

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 05</b>
<b>Date: 6 March 2019</b>	

## **2019/20 Objectives, Business Plan, Risk Register and Scorecard**

Report by the Compliance Manager

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

- 1.1 To provide the Board with an update on the development of the 2019/20 Objectives, Business Plan, Risk Register and Scorecard.

### **2. Recommendation**

- 2.1 The Committee should note:

- the 2019/20 Objectives; and
- the plan to review the Scorecard.

- 2.2 The Committee should agree:

- the revised Risk Register; and
- the proposed new Business Plan template.

### **3. Objectives**

- 3.1 During 2018, a review was undertaken on the Fund's objectives. These objectives form the basis of the Business Plan, Risk Register and Scorecard that are presented quarterly to the Pension Strategy Board.
- 3.2 At its July 2018 meeting the Board agreed the 2019/20 objectives which are detailed within the proposed new Business Plan template at Annex A of this report, pages 4 and 5.

### **4. Business Plan**

- 4.1 In paper PSB 04, the Board reviewed the outlook for the 2019/20 Business Plan.
- 4.2 With the appointment of the new Independent Governance and Administration Advisor (IGAA) and in light of the review of objectives, the Fund has started to review their current Business Plan. This will enable a more comprehensive plan to be produced which will allow more succinct reporting on the Fund's achievement against its objectives, management of risks and measurement of the Fund's performance against agreed Key Performance Indicators (KPIs).
- 4.3 An example of the revised template is provided at Annex A of this report.
- 4.4 The Board is invited to:
  - review the proposed template;
  - provide comments to the Fund; and
  - approve the template which would be brought back the Board at a future meeting for endorsement.

### **5. Revised Risk Register**

- 5.1 A significant amount of work has now been undertaken on the full risk register (83 risks). All risks have been reviewed by Officers, meetings have taken place with the IGAA in addition to dialogue with investments advisers and the Fund Actuary.
- 5.2 The format of Risk Register has been revised to align to the format of the Essex County Council (ECC) risk registers. This provides further detail on the control activities/mitigations and their owners.
- 5.3 The revised Risk Register now has 46 risks recorded. An overview of developments within the Risk Register is set out below.

Risk Type	Total Previous risks	Total Revised risks	No. Previous Amber risks	No. Revised Amber risks	No. Deleted / Merged risks	No. New risks added
Governance	22	15	2	6	11	4
Investment	16	8	2	4	9	1
Funding	21	10	5	8	12	1
Administration	18	9	4	3	11	2
Communications	6	4	1	0	4	2
<b>TOTAL</b>	<b>83</b>	<b>46</b>	<b>14</b>	<b>21</b>	<b>47</b>	<b>10</b>

5.4 From the above table you will note:

- 46 risks have been deleted/merged with other risks to reduce repetition;
- amber rated risks have increased due the revised risk wording descriptions. For example, we have now captured more causes within one risk description.

5.5 All risks were amended to improve their risk description wording.

5.6 Risk Scoring has been revised to better align to the ECC's Risk Scoring Matrix.

5.7 The difference to note is there will no longer be a use for the 'yellow' scoring where threats were scored as medium. In line with the ECC's matrix, low and medium are scored as 'green', high as 'amber' and very high as 'red'.

5.8 The Board is invited to:

- approve the revised Risk Register which is contained at Annex B of this report.
- review the change log which is contained at Annex C of this report.

## 6. Scorecard

6.1 The Fund is working with the IGAA to review the Scorecard in its current format. A new template is in the process of being drawn up with the revision of KPIs.

- 6.2 The Fund's IGAA is assisting with the build of this revised scorecard and therefore will incur additional costs to the Fund. The re-build will be time consuming and therefore may not go live until 20/21. Officers will report against the new objectives using the current format.

## **7. Risk Implications**

- 7.1 Maintaining an up to date risk register is best practice.

## **8. Communication Implications**

- 8.1 Other than ongoing reporting to the PSB, there are no communication implications.

## **9. Finance and Resource Implications**

- 9.1 The revision of the objectives and risk register has been a challenging piece of work with the final phase, revision of the Business Plan and Scorecard, still to be completed. Although significant input will still be required by officers and advisors on the development of the revised scorecard, the 2019/20 quarterly updates and annual review of objectives, risk and scorecard will be less of a burden on resources as these documents will remain live and will be amended in-year as and when required.

## **10. Background Papers**

- 10.1 Review of Objectives and Risk provided to the PSB at its meeting held on 4 July 2018, agenda item 9.
- 10.2 Update of Pension Fund Activity provided to the PSB at its meeting held on 12 September 2018, agenda item 6.
- 10.3 Revised Investment and Funding Risks provided to the ISC at its meeting held on 28 November 2018, agenda item 5.
- 10.4 Risk Review provided to the PSB at its meeting held on 19 December 2019, agenda item 5.
- 10.5 Revised Investment and Funding Risks provided to the ISC at its meeting held on 20 February 2019, agenda item 5.