

Essex Pension Fund Strategy Board	PSB29/15
Date: 16 December 2015	

Update on Pension Fund Activity

Joint Report by the Director for Essex Pension Fund & Head of Essex Pension Fund
Enquiries to Kevin McDonald on 03330 138488 and Jody Evans on 03330 138489

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

2. Recommendations

2.1 That the Board notes:

- progress against the 2015/16 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 revised risk scores highlighted in 7.4 and 7.5 and detailed in Annex B (ii).
- the new risk highlighted in 7.3 and detailed in Annex B (ii)

3. Background

3.1 The following documents accompany this report:

- an update on the 2015/16 business plan at Annex A(i);
- the 3 year business plan at Annex A(ii);
- unchanged risks with a residual score of six or above are detailed at Annex B(ii);
- risks with a changed score along with any new risks are shown at Annex B(ii)
- 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:

- LGPS Reform
- Investment Steering Committee (ISC) Quarterly report
- Year-end returns
- Governance Policy & Compliance Statement
- Communications Policy

5. Business Plan 2015/16

5.1 Progress is broadly on track with the business plan shown at Annex A(i).
Of the 23 actions:

- 7 (30%) have been completed;
- 12 (52%) are in progress, of which 5 are subject to items elsewhere on this agenda
- 4 (18%) are scheduled to commence later in the year.

6. 3 year Business Plan

6.1 The 3 year Business Plan, providing a high level summary of key work streams is shown at Annex A (ii).

7. Risk Register

7.1 Unchanged risks with a residual score of six or above are detailed at Annex B (ii);

- 7.2 Annex B (ii) outlines new risks or those with a changed score. Those included are detailed below.
- 7.3 Risk **I16** is a new risk proposed by the Investment Steering Committee following their consideration of a report on MiFiD II. This is which was highlighted in agenda item 6, and has a residual score of 8 (amber).
- 7.4 Risk **A1** is an increased amber score of 9, and covers potential issues arising out of IT systems. In addition to the roll out of Phase 2 of the UPM system, a migration of general ledger packages is scheduled for early 2016. User Acceptance Testing is currently underway.
- 7.5 Risk **A18** covers risk arising out of the failure of employers to submit year end returns. This was highlighted in agenda item 7, and following the 2014/15 Annual Benefit Statement exercise has been reduced from a residual score of 12 (red) to 8 (amber).
- 7.6 The full risk register is available on infoBOARD.

8. Scorecard

- 8.1 The scorecard is set out in Annex C. Measures of note which have been updated this quarter include those set out below.
- 8.2 The cost per member statistics, along with the CIPFA benchmark average were made available during the quarter. Continuing the trend of recent years measure **1.1.1** shows a reduction the Fund's cost per member to £16.61. The CIPFA average for 2014/15 was £19.17.
- 8.3 The annual survey of both scheme members and employers took place during October. 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.
- 8.4 Measures in relation to PSB/PAB Member training (**1.2.1 & 2.2.1**) were under development at the time the agenda was finalised.
- 8.5 Most of the measures under objective **4.1 (Annual)** "*Deliver a high quality, friendly and informative service*" have been updated for the 2014/15 year. The particular significance of these measures is that they cover the migration from the AXISe system to the new UPM system. As a result measures **4.1.1 – 4.1.8** are split between the periods of time under each system. In addition to the 95% target comparison, the CIPFA average and caseload data is also included.

9. Shadow Scheme Advisory Board – Key Performance Indicators (KPIs)

9.1 The national Scheme Advisory Board has circulated a series of KPIs for LGPS Funds to complete. A number of the KPIs overlap with measures in the scorecard and Fund officers submitted a KPI return for the Fund last month.

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(i) and Annex B(ii)

12. Communication Implications

12.1 Key lines of communication are required with both Board Members and other stakeholders.

13. Finance and Resources Implications

13.1 The business plan for 2015/16 is challenging and will require significant input by officers and advisers to bring some of the actions to conclusion. The staffing structure will be reviewed towards the end of the year.

14. Background Papers

14.1 None.