

Essex Pension Fund Strategy Board	PSB 06
Date: 23 September 2020	

Update on Pension Fund Activity

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 following:

- The conclusion against the 2019/20 Business Plan;
- Scorecard as at 31 March 2020;
- Progress against the 2020/21 Business Plan and Budget;
- Development to date of the new Scorecard and Scorecard Measures; and
- Risk Management.

2. Recommendations

2.1 That the Board **agree**:

- the Governance, Funding and Administration Scorecard Measures at Appendix D of this report; and
- the review of the Fund's Scheme member and employer Annual Surveys be delegated to the Essex Pension Fund Advisory Board (PAB) and the outcome to be fed into the Communications section of the new scorecard.

2.2 That the Board note:

- the conclusion against the 2019/20 Business Plan and the actions that have been carried forward to 2020/21;

- the Scorecard Measures as at 31 March 2020 including the outcome of the Scheme member and employer Annual Surveys;
- the progress against the 2020/21 Business Plan and Budget and the new reporting format;
- the development to date of the new 2020/21 Scorecard and the new reporting format;
- that the Investment measures will be considered by the Investment Steering Committee (ISC) at their 21 October 2020 meeting for approval; and
- the current risks within the Risk Register with a residual score of eight or above along with the new reporting format.

3. Background

3.1 The following documents accompany this report:

Appendix	Detail
A	The conclusion of the 2019/20 Business Plan including the actions that have been carried forward to 2020/21, for noting.
B	The Scorecard Measures as at 31 March 2020 including the outcome of the Scheme member and employer Annual Surveys, for noting.
C	An update on the 2020/21 Business Plan and Budget in a new format, for noting.
D	The proposed Governance, Funding and Administration Scorecard Measures to date, for approval .
E	New Scorecard Exception report for noting.
F	Detailed scores against the proposed Governance, Funding and Administration Scorecard Measures, for noting.
G	Risks from the Risk Register with a residual score of eight or above including their target scores in a new format, for noting.

4. Business Plan 2019/20

4.1 Of the 12 Actions for 2019/20:

- 0 (0%) not started;
- 2 (17%) in progress and carried forward to 2020/21; and
- 10 (83%) have been completed.

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







5. Scorecard Measures as at 31 March 2020

5.1 The Scorecard is shown at Appendix B.



Scheme member and employer Annual Surveys

5.2 The Scorecard has been updated with the results of the 2019 Scheme member and employer Annual Surveys. Key findings are shown below.

5.3 Employer Survey:

Measure	Previous Score	Score as at 31 March 2020	Trend
1.1.5 Employer Survey - % positive answers			
5.1.2 % of positive responses from the Employer Survey – <i>Expertise of Pensions Team</i>			
5.1.3 % of positive responses from the Employer Survey - <i>Friendliness</i>			
5.2.4 % of positive responses from the Employer Survey – <i>Clarity of Website information</i>			
5.2.6 Increase in response rate of the Employer Survey compared to last year			
5.2.7 Employer Survey – feedback on training and educational materials - % positive responses			

5.4 Member Survey:

Measure	Previous Score	Score as at 31 March 2020	Trend
5.2.1 % of positive responses from the Scheme Member Survey - <i>Clarity of website information</i>			
5.2.2 % of positive responses from the Scheme Member Survey - <i>Understandable Annual Benefit Statements</i>			

Review of Scheme member and employer Annual Surveys

- 5.5 Fund Officers have reviewed the survey questions and have concluded that the surveys in their current form:
- hold too many questions;
 - hold questions that bear no relevance to customer satisfaction; and
 - the target of 95% is unrealistic / unachievable.
- 5.6 Therefore it is recommended that the Board delegate a review of the Fund's Scheme member and employer Annual Surveys to the Essex Pension Fund Advisory Board (PAB) to establish the key fundamentals that the Fund, and Board, want to learn from the Annual Survey process.
- 5.7 It also proposed that the Communications section of the new Scorecard will follow once developed.

6. Business Plan and Budget 2020/21

- 6.1 The new three-year Business Plan and Budget was approved by the Board at their 4 March 2020 meeting. Fund Officers have developed a new look progress report.
- 6.2 Detailed progress against each Priorities are provided at Appendix C which also includes the progress against the Fund's agreed Budget.

7. New Scorecard

- 7.1 As of 31 August 2020, the updated progress in regard to the revised Scorecard Measures are as follows:

Area of Activity	Progress
Governance	Measurements developed to date shown at Appendix D of this report, for approval by the Board.
Funding	Measurements developed to date shown at Appendix D of this report, for approval by the Board.
Investments	Currently in development. The ISC will consider them at their

	21 October 2020 meeting.
Administration	Measurements developed to date shown at Appendix D of this report, for approval by the Board.
Communications	As detailed in Section 5 of this report.

- 7.2 The proposed scorecard measures as detailed in Appendix D have been assessed as at 31 August 2020 and is detailed in Appendix F. In addition, Officers have provided an Exception Report which is shown at Appendix E.

8. Risk Register

- 8.1 As at 31 August 2020, there were 46 risks in the Fund's Risk Register of which 7 had a residual score that is assessed as Amber. In addition, 1 risk had a residual score of 12 (Red) (2 as at 04 March 2020 meeting) and are shown at Appendix G.
- 8.2 The revised scorecard will no longer measure the amount of red and amber risks but will assess the risk's current score against the target score. The target score is the realistic score that it is believed the risk could come down to, once all the control measures are fully implemented and having their desired effect.
- 8.3 As at 31 August 2020, 42 risks (91%) were assessed as equal to or better than the target score. This is shown as a green within the new scorecard (Appendix F, measure 1.6.1).

9. Revised Risk Strategy

- 9.1 Fund Officers, in consultation with the IGAA, have developed a Risk Strategy to align with the ECC Risk Management Strategy that was published during January 2020. This forms part of Agenda Item 5 of this Agenda Pack for the Board's approval. The changes described in Section 8 are consistent with the EPF Risk 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; and
- Continually measure and monitor success against our objectives.

11. Risk Implications

11.1 Key risks are identified at Appendix G.

12. Communication Implications

12.1 A revised approach to communicating with Scheme Members and Employers to be developed which will impact on the timeline of issuing the 2020/21 Annual Survey.

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

13. Finance and Resources Implications

13.1 To deliver the activities outlined in the Business Plan for 2020/21 a Budget of £4.62m has been approved which includes an operational internal budget of £3.31m and a budget allocation for third party provider support/advice of £1.31m. This will be periodically kept under review.

14. Background Papers

14.1 Update on Pension Fund Activity, PSB 04, 04 March 2020.