

Essex Pension Fund Strategy Board	PSB 04
Date: 18 March 2022	

Update on Pension Fund Activity: Quarterly Update Report

Report by the Compliance Manager

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This Report is for noting

Executive Summary

The Quarterly Update Report is provided at Appendix A.

Business Plan – of 45 priorities, 42 activities have been completed to date with 1 not applicable for this current Financial Year, and the remaining 2 will be completed by 31 March 2022.

Budget – as at 09 March 2022 the Fund is forecasting an underspend of 14%.

Scorecard – as at 31 December 2021, two improvements and one decline have been noted within the Exception Report relating to Governance and Communications Scorecard measures.

Risk – Two movements have been recorded: one upgraded due to the increased likelihood of a Cyber related incident; and one downgraded due to the recent developments regarding the Wider LGPS implications. In addition, no new risks have been added.

1. Purpose of the Report

1.1 To provide the Board with the latest Pension Fund Activity Report on:

- progress against 2021/22 Business Plan;
- Budget;
- Scorecard as at 31 December 2021; and

- Risk Management.

2. Recommendations

- 2.1 That the Board note the latest Pension Fund Activity Report.

3. Latest Position

- 3.1 The latest Pension Fund Activity Report at Appendix A outlines progress to date against the Fund's 2021/22 Business Plan and Budget, Scorecard and Risk Management.

4. Key Developments to note

Business Plan

- 4.1 The Business Plan update can be found in Section A to this report. A summary of progress to date is shown in the table below:

Function	Total	Complete	In Progress	Delayed	Not due to start	N/A
Governance	12	10 (6)	2 (4)	0 (0)	0 (2)	0 (0)
Funding	6	5 (3)	0 (2)	0 (0)	0 (0)	1 (1)
Investments	13	13 (5)	0 (6)	0 (0)	0 (2)	0 (0)
Admin	7	7 (3)	0 (4)	0 (0)	0 (0)	0 (0)
Comms	7	7 (3)	0 (4)	0 (0)	0 (0)	0 (0)
Total	45	42 (20)	2 (20)	0 (0)	0 (4)	1 (1)

The numbers in brackets represents the progress reported at the 15 December 2021 meeting.

- 4.2 The 2 'in progress' activities will become green by the 31 March 2022.

Budget

- 4.3 The 2021/22 Budget vs Forecast is shown in Section B to this report.

Scorecard

- 4.4 The Scorecard Exception report can be found at Section C to this report.

Risk Management

- 4.5 The Risk Management report has been provided at Section D to this report.

- 4.6 The Fund's Risk Register is monitored and updated on a regular basis as part of business as usual, with some key risks being reviewed more regularly due to the impact of the Covid-19 pandemic which will now resume into normal business.
- 4.7 One risk, G13, *due to cybercrime activities impacting on integrity, there is a risk of inability to carry out day-to-day business functions, which would result in reputational damage and financial loss*, has been upgraded to 12 (red) due to the Geo Political instability and the increased likelihood of a Cyber related incident.
- 4.8 Another risk, G14, *the Fund may have insufficient resources and inadequate governance arrangements to implement the changes required by LGPS Regulations, and other relevant legislation, including The Pension Regulator's Code of Practice which could lead to the Fund not fulfilling its strategic objectives resulting in financial loss and reputational damage*, has been downgraded to 9 (amber) with the wording revised to reflect the developments of the Wider LGPS and its impact on the Fund.
- 4.9 In addition, no new risks have been identified during this period.

5. Link to Essex Pension Fund Objectives

- 5.1 Monitoring Pension Fund activity via the Business Plan, Risks and Scorecard assists the Fund in achieving all of its objectives, and in particular to:
- 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.

6. Risk Implications

- 6.1 Key risks are identified at Section C within the Risk Management section of the report.

7. Communication Implications

- 7.1 Other than ongoing reporting to the Board, there are no communication implications.

8. Finance and Resources Implications

- 8.1 To deliver the activities outlined in the Business Plan for 2021/22 a Budget of £5.65m has been approved which includes an operational internal budget of £3.83m and a budget allocation for third party provider support/advice of £1.82m. This will be periodically kept under review.

9. Background Papers

- 9.1 Update on Pension Fund Activity, PSB 04, 15 December 2021.
- 9.2 Update on Pension Fund Activity, PSB 04, 22 September 2021.
- 9.3 Update on Pension Fund Activity, PSB 06, 07 July 2021.