

Essex Pension Fund Board	EPB/03/14
Date: 5 March 2014	

Update on Pension Fund Activity

Joint Report by the Director for Essex Pension Fund & Head of Essex Pension Fund
 Enquiries to Kevin McDonald on 01245 431301 and Jody Evans on 01245 431700

1. Purpose of the Report

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

- 2013/14 business plan
- 3 year business plan
- risk management
- scorecard (measurement against objectives)

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

- 2014/15 business plan

2. Recommendations

2.1 That the Board notes:

- progress against the 2012/13 business plan
- 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 2014/15 business plan
- to move both the scheme member and employer survey to May each year, commencing in May 2015.

3. Background

3.1 The following documents accompany this report:

- an update on the 2013/14 business plan at 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:

- Actuarial Valuation & Funding Strategy
- LGPS Reform
- ISC Quarterly Report

5. Business Plan 2013/14

5.1 Progress is on track with the business plan shown at Annex A(i). Of the 22 actions for 2013/14:

- nine have been completed;
- four are nearing completion and
- the remaining nine are ongoing in nature.

6. Business Plan 2014/15

6.1 Although much of the Board's work is ongoing some actions from the 2013/14 Business Plan are not carried forward into the new year. The Actuarial Valuation in the current year is replaced by a new action for Interim Review. Further actions are also proposed given pending consultations on both new governance requirements and options for structural reform.

6.2 A series of actions for the year 2014/15 are set out on the right hand side of Annex A, and **it is recommended** that the Board agree these as the basis for next year's business plan.

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 will be updated for the next Board meeting in July 2014 in light of the Board's decisions re: the detailed actions for 2014/15.

8. Risk Register

- 8.1 There is one risk with a changed score. At the time of writing the transitional regulations are still outstanding. This continued delay has resulted in an increased residual score (from amber to red) of risk A1 which covers the delivery of a high quality service to beneficiaries, potential beneficiaries and employers. Further details, including mitigations, are included within the separate agenda item on LGPS reform.

9. Scorecard

- 9.1 Matters to note are detailed below:
- 9.2 The annual survey of both scheme members and employers took place at the end of 2013. The results were broadly positive and are detailed within scorecard in measures **1.1.4 & 1.1.5**, and throughout sections **5.1**, **5.2** and **5.3** of annex C.
- 9.3 The survey commenced in late November. Whilst this year's increased participation is encouraging, it was noted that a greater number of responses were received after the Christmas break.
- 9.4 To maximise the response rate, **it is recommended** that the survey be moved to May each year, commencing in May 2015 to ensure greater feedback can be received from our members and employers.
- 9.5 **1.2.2 – 1.2.4 & 2.2.2 -2.2.4** A verbal update on the Board training measures will be given at the meeting.
- 9.6 Following the Fund Actuary's work on the triennial valuation, Institutional Investment Consultants, Hymans Robertson undertook an Asset Liability Study. This was to be considered by the Investment Steering Committee at its meeting on 24 February 2014. As a result of that Study, measure **3.1.1** now reflects the assessment of the probability of the Fund assets reaching 100% of liabilities over 21 years as 61%. Furthermore **3.3.2** highlights one of the Study's key conclusions: that the investment strategy is consistent with the funding strategy. .

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 2014/15 is challenging and labour intensive and will require significant input by officers and advisers to bring some of the actions to conclusion.

14. Background Papers

- 14.1 None.