

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

## **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

### **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.