5 years and in the short/medium term monitor, in particular, the Fund's allocation to property does not become diluted as income continues to be drawn; and
 - Hamilton Lane be requested to attend the March ISC meeting in order that the Committee can review the Fund's private equity portfolio and agree future commitments.

5. Link to Essex Pension Fund Objectives

5.1 Investments

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

6. Risk Implications

6.1 The current investment risks associated with the Fund's investment strategy are those detailed in the Statement of Investment Principles.

6.2 Officers and advisers will examine the potential risks associated with pooling once the structures and timescales for the migration of Fund assets are better understood. These will then be brought to a future meeting of the ISC for consideration.

7. Communication Implications

7.1 The Fund was a signatory on the ACCESS proposal to Government in February. A further submission is required in July 2016.

8. Finance and Resources Implications

8.1 In addition to the work undertaken by Officers, it is expected that the Fund will make a contribution of £17,000 to the costs of the JWG initiative (project POOL).

8.2 In addition to the work undertaken by Officers, it is anticipated that the costs of participating in ACCESS will be £25,000 per Fund for the period between February and July 2016.

8.3 Further costs, of a significant nature, will be incurred in the development and establishment of pools.

9. Background Papers

9.1 ISC meetings of 22 February 2016 – agenda and draft minutes.

9.2 DCLG consultation "Opportunities for collaboration, cost saving and efficiencies" – May 2014

9.3 Fund response agreed 9 July 2014

- 9.4 PricewaterhouseCoopers report on establishing Collective Investment Vehicles
- 9.5 25 November 2015 publications released with the Chancellor's Autumn Statement documents :
- (i) criteria for LGPS investment reform
 - (ii) a consultation on revised LGPS Investment Regulations and
 - (iii) Government's response to the May 2014 consultation on *"Opportunities for collaboration, cost saving and efficiencies"*
- 9.6 Findings of "Project Pool".

Essex Pension Fund Strategy Board	EPB/03/16
Date: 16 March 2015	

Update on Pension Fund Activity

Joint Report by the Director for Essex Pension Fund & Head of Essex Pension Fund
Enquiries to Kevin McDonald on 03330 138488 and Jody Evans on 03330 138489

1. Purpose of the Report

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

- 2015/16 business plan
- three year business plan
- risk management
- scorecard

1.2 To provide the Board with proposals for the detailed actions:

- 2016/17 business plan

2. Recommendations

2.1 That the Board notes:

- progress against the 2015/16 business plan
- the estimates of income and expenditure contains within the finance schedule
- the 3 year business plan
- the current risks with a residual score of six or above
- the latest scorecard measures

2.2 That the board agrees:

- the detailed actions proposed for the 2016/17 business plan (*contained within Annex a(i)*)

3. Background

3.1 The following documents accompany this report:

- an update on the 2015/16 business plan at Annex A(i);
- including a series of actions for 2016/17 in Annex A(i);
- a finance schedule highlighting estimated income and expenditure in Annex A (i)
- the 3 year business plan at Annex A(ii);
- risks with a residual score of six or above are detailed at Annex B;
- 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:

- Report from Investment Steering Committee
- Report from the Pension Advisory Board

5. Business Plan 2015/16

5.1 Progress is on track with the business plan shown at Annex A (i). In addition to the 23 actions reported at the Board's last meeting, a further action has been added to reflect the forthcoming review of Custodial arrangements. Of the 24 actions for 2015/16:

- 11 (46%) have been completed; and
- 13 (54%) are in progress, of which 3 are subject to items elsewhere on this agenda

6. Business Plan 2016/17

6.1 The proposed business plan for 2016/17 contains 23 actions. Much of the Board's work is of an ongoing nature, and as result some actions appear in both this year's and next year's plans. There are however 4actions that do not appear in 2016/17, and 3 new action. These are detailed below:

Actions ceasing in 2015/16	Actions commencing in 2016/17
Implement requirements of Public Services Pension Act 2013 (re: Local Pension Board)	Procurement of Institutional Investment Consultant
Procurement of Independent Investor Adviser	2016 Actuarial Valuation
2015 Interim Review	Communication re: Guaranteed Minimum Pension (GMP)
Communication re: National Insurance changes	

- 6.2 A finance schedule appears at the end of Annex A(i) containing estimates and forecasts for the main items of the Fund's income and expenditure for both 2015/16 and 2016/17.

7. 3 year Business Plan

- 7.1 The 3 year Business Plan, providing a high level summary of key work streams is shown at Annex A (ii). This has been updated in line with the proposed detailed actions for the 2016/17 Business Plan pending the Board's agreement and now includes pooling LGPS investments.

8. Risk Register

- 8.1 There are currently 83 risks in the Fund's risk register of which 14 have a residual score of six or more and are shown at Annex B. There are no changes since the last meeting.
- 8.2 Officers and advisers will examine the potential risks associated with pooling once the structures and timescales for the migration of Fund assets are better understood. These will then be brought to a future meeting of the ISC for consideration.
- 8.3 At the December meeting, a new risk (I16) was adopted re: the pending implementation in January 2017 of MiFiD II. Since then the implementation date has been delayed by 12 months. The situation will be kept under review.
- 8.4 The full risk register is available on infoBOARD.

9. Scorecard

- 9.1 The scorecard is set out in Annex C.

10. Link to Essex Pension Fund Objectives

10.1 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 service whilst maintaining value for money
- Understand and monitor risk and compliance
- Continually measure and monitor success against our objectives

11. Risk Implications

11.1 Key risks are identified at Annex B

12. Communication Implications

12.1 Other than ongoing reporting to the Board, there are no communications implications.

13. Finance and Resources Implications

13.1 The business plan for 2016/17 is challenging and will require significant input by officers and advisers to bring some of the actions to conclusion. The staffing structure review is ongoing.

14. Background Papers

14.1 None.

Essex Pension Fund Business Plan 2015/16 Proposed actions for Business Plan 2016/17

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

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016
1. Annual business plan will be put in place.	Proposed actions for 2015/16 business plan actions presented to 5 March 2015 Board for approval.	DfEPF & HoEPF	Complete
2. Further roll out of training and training needs assessments	Training & training needs assessments will continue in 2014/15. Specific provision will be made for any new Board Members.	IGAA	Complete for 2015/2016

2016/17 Business Plan
Draft 2016/17 Business plan actions presented to 16 March 2016 Board for approval
Training & training needs assessments will continue in 2016/17

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016
3. Board members' knowledge centre	A web based facility for Members is in place.	HoEPF	Complete.
4. Annual review of governance policy	Review governance policy to ensure it is relevant and up to date, including the governance compliance statement.	DfEPF, HoEPF & IGAA	In progress. This matter is subject to a separate report elsewhere on this agenda..
5. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it.	GTM and IGAA	In progress. Some of the recommended actions will feature in consideration of the governance policy & compliance statement.
6. Implement the requirements of the Public Sector Pension Act 2013	Respond to consultation on draft Governance regulations Agree & implement required changes to Governance arrangements	DfEPF, HoEPF & IGAA	Complete. The Pension Advisory Board had its first meeting in July 2015.

2016/17 Business Plan
Further infoBOARD training will take place during 2016/17
During 2016/17 the PSB will review the Annual Governance Policy and Compliance statement.in light of the PAB's comments.
A review is planned for 2016/17 to coincide with the review of the PAB
Action ceasing in 2015/16 Not an action for 2016/17

Investments

Objectives:

- To maximise the returns from investments within reasonable risk parameters
- To ensure the Fund is properly managed
- Ensure investment issues are communicated appropriately to the Fund's stakeholders

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
7. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings.	DfEPF	Complete. Formal reviews took place at 22 July 2015 & 22 February 2016 Strategy ISC meetings	Reviews to take place in June/July 2016 and February 2017
8. Implement any review of investment allocation arrangement	Implement the decisions taken at the July 2015 ISC strategy meeting.	DfEPF	Complete .	Any asset allocation decisions made by the ISC will be implemented as required.
9. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	DfEPF	Complete The review took place at the 22 February 2016 ISC Strategy meeting.	A review will take place at the February 2017 ISC strategy meeting

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
10. Review the Statement of Investment Principles (SIP)/Investment Strategy Statement (ISS)	Annual Review of SIP – to include review of Statement of Compliance on Investment Decision Making	DfEPF	In progress - The SIP is scheduled to be considered at the March 2016 ISC	The SIP is expected to be replaced by an ISS during 2016/2017
11. Procurement of Independent Investment Adviser (IIA)	The Appointment Sub-committee met on 19 June 2015 and agreed to appoint Mark Stevens as the new IIA	DfEPF	Complete	Action ceasing in 2015/16 Not an action for 2016/17
12. Procurement of Institutional Investment Consultants(IIC)	The current arrangement ceases in December 2016. The ISC will consider its approach to this matter in 2016		Action commencing in 2016/17 Not applicable for 2015/16	Scheduled to commence in late 2016
13. Respond to the requirements of LGPS structural reform process	Developments in relation to LGPS structural reform will be monitored	DfEPF	In progress – A separate report on this matter appears elsewhere on the 16 March 2016 agenda	The situation will continue during 2016/2017
14. Review of Global Custodian	A review of the global custody arrangements has been commissioned.	DfEPF	In progress – an update will be brought to the 23 March ISC.	This action will conclude in 2016/17.

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

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
15. Interim Review as at 31 March 2015.	An interim review of the Fund as at 31 March 2015 will be commissioned from the Actuary.	DfEPF and HoEPF	Complete - The actuary presented the Interim review to the PSB in September 2015	Action ceasing in 2015/16 Not an action for 2016/17
16. Actuarial Valuation as at 31 March 2016	A triennial valuation will be commissioned from the Fund Actuary.	DfEPF and HoEPF	Preparatory work for the Valuation / engagement with employers began in November 2015. Since Christmas 11 employer workshops have been held.	The various processes of the Valuation will take place throughout 2016/17

17. Review Funding Strategy Statement	Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review as at 31 March 2015.	DfEPF and HoEPF	Complete - At the September 2015 meeting, in light of the results of the Interim Review, the PSB agreed that the Funding Strategy remain unchanged	Review of the FSS will be in line with the 2016 triennial valuation.
18. Employer participation	Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis.	DfEPF and HoEPF	In progress - Monitoring continues	Employer participation will be reviewed in line with the 2016 triennial valuation.

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

Action	How will this be achieved	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
19. Complete the annual end of year data exercise as at 31 March	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.	HoEPF	Complete. This exercise has been completed for all employers who submitted a Year End return by 30 November 2015	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.
20. Administration Strategy	The Administration Strategy will be monitored during 2015/16	HoEPF	In progress Monitoring continues.	The Administration Strategy will continue to be monitored during 2016/17.
21. 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 2017)	HoEPF	In progress Monitoring continues	Auto- enrolment will continue to be monitored during 2016/17.

Action	How will this be achieved	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
22. Implementation of new administration system	The second phase including “ <i>employer online</i> ” is scheduled to commence in 2015/16	HoEPF	<p>Phase 2 modules implemented during this year are the newly required GMP module, barcoding to enable streamlined scanning of documents and bulk data importing.</p> <p>Employer on line is going live at 2 employer test sites during March 2016</p>	The second phase will continue throughout 2016/2017
23. Review of staffing structure	A review is scheduled to take place during 2015/16.		A review commenced during 2015/16 and will finalise in 2016/17	The review will finalise during 2016/2017
24. Confirmation of GMP entitlement	Confirming the GMP (Guaranteed Minimum Pension) element of all scheme members’ entitlement is required to be completed by 2017/18	HoEPF	Work on this significant project has commenced. Initial comparative data from HMRC is being assessed in line with LGA tolerances.	<p>This project will continue throughout 2016/17.</p> <p>The current deadline for the completion of this project is 31 March 2018.</p>

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

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
25. Monitor Communications Policy	The communications policy will be monitored during 2014/2015	HoEPF & CM	In progress: A separate item on this matter appears elsewhere on the agenda.	The communications policy will be kept under review during 2016/17
26. Communication GMP entitlement	All Employees involved will be communicated with confirming the GMP (Guaranteed Minimum Pension) element of their Pension entitlement.	HoEPF & CM	Action commencing 2016/17 Not an action for 2015/16	The current deadline for the completion of this project is 31 March 2018.
27. Communicating forthcoming National Insurance changes	The Fund will inform both employers and active scheme members of the increases to employer and employee national insurance contribution rates scheduled to commence from April 2016	HoEPF & CM	Dialogue with employers since July 2015 and advice included within scheme members' Annual Benefit Statement in August/November 2015. Further written communication to scheme members has been prepared and will be distributed in April 2016.	Action ceasing in 2015/16 Not an action for 2016/17

Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

GTM: Governance Team Manager

IGAA: Independent Governance & Administration Adviser

CM: Communications Manager

Finance schedule

		2014/15 actual £ (000)	2015/16 estimate £ (000)	2016/17 forecast £ (000)
EXPENDITURE	Retirement Pensions	170,900	178,141	185,266
	Retirement Lump Sums	31,876	37,559	41,314
	Death Benefits	4,440	5,704	6,161
	Leavers benefits	6,079	5,781	6,359
	Expenses	2,578	2,595	2,974
TOTAL		215,873	229,779	242,074
INCOME	Employees Ctbns	52,676	51,736	51,219
	Employers Ctbns			
	Ongoing	113,458	111,861	110,742
	Deficit	71,706	43,369	42,935
	Financial Strain	3,490	3,638	3,506
	Transfer Values in	8,181	7,742	7,742
	Other income			
TOTAL		249,511	218,346	216,144
Net cash flow excl. Investment Income		33,638	(11,434)	(25,930)

Essex Pension Fund

3 Year Business Plan

April 2016 to March 2019

Area of activity	2016/17	2017/18	2018/19
Governance			
Business plan	March for the following year	March for the following year	March for the following year
Members' knowledge and understanding <ul style="list-style-type: none"> Prepare & implement training strategy Training needs assessment (TNA) 	Ongoing	Ongoing	Ongoing
Governance review	October to March	December	December
Effectiveness of Pension Fund Board	July	July	July
Annual Statement of Accounts	July (draft) September (Final)	July (draft) September (Final)	July (draft) September (Final)
Employer Forum(s)	October (onwards)	May / June	May / June
Review scorecard & risk register	Quarterly	Quarterly	Quarterly
Administering Authority discretions and delegations review		September (review)	
Employing Authority discretions and delegations review		September (review)	
Communications policy review	December	December	December

Area of activity	2016/17	2017/18	2018/19
Strategic asset allocation review	July & February	July & February	July & February
Pooling investments and its implications	Ongoing	Ongoing	Ongoing
Asset/Liability study	February		
Statement of Investment Principles review	March	March	March
Review investment management fees	February	February	February
Individual manager review	Quarterly	Quarterly	Quarterly
Funding Strategy Statement review	July - March	September	September
Actuarial Valuation 2016	April - March	Implementation	Preparation
Interim funding review		September	September
Admission/employer participation/bulk transfer policy		Ongoing	Ongoing
LGPS reform – planning for administration changes	Ongoing	Ongoing	Ongoing
Review/Procurement of IT System	Ongoing (Phased installation)	Ongoing (Phased installation)	Review of effectiveness & development
End of year data exercise	April – August	April – August	April – August
Auto-enrolment / work based pensions	Rolling Employer staging dates	Rolling Employer staging dates	Rolling Employer staging dates
LGPS reform	Ongoing	Ongoing	Ongoing
Implement communications policy	Ongoing	Ongoing	Ongoing
infoBOARD and usage	Ongoing	Ongoing	Ongoing

ANNEX B

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	Ian Myers	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	Kevin McDonald /Jody Evans	A review of the staffing structure is underway.
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.
Investments	To ensure the Fund is properly managed	I16	The implementation of MiFiD II leads to the Fund being categorised by some / all of its service providers as a 'retail client' - the result of which could reduce the range of sub asset classes in which the Fund is able to invest, and may even require divestment from the current portfolio.	4	2	8	8	Kevin McDonald	1. Representations at national level (Scheme Advisory Board/CIPFA/LGA aimed towards LGPS nationally retaining professional client status. 2. Fund Officers working with Fund Managers & Investment Advisers aimed towards the Essex Fund retaining professional client status. Feb 2016 update: Likely implementation of MiFiD II delayed 12 months until January 2018
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F2	Markets move at variance with actuarial assumptions resulting in increases in deficits, 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 recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable 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

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 (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible. Same mitigations for both risks F19 & F20
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	
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	A1	Failure to administer scheme in line with Regulations and policies (owing to IT system issues)	3	3	9	9	Kevin McDonald / Jody Evans	Phase one of the new UPM Civica system was implemented in January 2015 and monitoring continues. Phase two is anticipated in the first half of 2016. A General Ledger package migration is scheduled for H116. A Pension Fund project team has been established to liaise with colleagues working on ECC's

ANNEX B

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
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A6	Fund's resources not able to match the demands of providing the service.	3	3	9	9	Kevin McDonald / Jody Evans	A review of the staffing structure is underway.
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A17	Failure to administer scheme in line with Regulations and policies - Brewster test case in Northern Ireland pave way for retrospective action re: surviving co-habiting partners with no nomination for surviving partners pension.	3	2	6	6	Jody Evans	In the event of revised LGPS Regulations on nomination arrangements for surviving co-habiting partners' pensions, a case by case review will be conducted.
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A18	Unable to meet Actuarial Valuation deadlines or produce Annual Benefit Statements for active Scheme Members in line with Regulatory deadlines due to lack or late provision of data from employers	4	2	8	8	Jody Evans	For 2015/16 exercise communicate timetable and requirements to employers in advance, and encourage employers to engage with Fund Officers.
Communications	Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally	C1	Increase in enquiries from Scheme Member resulting in increased workload for Fund officers	2	3	6	6	Kevin McDonald /Jody Evans	Whilst the volume of phone enquiries stemming from the April 2015 introduction of Freedoms & Flexibilities (for DC schemes) has now reduced, a number of detailed discussions on individual cases remain and represent a significant workload.

Essex Pension Fund Scorecard - 16 March 16			
1. GOVERNANCE		2. INVESTMENTS	
1.1 - Provide a high quality service whilst maintaining value for money	5	2.1 - Maximise returns from investments within reasonable risk parameters	5
1.2 - Ensure the Pension Fund is managed by people who have the appropriate knowledge and expertise	3	2.2 - Ensure the Pension Fund is properly managed (ISC attendance, skills and governance arrangements)	11
1.3 - Evolve and look for new opportunities that may be beneficial for our stakeholders, particularly the Fund's beneficiaries, ensuring efficiency at all times. Continually measure and monitor success against our objectives.	1	2.3 - Ensure investment issues are communicated appropriately to the Fund's stakeholders	5
1.4 - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based	4		
1.5 - Understand and monitor risk and compliance	5		
3. FUNDING		4. ADMINISTRATION	
3.1 - Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters and Funding Strategy timescales	1	4.1 - Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need.	1417
3.2 - To recognise in drawing up its Funding Strategy, the desirability of employer contributions that are as stable as possible	2	4.2 - Data is protected to ensure security and authorised use only	2
3.3 - To have consistency between Investment and Funding strategies	2	4.3 - Ensure proper administration of financial affairs	2
3.4 - To manage employers liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives.	1	4.4 - Compliance with Fund's governance arrangements	5
3.5 - Maintain liquidity in order to meet projected net cash flow outgoings	1		
3.6 - Minimise unrecoverable debt on termination of employer participation	2		
5. COMMUNICATIONS		Key	
5.1 - Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.	13	<div>G</div> = on or exceeding target	<div>Gy</div> = data not currently available / work in progress
5.2 - Ensure our communications are simple, relevant and have impact and deliver information in a way that suits all types of stakeholder.	25	<div>A</div> = missing target but within agreed tolerance	
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.	11	<div>R</div> = missing target by more than agreed tolerance	

1.1 - Provide a high quality service whilst maintaining value

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 (Dec)
1.1.2 Number of scheme member complaints	2		G	G	5	20	Low	Quarterly
1.1.3 Number of scheme member compliments	26		G	G	15	60	High	Quarterly
1.1.4 Scheme member survey - % of positive answers	97.8%	%	G	G	95%	95%	High	Annual (Dec)
1.1.5 Employer survey - % of positive answers	95.2%	%	G	G	95%	95%	High	Annual (Dec)

Rationale for performance status and trend

1.1.1. Cost per member was £16.61 in 2014/15 (£17.81 in 2013/14) compared to the CIPFA Benchmarking average of £19.17 (£20.75 in 2013/14). This Fund remains in the second quartile.

1.1.2. The number of complaints received in the 3 months to 31 December 2015 was 2.

1.1.3. The number of compliments received in the 3 months to 31 December 2015 was 26.

1.1.4. 500 scheme members (employees) were invited to participate in a five question survey conducted in October 2015. 119 members returned completed survey's resulting in a total of 896 answers, of which 20 were negative responses. The remaining 876 (97.8%) were positive. The previous survey has a 96.4% positive responses.

1.1.5. 378 employers were invited to participate in a 10 question survey conducted in October 2015. Of 147 responses 7 were negative which resulted in a 95.2% positive response rate. The previous survey has a 97.3% positive response.

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: Kevin McDonald **Data lead:** Ian Myers/Jody Evans/Barry Mack

Status		Value	Units	Previous Status	Current Status	Target	Annual target	Polarity	Frequency
1.2.1	Members training	Target exceeded		G	G	90%	90%	High	Quarterly
1.2.2	Board Member attendance at Board meetings	81%	%	A	G	80%	80%	High	Quarterly
1.2.3	Officer training plans and Supporting Success objectives in place	100%	%	G	G	100%	100%	High	Ongoing

Rationale for performance status and trend

- 1.2.1 In the measurement period Board Members' training credits exceeded the 90% target.
- 1.2.2 This represents attendance at Board meetings over the last twelve months.
- 1.2.3. Supporting Success objectives are in place for all staff working on the Essex Pension Fund.

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	46% Complete 54% in progress	A	A	70% Complete, 30% in progress	100% complete	High	Quarterly

Rationale for performance status and trend

1.3.1 Against a total of 24 actions or projects for the year:

- 11 (46%) complete
- 13 (54%) in progress

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: Ian Myers

Data lead: Ian Myers

Status	Value	Units	Previous status	Current status	Target	Polarity	Frequency
1.4.1 Number of complaints made	0		G	G	0	Low	On-going
1.4.2 Number of complaints upheld	0		G	G	0	Low	On-going
1.4.3 The Pension Strategy Board has provision for representatives of employers and scheme members. Appointees are currently in place.	Yes		R	G	Yes	High	Quarterly
1.4.4 The Pension Advisory Board has provision for representatives of both employers and scheme members. Appointees are currently in place.	No		G	G	Yes	High	Quarterly

Rationale for performance status and trend

1.4.1 Reflects performance over the previous 12 months as at 31 December 2015

1.4.2 Reflects performance over the previous 12 months as at 31 December 2015

1.4.3 In January 2016, Eastern Region UNISON notified the Fund that Sandra Child would succeed Keith Blackburn whose four year term ended in September 2015.
Yes = green; No = red.

1.4.4 Appointments too the PAB were finalised in July 2015.
Yes = green; No = red.

1.5 - Understand and monitor risk and compliance

Measure Purpose: Understand and monitor risk and compliance

Scope: On-going 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	On-going
1.5.2 Number of internal audit recommendations outstanding	0		G	G	0	N/A	Low	On-going
1.5.3 Percentage of risks on the risk register with a residual score that is classified as amber	17	%	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. The 2014/15 internal audit reports for both Pensions Administration and Pensions Investment received good assurance.

1.5.2 The 2014/15 internal audit reports for both Pensions Administration and Pensions Investment contained a total of one moderate recommendation, which has been completed.

1.5.3 The Fund currently has 83 risks in its register, of which 14 have a residual score that is classified as amber. (14 in December). Full details are at Annex B to this report. Measurement: below 20% = green; between 20%-25% = amber; above 25% = red

1.5.4 The Fund currently has 83 risks in its register, none of which has a proposed residual score that is classified as red. (0 in December). Measurement: 0% = green; above 0% = red

1.5.5 There are no significant recommendations for Members to note in the 2014/15 Annual Results Report from EY.

2.1 - Maximise returns from investments within reasonable risk parameters

Data as at: 31 March 2015

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	1st	ranking	G	G	1st	1st	High
2.1.2 Annual Return compared to Benchmark	14.8	%	R	G	13.1%	13.1%	High
2.1.3 Five year (annualised) return compared to Benchmark	9.6	%	G	G	8.1%	8.1%	High
2.1.4 Five year (annualised) return compared to central expected return of current investment strategy	9.6	%	G	G	6.4%	6.4%	High
2.1.5 Five year (annualised) return compared to central expected return of current investment strategy including manager outperformance	9.6	%	G	G	7.2%	7.2%	High

Rationale for performance status and trend

2.1.1. Based on the Local Authority performance data released by State Street in July 2015, the Essex Pension Fund with 14.8% had the highest annual return of the peer group which consists of Kent, Suffolk, Norfolk, Cambridgeshire & Bedfordshire. The lowest return within the group was 11.1%. Essex also had the highest return of this group of Funds in 2013/14.

2.1.2 The annual return of 14.8% was above the benchmark.

2.1.3 The five year return of 9.6% was above the benchmark.

2.1.4 The five year return of 9.6% was above the central expected return of the current investment strategy.

2.1.5 The five year return of 9.6% was above the expected return of the current investment strategy including investment manager outperformance.

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 **Data lead:** Samantha Andrews & Barry Mack

Status	Value	Units	Previous status	Current status	Target	Annual target	Polarity	Frequency
2.2.1 ISC Member attendance at ISC meetings	78	%	A	A	80%	80%	High	Quarterly
2.2.2 ISC Members training	Target exceeded		G	G	90%	90%	High	Quarterly

Rationale for performance status and trend

2.2.1 . This represents attendance at ISC over the last 12 months including the ISC Appointment Sub Cttee on 19 June 2015.

2.2.2 In the measurement period, ISC Members' training credits exceeded the 90% target.

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	0	%	G	G	100%	High	Quarterly
2.3.2 % of ISC committee items sent out 5 working days before meetings	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	G	100%	High	Quarterly
2.3.5 Number of communication and governance arrangements for the ISC not in place	0		G	G	0	High	On-going

Rationale for performance status and trend

Measures **2.3.1 - 2.3.2** cover the quarter ending 31 December 2015, during which all arrangements in respect of the sole ISC on 25 November met the target. Arrangements for the ISC on 22 February 2016 will be included when the March quarter's arrangements are reported in the next scorecard.

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
- SIP to be reviewed and published annually
- Annual Report & Accounts published by 30 November
- One independent adviser and one institutional investment consultant attended or were available to attend the last ISC meeting
- 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

Data as at: February 2014

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 funding target	61	%	G	G	50%	50%	High	Three yearly

Rationale for performance status and trend

3.1.1 . Following the Actuarial Valuation, an asset liability study was undertaken by the Fund's Institutional Investment Consultants , Hymans Robertson. This was to be considered by the Investment Steering Committee at its meeting on 24 February 2014.

Based on the assumptions and methodology in the investment consultant's long term stochastic projection model, they have reported that the probability of being fully funded in 21 years' time is 61%

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

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
3.2.1 Stability mechanisms are included within the current Funding Strategy	Yes		G	G	Yes	Yes	High	3 yearly
3.2.2 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		G	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 2013/14 Funding Strategy, each of the 17 major presenting bodies were offered five options for employer contributions. These included an option which would increase employer contributions by no more than 1% (of pensionable pay) in the first year and 3% (of pensionable pay) over the three year Valuation cycle. 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

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 Expected return of investment strategy	6.4	%	G	G	5.8%	5.8%	High	Annual
3.3.2 Investment strategy reviewed after Asset Liability Study	Yes		G	G	Yes	Yes	Yes	3 yearly

Rationale for performance status and trend

<p>3.3.1 Long term return assumed by Funding Strategy</p> <p>For the 2013 Valuation the Fund Actuary's assumption for investment return was 5.8%</p> <p>As part of the review of the Statement of Investment Principles, Investment Consultants Hymans Robertson conducted a review of the Fund's investment structure using their Asset Model (HRAM), the stochastic scenario generator developed by Hymans Robertson LLP, calibrated using market data as at 31 October 2014. The result was an expectation of a 6.4% p.a. return which rose to 7.2% with the inclusion of investment managers outperformance.</p> <p>3.3.2 Investment Strategy reviewed</p> <p>This measure highlights that the ISC on 24 February 2014 reviewed the Investment Strategy and its consistency with the Funding Strategy as part of its consideration of the Asset Liability Study, conducted by Hymans Robertson after the 2013 Actuarial Valuation.</p>
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3.4 - Manage employers’ liabilities effectively

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

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
3.4.1 Does the Funding Strategy incorporate different funding objectives for different groups of employers ?	Yes	%	G	G	Yes	Yes	High	3 Yearly

Rationale for performance status and trend

3.4.1 The draft Funding Strategy, agreed by the Board in September 2013 included different funding objectives for different groups of employers. This was also the case for the Funding Strategy that accompanied the previous Actuarial Valuation in 2010.

3.5 - Maintain liquidity in order to meet projected net cash flow outgoings

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

Measure Owner: Kevin McDonald

Data lead: Sara Maxey & Sam Andrews

Status

	Value	Previous status	Current status	Target	Annual target	Polarity	Frequency
3.5.1 Sufficient investment income is available to supplement contribution income to meet benefit payments.	Yes	G	G	Yes	Yes	High	Ongoing

Rationale for performance status and trend

3.5.1
This new measure was agreed by the ISC at its meeting on 22 July 2015, and an update review was included within the 22 February 2016 ISC agenda. The Fund continues to use a combination of rental income and UK equity dividends from the passive portfolio to supplement contributions.

3.6 - Minimise unrecoverable debt on termination of employer participation

Measure Purpose: To highlight unrecoverable, or potentially unrecoverable, deficit due to employers leaving the Fund

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
3.6.1 Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.000	%	G	G	0.00%	0.00%	Low	Quarterly
3.6.2 Deficit unrecoverable due to employers leaving scheme (as a proportion of Total Fund deficit)	0.000	%	G	G	0.00%	0.00%	Low	Quarterly

Rationale for performance status and trend

<p>3.6.1 Scoring:</p> <p>0% = Green. Below 0.02%(£250,000) = Amber. Above 0.02% = Red</p> <p>There have been no potentially unrecoverable deficits during the last quarter.</p>
<p>3.6.2 Scoring:</p> <p>0% = Green. Below 0.02%(£250,000) = Amber. Above 0.02% = Red</p> <p>There have been no confirmed unrecoverable deficits during the last quarter.</p> <p>The Fund's total deficit as at 31 March 2013 Actuarial Valuation was £953m.</p>

4.1 (Annual) - 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 AXISe	Value UPM	Previous status	Current status	AXISe Apr - Dec 2014	UPM Jan - Mar 2015	Target	CIPFA Average
4.1.1 Letter detailing transfer in quote issued within 10 working days (202 AXISe cases & 44 UPM cases) (375 2013/14 cases)	96.0%	86.0%	G		G	A	95.0%	89.6%
4.1.2 Letter detailing transfer out quote issued within 10 working days (558 AXISe cases & 107 UPM) (494 2013/14 cases)	96.5%	88.8%	G		G	A	95.0%	88.3%
4.1.3 Letter detailing process of refund and payment made within 5 working days (524 AXISe cases & 150 UPM) (237 2013/14 cases)	94.9%	95.3%	G		A	G	95.0%	91.5%
4.1.4 Letter notifying estimated retirement benefit amount within 10 working days (3,313 AXISe cases & 1,792 UPM) (2,760 2013/14 cases)	96.7%	97.9%	G		G	G	95.0%	89.2%
4.1.5 Letter notifying actual retirement benefits and payment made of lump sum retirement grant within 5 working days (2,314 AXISe case & 731 UPM) (1,887 2013/14 cases)	97.1%	99.3%	G		G	G	95.0%	90.5%
4.1.6 Letter acknowledging death of active /deferred / pensioner member within 5 working days (1,138 AXISe cases & 515 UPM) (962	99.6%	98.8%	G		G	G	95.0%	94.1%
4.1.7 Letter notifying the amount of dependent's benefits within 5 working days (1,138 AXISe cases & 515 UPM) (962 2013/14 cases)	95.9%	95.3%	G		G	G	95.0%	86.7%
4.1.8 Calculate and notify deferred benefits within 10 working days (1,571 AXISe cases & 310 UPM) (5,860 2013/14 cases)	97.2%	36.1%	G		G	R	95.0%	75.8%
4.1.9 Annual benefit statements issued to active members by 31 August.	93.0%		G	A			95.0%	95.0%
4.1.10 Annual benefit statements issued to deferred members by 30 June.	Yes		G	G			Yes	N/A
4.1.11 New IDRPs appeals during the year (per one thousand members)	0.02		G	G			Below CIPFA average	0.12
4.1.12 IDRPs appeals - number of lost cases	0.00		G	G			Below CIPFA average	0.04

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.

The release of the 2014/15 data by CIPFA has been delayed, and will therefore now feature in the December 2015 scorecard.

4.1.9 As highlighted in the cover report to this item, Annual Benefit Statements were issued to 93% of active members by 31 August 2015.

4.1.10 The last dispatch of these statements to Deferred members was in June 2015. The previous dispatch was in June 2014

4.1.11 The CIPFA benchmarking statistics disclose the average number of stage 1 IDRPs appeals per one thousand LGPS members. With one completed, and one in progress appeal the Fund was below the average for 2014/15. The Fund had no stage 2 IDRPs appeals.

4.1.12 The CIPFA benchmarking statistics disclose the average successful stage 1 IDRPs appeals per one thousand LGPS members. With no successful appeals the Fund remained below the average for 2014/15.

4.1(Quarterly) - 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	CIPFA Average	Polarity	Frequency
4.1.13 Number of payments errors	0	number	G	G	<9	N/A	Low	Quarterly
4.1.14 Payment of death grant not made in line with nomination or next of kin.	0		G	G	0	N/A	High	Quarterly

<p>4.1.13 This 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. Quarterly target Green = <9; Amber = <16, Red = >16.</p> <p>4.1.14 Details of the payment of death grants are set out below:</p>
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Payment of Death Grants detailed analysis	Sept '15 quarter	Dec '15 quarter
A: Notifications of Scheme Member deaths received	60	34
B: Number within A with death grant nomination	32	18
C: Number within B paid in line with nomination held	30	16
D: Number within A paid to next of kin (in instances of predeceased nominee)	2	1
E: Number within A paid to the Estate (in instances of predeceased nominee)	0	1
F: Number within A without death grant nomination	28	16
G: Number within D paid to next of kin	28	16
H: Other	0	0

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

Measure Purpose: Data is protected to ensure security and authorised use only

Scope: All service area budgets within the directorate

Measure Owner: Kevin McDonald

Data lead: Jody Evans

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

Rationale for performance status and trend

<p>4.2.1 There were no data breaches in the quarter.</p> <p>Green = 0 breaches Amber = 1 or more medium or minor breaches Red = 1 or more major or critical breaches</p>
<p>4.2.2 No actions were required this quarter.</p>

4.3 - Ensure proper administration of financial affairs

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

Scope: Investments and Contributions

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	85.0	%	A	A	100%	100%	High	Quarterly
4.3.2 % of contributing employers submitting timely payments	96.7	%	A	A	100%	100%	High	Quarterly

Rationale for performance status and trend

4.3.1 In quarter up to December 2015 **85%** of reconciliations were completed on time compared to the target of 100%. This principally stems from a re-allocation of staff responsibilities during the previous quarter.

4.3.2 For the quarter ending December 2015 **96.7%** of employers submitted timely payments. In cash terms this equated to **99.9%** of a total employer contribution of £31.5m.

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: Ian Myers/Jody Evans/Kevin McDonald **Data lead:** Ian Myers/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 items sent out 5 working days before meetings	100	%	G	G	100%	100%	High	Quarterly
4.4.3 % of draft Board minutes available 7 working days after meetings	100	%	R	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	G	0	0	High	On-going

Rationale for performance status and trend

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

- Pension Fund Business Plan in place and renewed at the beginning of the financial year
- 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

NB: Compliance with Board Membership arrangements is covered at measure 1.4.4

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

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 scheme member survey. - <i>Helpfulness of the Pensions Teams.</i>	99.1	%	G	G	95%	95%	High	Annual (Dec)
5.1.2. % of positive responses from the Employer Survey. - <i>Expertise of Pensions Teams.</i>	99.3	%	G	G	95%	95%	High	Annual (Dec)
5.1.3. % of positive responses from the Employer Survey. - <i>Pensions Teams are friendly and Informative.</i>	98.6	%	G	G	95%	95%	High	Annual (Dec)
5.1.4. A Communication Policy is in place for the current year.	In progress		A	A	Yes	Yes	High	Annual (Dec)

Rationale for performance status and trend
5.1.1 In October 2015 a scheme member survey was issued, 500 scheme members were invited to participate and 116 responses were received to the question to 'How would you rate the Essex Pension Fund on helpfulness of staff?'. Only one negative response was received resulting in a 99.1% positive response. The previous survey result for this question was also 99.1%.
5.1.2 In October 2015 an employer survey was issued, 378 employers were invited to participate and 147 responses were received to the question to 'How would you rate Essex Pension Fund staff on their level of expertise?'. Only one negative response was received resulting in a 99.3% positive response. The previous survey result for this question was 99.1% positive.
5.1.3 In October 2015 an employer survey was issued, 378 employers were invited to participate and 147 responses were received to the question to 'How would you rate Essex Pension Fund staff on being friendly and informative?'. Two negative responses were received resulting in a 98.6% positive response. The previous survey result for this question was 100% positive.
5.1.4 An update on the Communications Policy forms part of the 16 March 2016 PSB agenda.

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

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 Scheme member Survey - <i>Clarity of website information.</i>	93.7%	%	G	A	95.0%	95.0%	High	Annual (Dec)
5.2.2. % of positive responses from the Scheme Member Survey - <i>Understandable Annual Benefit Statements.</i>	92.0%	%	A	A	95.0%	95.0%	High	Annual (Dec)
5.2.3. % of positive responses from the Scheme Member Survey - <i>Communications that suit needs, easy to understand and relevant.</i>	99.2%	%	G	G	95.0%	95.0%	High	Annual (Dec)
5.2.4. % of positive responses from the Employer Survey - <i>Clarity of Website information.</i>	95.2%	%	A	G	95.0%	95.0%	High	Annual (Dec)
5.2.5. Increase in response of the Scheme Member Survey compared to last year.	0.8%	%	G	G	Increase	Increase	High	Annual (Dec)
5.2.6. Increase in response rate of the Employer Survey compared to last year.	24.6%	%	G	G	Increase	Increase	High	Annual (Dec)
5.2.7 Employer survey - feedback on training and educational materials - % of positive responses	96.6%	%	G	G	95.0%	95.0%	Low	Annual (Dec)

5.2.1 - In October 2015 a scheme member survey was issued, 500 scheme members were invited to participate and 95 responses were received to the question to 'How clear is the information available on the Essex Pension Fund website?'. Seven negative response were received resulting in a 93.7% positive response. The response to this question in the previous survey was 97.1%.

5.2.2 - In October 2015 a scheme member survey was issued, 500 scheme members were invited to participate and 113 responses were received to the question to 'How easy was the information in your annual benefit statement to understand?'. 9 negative response was received resulting in a 92% positive response. The response to this question in the previous survey was 82% positive.

5.2.3 - In October 2015 a scheme member survey was issued, 500 scheme members were invited to participate and 122 responses were received. Only one negative response was received resulting in a 99.2% positive response. The response to this question in the previous survey was 99.1%.

5.2.4 - In October 2015 an employer survey was issued, 378 employers were invited to participate and 147 responses were received to the question to 'How clear is the information available on the Essex Pension Fund website?'. Seven negative responses was received resulting in a **95.2%** positive response. The previous survey result for this question was 92.4% positive.

5.2.5 - In October 2015 2013 a scheme member survey was issued, 500 scheme members were invited to participate and 119 responses were received. In 2013 118 responses were received. This is an increase in respondents of 1 (0.8%). The previous survey result for this question was an increase of 43.9%.

5.2.6 - In October 2015 an employer survey was issued, 378 scheme members were invited to participate and 147 responses were received. In the previous survey 118 in 2013 responses were received. This is an increase in respondents of 29 (**24.6%**). The 2012 survey had a response from 43 employers.

5.2.7 - In October 2015 an employer survey was issued, 378 employers were invited to participate and 147 responses were received. When asked about feedback on training materials and educational materials five negative responses were received resulting in a **96.6%** positive response. The previous survey result for this question was 99.1% positive.

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

Measure Purpose: Aim for a full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members and employers
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	3 yearly
5.3.2. % of positive responses from the Employer Survey - <i>Information available is helpful in employers understanding their responsibilities</i>	100.0%	%	G	G	95%	95%		Annual (Dec)

Rationale for performance status and trend

5.3.1 This measure will be reviewed in light of the 2016 Valuation data..

5.3.2 In October 2015 an employer survey was issued, 378 employers were invited to participate and 147 responses were received. When asked about feedback on information available is helpful to employers understanding their responsibilities no negative response were received resulting in a **100.0%** positive response. In the previous survey the response to this question 97.3%.

Essex Pension Fund Strategy Board	EPB04/16
date: 16 March 2016	

Training Plan

Report by the Independent Governance & Administration Advisor.

Enquiries to Kevin McDonald on: 0333 0138 488

1. Purpose of the Report

- 1.1 The IGAA will deliver a presentation on the training plan for CIPFA framework modules for 2016/17 and 2017/18.

2. Recommendations

- 2.1 That the Board should note the presentation.

ESSEX PENSION FUND: TRAINING STRATEGY 2016/17 – 2017/18

Training event	Actuarial methods, standards and practices	Pensions legislation	Pensions governance	Pensions administration
CIPFA Framework	Yes (module 8)	Yes (module 1)	Yes (module 2)	Yes (module 3)
Scheduled Date	Year 1 (date tbc)	Year 1 (date tbc)	Year 1 (date tbc)	Year 1 (date tbc)
Delivered by				
PSB	Yes	Yes	Yes	Yes
PAB	Yes	Yes	Yes	Yes
Outline of Content	<p>A general understanding of;</p> <ul style="list-style-type: none"> • The role of the actuary • The valuation process (including the FSS and inter-valuation monitoring) • Early and ill-health retirement monitoring • New employers and cessations • Outsourcings and bulk transfers • Employer covenant 	<p>A general understanding of;</p> <ul style="list-style-type: none"> • The overall legislative framework • Scheme-specific regulations and guidance • LGPS discretions and the formulation of policies • Latest changes to LGPS rules 	<p>A general understanding of;</p> <ul style="list-style-type: none"> • The role of the admin authority • The role of DCLG, the Pensions Regulator, the Pensions Advisory Service, the Pensions Ombudsman • The role of the Scheme Advisory Board • The role of Pension Committees in relation to the fund, the admin authority, employing authorities, scheme members and taxpayers. • The role of the s151 officer and the monitoring officer • The Myners' Principles • The role and responsibilities of PAB members (a detailed knowledge will be required for PAB members). • The fund's stakeholders and their interests • The consultation, communication and involvement options available to stakeholders • Monitoring and managing pension fund risk • Managing conflicts of interest • Reporting breaches of the law. 	<p>A general understanding of;</p> <ul style="list-style-type: none"> • Best practice in pensions administration eg performance and cost measures. • Fund policies relating to member data maintenance and record-keeping processes, internal dispute resolution, contributions collection and scheme communication and materials. • Discretionary powers • The fund's pensions administration strategy • Pensions taxation • An understanding of AVC arrangements, including investment choices, investment performance and payment schedule.

Training event	Pensions accounting and auditing standards	Pensions services procurement and relationship management	Investment performance and risk management	Financial markets and products knowledge
CIPFA Framework	Yes (module 4)	Yes (module 5)	Yes (module 6)	Yes (module 7)
Scheduled Date	Year 2 (date tbc)	Year 2 (date tbc)	Year 2 (date tbc)	Year 2 (date tbc)
Delivered by				
PSB	Yes	Yes	Yes	Yes
PAB	Yes	Yes	Yes	Yes
Outline of Content	<p>A general understanding of;</p> <ul style="list-style-type: none"> Accounts and Audit Regulations and legislative requirements relating to internal controls and accounting practice The role of internal and external audit The role played by third party assurance providers. 	<p>A general understanding of;</p> <ul style="list-style-type: none"> Public procurement policy and procedures and the roles of key decision-makers and organisations. The main public procurement requirements of UK and EU legislation. The nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. How the pension fund monitors and manages the performance of their outsourced providers. 	<p>A general understanding of;</p> <ul style="list-style-type: none"> The importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks The Myners' principles of performance management and the approach adopted by the administering authority. The range of support services, who supplies them and the nature of the performance monitoring regime. 	<p>A general understanding of;</p> <ul style="list-style-type: none"> The risk and return characteristics of the main asset classes The role of these asset classes in long-term pension fund investing. The importance of the fund's SIP and the investment strategy decision. the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks. the limits placed by regulation on the investment activities of local government pension funds. how the fund interacts with the taxation system in the UK and overseas in relation to investments.

Note: The above represents the 8 modules of the CIPFA knowledge and skills framework. The plan would be to deliver each module over the course of a two year period recognising the that the order of modules is flexible and will change in order to reflect the business being considered by the Board.

DRAFT

Essex Pension Fund Strategy Board	EPB/05/16
date: 16 March 2016	

Pension Advisory Board (PAB) Report

Report by the Director for Essex Pension Fund & Head of Essex Pension Fund
Enquiries to Kevin McDonald on: 0333 0138 488

1. Purpose of the Report

1.1 To provide an update on PAB activity since the last Board meeting.

2. Recommendations

2.1 That the Board should note the report.

3. Background

- 3.1 The Essex Pension Fund Advisory Board (PAB) has been established as the Local Pension Board for Essex in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.
- 3.2 The remit of the PAB includes assisting the Administering Authority as Scheme Manager:
- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS
 - to secure compliance with requirements imposed in relation to the LGPS by the Pension Regulator.
- 3.3 A web link to the papers detailing the establishment of the PAB (including the full Terms of Reference) is included at the end of this report.
- 3.4 Since the Board's last meeting the PAB has met once on 15 January 2016.

4. Report of the meeting of ISC on 15 January 2016

- 4.1 The PAB received a presentation detailing the emerging situation around **pooling LPS investments** and a number of aspects of the Government's reform agenda were discussed in detail.
- 4.2 The PAB noted that the ACCESS pool had the potential to include both the Essex Pension Fund and the Norfolk Pension Fund. The Independent Chairman highlighted that at this time there were no formal links between the Norfolk Pension Fund and the Essex Pension Fund in relation to pools and it was further noted that a review of the PAB's arrangements was scheduled to commence by October 2016.
- 4.3 The PAB considered and adopted the **Knowledge & Skills Training Strategy**. This Strategy had previously also been adopted by the PSB in late 2015.
- 4.4 At its December meeting the PSB had invited the PAB to consider the Fund's Governance **Policy & Compliance Statement**. This was discussed in detail and a number of formatting suggestions were suggested for the Head of the Essex Pension Fund to consider. It was noted that all members had now attended PSB and/ or ISC meetings as observers and had found this useful. At this stage the Board felt that it would be more useful for all members to continue to attend PSB and ISC meetings on an ad hoc basis rather than delegating specific representatives. However, officers would endeavour to ensure that at least one employer representative and one scheme member representative would attend each meeting wherever possible.
- 4.5 It was highlighted that the PAB was required to produce an annual report; however the DCLG had yet to publish guidance on its timing and content. The PAB's next meeting is scheduled for 11 May 2016, when it will finalise its consideration of the **Governance Policy & Compliance Statement** in light of any published guidance.

4.6 At its December meeting the PSB had invited the PAB to consider the Fund's **Communications Policy**. Members of the PAB welcomed the opportunity to review the document with which they were broadly comfortable. PAB Members did ask to be provided with some specific examples of Fund communications around specific practical matters at their next meeting. It was also agreed that generic communications information to employers would be sent to PAB employer representatives.

4.7 The PAB agreed to the following meeting dates which would be kept under review:

11 May 2016
21 September 2016
25 January 2017

5. Link to Essex Pension Fund Objectives

5.1 Compliance with the Fund's governance arrangements.

6. Background Papers

6.1 PAB agenda and minutes 15 January 2016.

6.2 Further background detail on the establishment of the PAB (including Terms of Reference) can be found within item 9 at the link below.
<http://cmis.essexcc.gov.uk/essexcmis5/CalendarofMeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3109/Committee/50/SelectedTab/Documents/Default.aspx>

