

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
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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.