

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 04</b>
<b>Date: 04 March 2020</b>	

## **Update on Pension Fund Activity**

Report by the Compliance Manager

Enquiries to Amanda Crawford 03330 321763

---

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

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

- 2019/20 Business Plan;
- Risk Management; and
- Scorecard.

### **2. Recommendations**

2.1 That the Board note:

- the progress against the 2019/20 Business Plan;
- the current risks within the Risk Register with a residual score of six or above; and
- the latest Scorecard measures.

### **3. Background**

3.1 The following documents accompany this report:

- an update on the 2019/20 Business Plan at Appendix A;
- risks from the Risk Register with a residual score of six or above are detailed at Appendix B; and
- the full Scorecard is attached at Appendix C.

### **4. Related matters subject to separate agenda items**

4.1 Matters subject to separate agenda items include:

- Actuarial Valuation (Agenda item 03);
- Essex Pension Fund Policies (Agenda item 06);
- Arrangements for PSB Representatives (Agenda item 08);
- Quarterly report from Investment Steering Committee (Agenda item 09);
- PAB Quarterly Report (Agenda item 10); and
- Pooling update (Agenda item 14).

### **5. Business Plan 2019/20**

5.1 Of the 12 Actions for 2019/20:

- 0 (0%) not started;
- 5 (41.7%) in progress and carried forward to 2020/21,
- 5 (41.7%) complete subject to approval at 4 March 2020 PSB meeting and will be finalised by 31 March 2020; and
- 2 (16.6%) have been completed.

5.2 Details against each action have been provided at Appendix A.

### **6. Risk Register**

6.1 As at end December 2019, there were 46 risks in the Fund's risk register of which 18 (this has reduced from 21 reported in the last quarter) had a residual score of 6

or more (amber), and 2 (this has increased from 1 reported in the last quarter) had a residual score of 12 (red) and are shown at Appendix B.

- 6.2 The risk in regard to the McCloud case continues to be reported as red, due to the impact this may have on the administration within the Fund.
- 6.3 The new reported red risk is in relation to the ECC procurement of the BACS Cloud solution. This matter is currently ongoing with the Interim Director for Essex Pension Fund and the Director of Finance and Procurement sharing ownership of the project to ensure that the system is in place to allow pensioner payments to be made when they are due.

## **7. Revised Risk Strategy**

- 7.1 ECC have developed and published a revised Risk Strategy during January 2020. Fund Officers will be working to align their current Risk Register to the revised Risk Strategy. In addition, Fund Officers will also be working to produce their own Risk Strategy, which will align to that of ECC's, for approval by the Board at a future meeting.

## **8. Scorecard**

- 8.1 The Scorecard is shown at Appendix C.
- 8.2 Measure 1.2.1 is still scored as amber showing PSB training achieving 78%, an increase from 77% that was reported last quarter against a target of 90%. However, the Training Strategy will be reviewed by Fund Officers in consultation with the Independent Governance & Administration Adviser (IGAA) during 2020/21.
- 8.3 Measure 1.2.2 has decreased to an amber score relating to Board Member attendance achieving 73% against a target of 80%.
- 8.4 Measure 1.5.3 and 1.5.4 are still both scored as red. This is due to more than 20% of the Fund's risks scored as amber (39% reduced from 46% reported during the last quarter) and more than 0% being scored as red (4% increased from 2% reported in the last quarter). Further details have been provided at section 6 and Appendix B of this report.
- 8.5 Measure 2.2.2 is still scored as amber showing ISC training achieving 85%, an increase from 84% that was reported last quarter against a target of 90%. However, as stated in 8.2.

8.6 The annual updates in section 4.1 have been provided against CIPFA benchmarking statistics.

- 4.1.1 and 4.1.2 – transfer factors were changed during 2018-19 which meant the Fund had to stop processing transfers in and out while the new factors were finalised and published. Thus, resulting in the Fund not achieving the 10-working day turnaround time. However, the Fund has exceeded the CIPFA average of 83.8%.
- 4.1.8 – deferred benefits issued within 10 working days remains amber but has improved from 87.9% to 90% since the previous year. The Fund has exceeded the CIPFA average of 75.3%.
- 4.1.11 and 4.1.12 – these measures are no longer being benchmarked by CIPFA and therefore are shown as grey.

## **9. Revised Scorecard**

9.1 Fund Officers have been working with the IGAA to develop a revised Scorecard which will include revised measures, revised targets and a new template.

9.2 Fund Officers consulted the Chairman and Vice Chairman of the Board to establish which template would be more suitable for the Board to receive at their meetings. In addition, the measures are in progress of being reviewed by Fund Officers, in consultation with all Advisers.

9.3 The new Scorecard with revised measures will be brought to a future meeting during 2020/21.

## **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; and
- Continually measure and monitor success against our objectives.

## **11. Risk Implications**

11.1 Key risks are identified at Appendix 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 There are no financial implications for the Business Plan for 2019/20.

## **14. Background Papers**

- 14.1 Update on Pension Fund Activity, PSB 08, 18 December 2019.