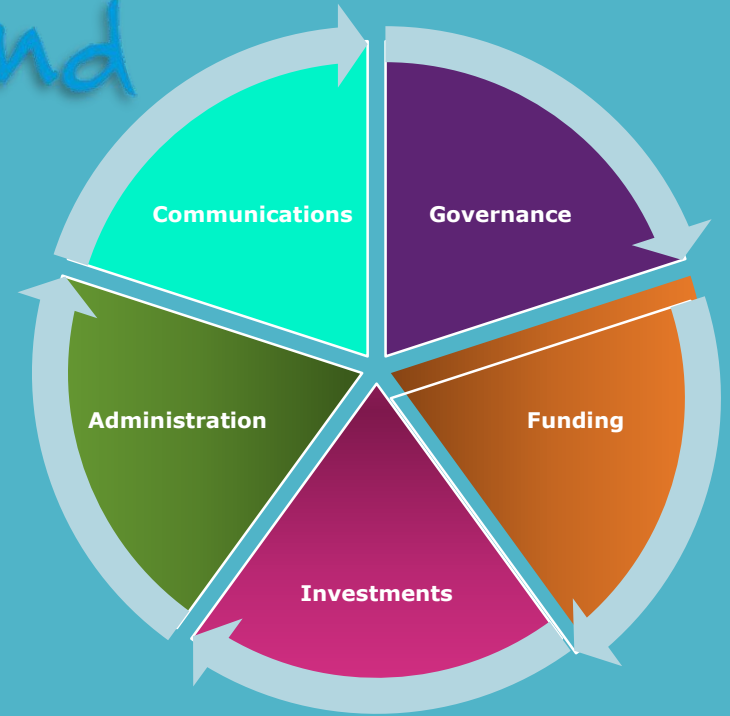


Essex Pension Fund

Update on Pension Fund Activity



Contents:

Section A: Business Plan Progress Update
Section B: Budget vs Forecast Update
Section C: Scorecard Update
Section D: Risk Management

01 September 2020 – 30 November 2020

Essex Pension Fund

Section A

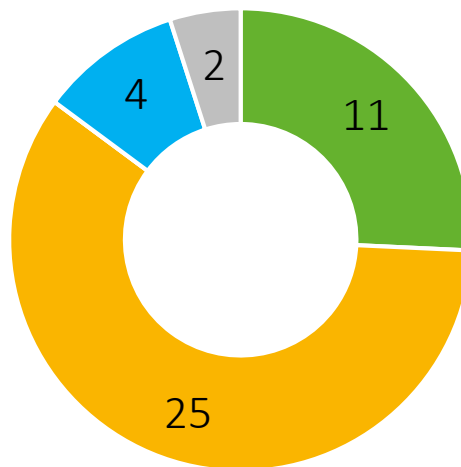
2020/21 Business Plan Progress Update

01 September 2020 – 30 November 2020



Strategic BAU & Key Priorities

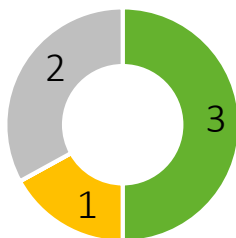
Essex Pension Fund



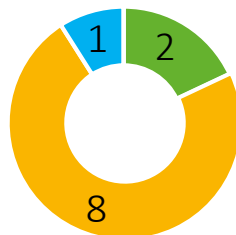
Of 42 Priorities

■ Completed ■ In Progress ■ Delayed ■ Not due to start ■ Not Applicable

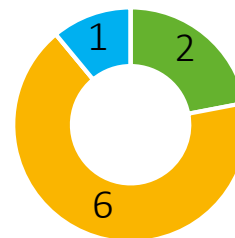
Funding



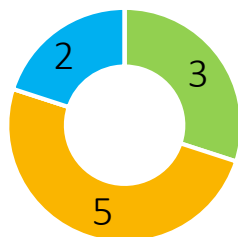
Investments



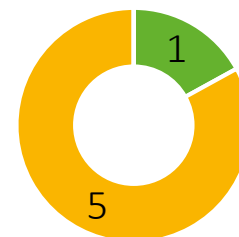
Administration



Governance



Communications



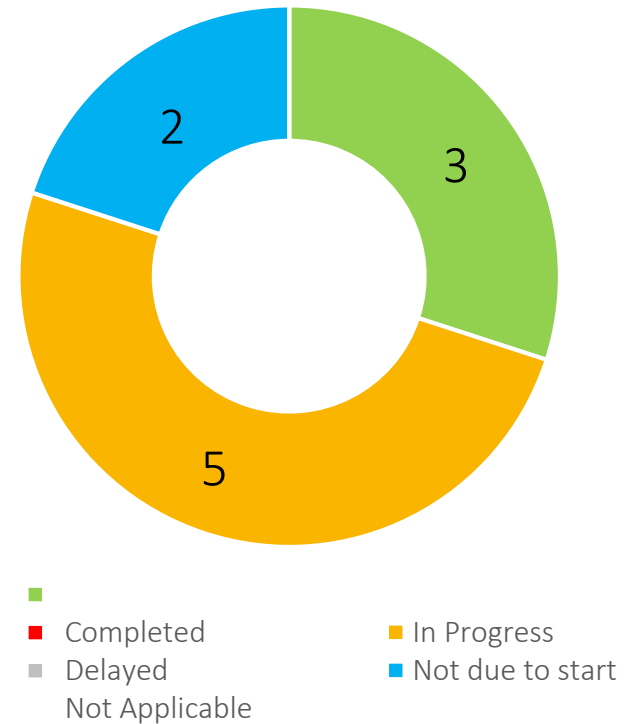
1. Progress - Governance

Strategic BAU & Key Priorities	P	C
1. Agree 2021/22 Business Plan & Budget		
2. Development & Implementation of Risk Management Strategy		
3. LGPS Reform		
4. Implementation of Members' knowledge and understanding <ul style="list-style-type: none"> • Training Needs Analysis • Review the revised Training Strategy (Knowledge & Skills) 		
5. Development of Business Continuity Policy, Plan (including Cyber security) and Testing		
6. Commencement of Governance Review and Effectiveness Survey		
7. Annual Review of Governance related Policies including the Governance Policy and Compliance Statement		
8. Annual Statement of Accounts including compliance with CIPFA requirements		
9. Annual review of Terms of Reference for PSB/ISC/PAB		
10. Development & Implementation of Breaches Policy		

Key
P: Previous
C: Current



Strategic BAU & Key Priorities

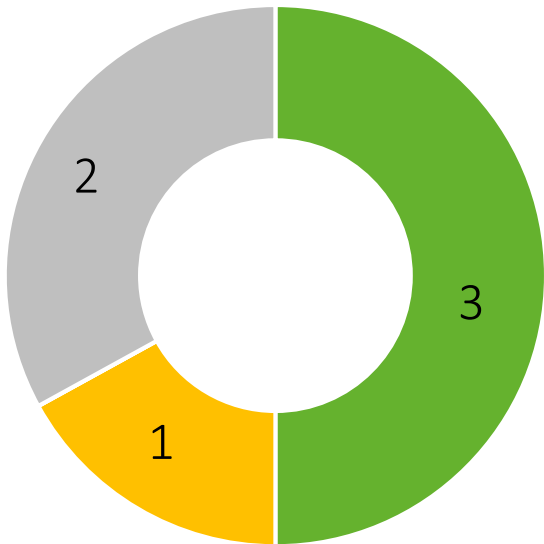


2. Progress - Funding



Strategic BAU & Key Priorities	P	C
1. Implementation of the outcome of the Actuarial Valuation in line with the Fund's Funding Strategy Statement	Completed	Completed
2. Annual Interim Funding review	Not due to start	Completed
3. Funding Strategy Statement review	Completed	Completed
4. Employing Authority discretions and delegations review	Not Applicable	Not Applicable
5. Employer Risk review	Not Applicable	Not Applicable
6. Undertake Interim review of the Fund's Actuary	Not due to start	In Progress

Strategic BAU & Key Priorities



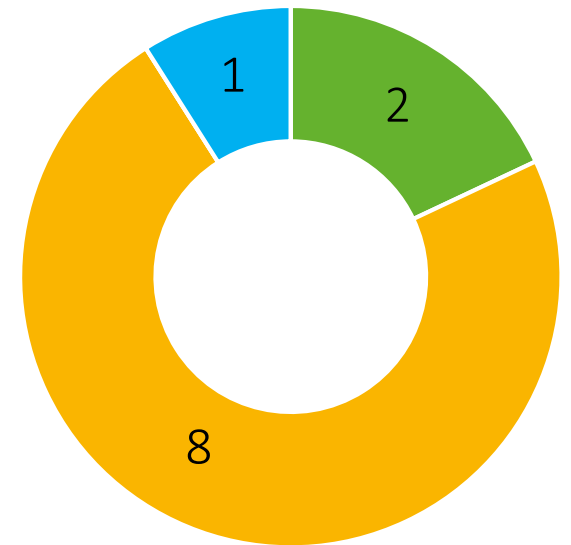
- Completed
- In Progress
- Delayed
- Not due to start
- Not Applicable

3. Progress - Investments

Strategic BAU & Key Priorities	P	C
1. Strategic Asset Allocation review	In Progress	In Progress
2. Commencement of Institutional Investment Consultant procurement	Not due to start	In Progress
3. Institutional Investment Consultant – CMA review	Not due to start	In Progress
4. Implementation of Independent Investment Adviser procurement	In Progress	In Progress
5. Commencement of Global Custody procurement	In Progress	In Progress
6. Asset/Liability Study	In Progress	In Progress
7. Investment Strategy Statement review including Responsible Investment (RI) Policy	In Progress	Completed
8. 2021/22 Treasury Management Strategy review	Not due to start	Not due to start
9. ACCESS collaboration	In Progress	In Progress
10. Individual Manager review	In Progress	In Progress
11. Review of CEM Benchmarking / Cost Transparency	Completed	Completed



Strategic BAU & Key Priorities



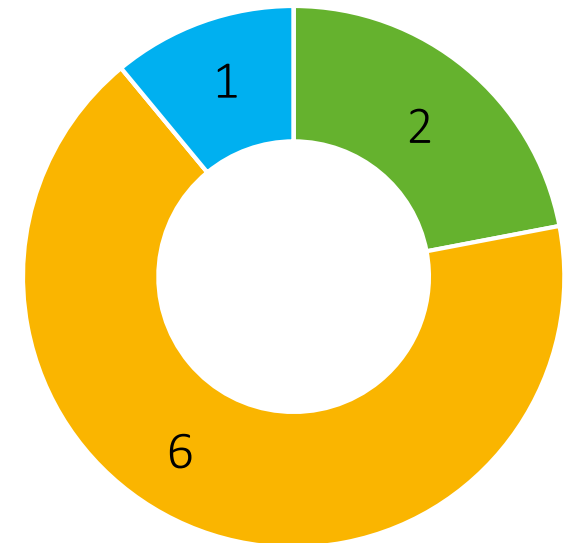
■ Completed
■ Delayed
■ Not Applicable
■ In Progress
■ Not due to start

4. Progress - Administration



Strategic BAU & Key Priorities

Strategic BAU & Key Priorities	P	C
1. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> Unpausing of Cost Cap £95k Cap Goodwin 	In Progress	In Progress
2. Review/Procure a Administration System Provider	Completed	Completed
3. Review and implementation of Pensions Single Payments provider	Not due to start	Not due to start
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online	In Progress	In Progress
5. McCloud Preparation / Implementation	In Progress	In Progress
6. Development of Monthly Returns Digital Transformation	In Progress	In Progress
7. Data Improvement Plan	In Progress	In Progress
8. Participation in National Fraud Initiative	In Progress	Completed
9. Monthly Bulk Leaver / Retire Online development/implementation	In Progress	In Progress



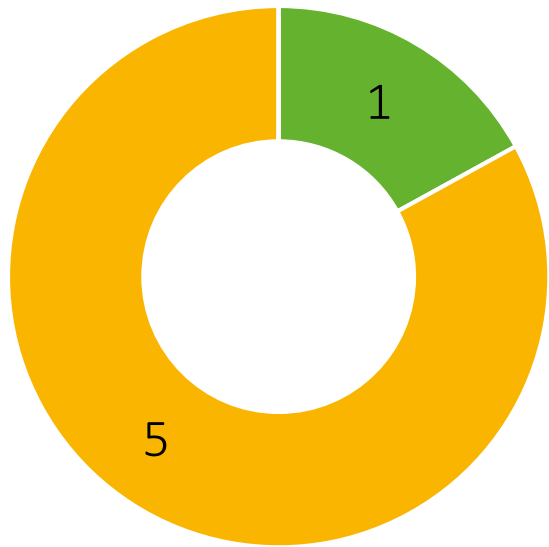
■ Completed
■ Delayed
■ Not Applicable
■ In Progress
■ Not due to start

5. Progress - Communications



Strategic BAU & Key Priorities	P	C
1. LGPS Reform: <ul style="list-style-type: none">• Unpausing of Cost Cap• £95k Cap• Goodwin		
2. Greater Digitalisation of the Fund including the exploration of Electronic Communications therein		
3. McCloud Implications		
4. Social Media Channel Exploration		
5. Commencement of the Website review		
6. Annual Benefit Statements review and development		

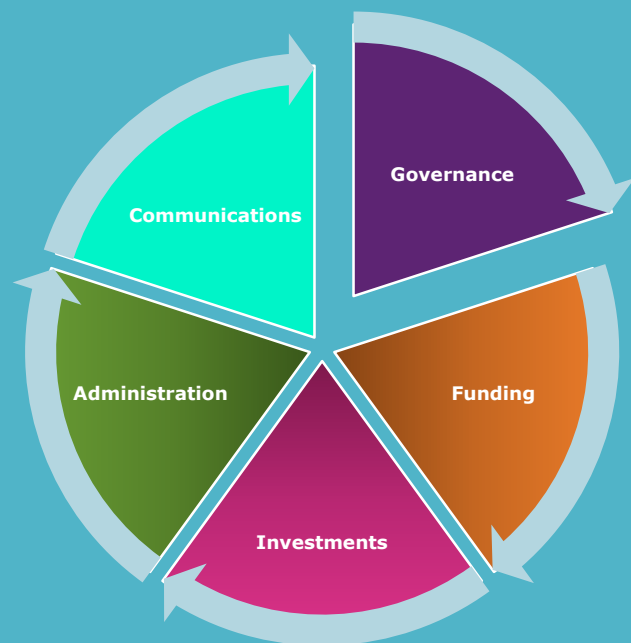
Strategic BAU & Key Priorities



- Completed
- In Progress
- Delayed
- Not due to start
- Not Applicable

Commentary

1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2021/22 Business Plan & Budget		2020/21 Business Plan & Budget was agreed at the 4 March 2020 PSB meeting. The 2021/22 Business Plan & Budget process will commence in Q4 2021.
2. Development & Implementation of Risk Management Strategy		Complete.
3. LGPS Reform		Ongoing. Development periodically reviewed throughout the year.
4. Implementation of Members' knowledge and understanding <ul style="list-style-type: none"> • Training Needs Analysis • Review the revised Training Strategy (Knowledge & Skills) 		Agenda Item 6 of the 16 December 2020 PSB Agenda Pack includes the revised Knowledge and Skills Strategy and Training Plan for approval.
5. Development of Business Continuity Policy, Plan (including Cyber security) and Testing		In consultation with the Independent Governance & Administration Adviser (IGAA), the outcome of the review will be reported to the PAB at their 16 December 2020 meeting.
6. Commencement of Governance Review and Effectiveness Survey		This is due to commence in Q4 2020/21.



Strategic BAU & Key Priorities		Commentary
7. Annual Review of Governance related Policies including the Governance Policy and Compliance Statement		The annual review of the Governance Policy and Compliance Statement has commenced.
8. Annual Statement of Accounts including compliance with CIPFA requirements		Complete.
9. Annual review of Terms of Reference for PSB/ISC/PAB		Commenced in conjunction with the annual review of the Governance Policy and Compliance Statement.
10. Development & Implementation of Breaches Policy		Complete.

Commentary

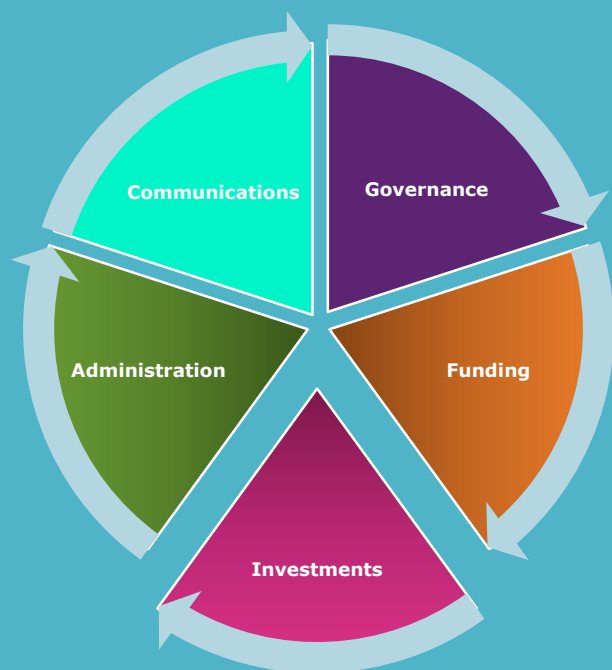
2. Funding



Strategic BAU & Key Priorities		Commentary
1. Implementation of the outcome of the Actuarial Valuation in line with the Fund's Funding Strategy Statement		Complete.
2. Annual Interim Funding review		Complete. Agenda item 7 of the 16 December 2020 PSB meeting provides the outcome of the Annual Interim Funding Review.
3. Funding Strategy Statement review		Complete.
4. Employing Authority discretions and delegations review		Periodically reviewed as and when required.
5. Employer Risk review		Periodically reviewed as and when required.
6. Undertake Interim review of the Fund's Actuary		This review has commenced and the outcome will be reported to the PSB at their 17 March 2021 meeting.

Commentary

3. Investments



Strategic BAU & Key Priorities		Commentary
1. Strategic Asset Allocation review		The Strategic Asset Allocation review is conducted on a Biannual basis and is reported to the ISC for decisions to be made as and when required. A review of the Fund's investment managers' as at 31 March 2020 was presented to the July 2020 ISC meeting. A follow-up review will take place during February 2021.
2. Commencement of Institutional Investment Consultant procurement		This procurement has commenced with an update being provided to the ISC at their 20 January 2021 meeting.
3. Institutional Investment Consultant – CMA review		The CMA review for 2020/21 has been arranged for 14 December 2020. The outcome will be reported to the 20 January 2021 ISC meeting.
4. Implementation of Independent Investment Adviser procurement		Commenced. The ISC Appointment-Sub Committee will interview shortlisted candidates on 9 December 2020. The outcome will be reported to the ISC at its 20 January 2021 meeting.
5. Commencement of Global Custody procurement		The Fund is working with the National LGPS Framework colleagues on populating the providers on the Custody Framework. The timetable is on target for a go live of February 2020. The Fund is on schedule to commence procurement during Q4 2020/21.



Strategic BAU & Key Priorities		Commentary
6. Asset/Liability Study		Preliminary work has commenced with the outcome to be reported in Q4 2020/21.
7. Investment Strategy Statement review including Responsible Investment (RI) Policy		Complete.
8. 2021/22 Treasury Management Strategy review		The 2021/22 Treasury Management Strategy review will commence in Q4 2021.
9. ACCESS collaboration		Ongoing.
10. Individual Manager review		Progress periodically reported to each ISC meeting.
11. Review of CEM Benchmarking / Cost Transparency		Complete.

Commentary

4. Administration



Strategic BAU & Key Priorities		Commentary
1. LGPS Reform – Planning for Administration changes <ul style="list-style-type: none"> • Unpausing of Cost Cap • £95k Cap • Goodwin 		Agenda Item 3 of the 16 December 2020 PSB includes an update in regard to the Fund's responses to the £95k Cap and McCloud MHCLG Consultations.
2. Review/Procure a Administration System Provider		Complete.
3. Review and implementation of Pensions Single Payments provider		New timeline to be agreed in line with ECC Corporate Systems Project.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Ongoing. An update was provided to the Board at the 11 November 2020 "Back to basics" Training Day.



Strategic BAU & Key Priorities		Commentary
5. McCloud Preparation / Implementation		Agenda Item 3 of the 16 December 2020 PSB includes an update in regard to the Fund's response to the MHCLG Consultation.
6. Development of Monthly Returns Digital Transformation		The Fund is on target to complete the development of the facility for the Fund Employers' to provide Monthly Returns digitally by the end of 2021/22.
7. Data Improvement Plan		In progress.
8. Participation in National Fraud Initiative		Complete.
9. Monthly Bulk Leaver / Retire Online development / implementation		In progress.

Commentary

5. Communications

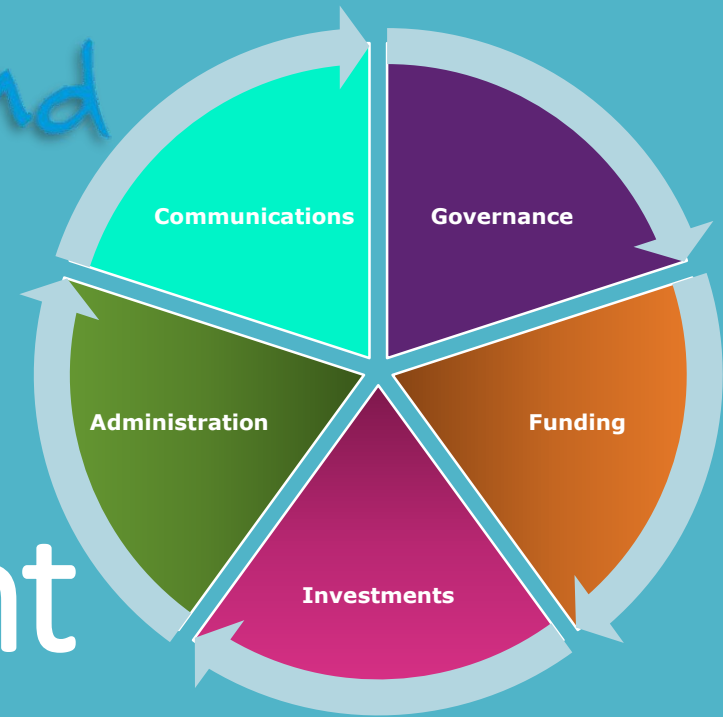


Strategic BAU & Key Priorities		Commentary
1. LGPS Reform: <ul style="list-style-type: none"> Unpausing of Cost Cap £95k Cap Goodwin 		Agenda Item 3 of the 16 December 2020 PSB includes an update in regard to the Fund's responses to the £95k Cap and McCloud MHCLG Consultations. These have been shared with Fund Employers.
2. Greater Digitalisation of the Fund including the exploration of Electronic Communications therein		In progress. The Fund have secured a LinkedIn account and are in the process of securing a YouTube account.
3. McCloud Implications		In progress. The Fund will continue to communicate with Employers and updates on the latest developments will be provided throughout the year.
4. Social Media Channel Exploration		In progress. The Fund have a LinkedIn Social Media Channel and are now exploring the use of a YouTube Channel to enable training webinars for Employers and/or Members to view as and when required.
5. Commencement of the Website review		The website review is in progress and is due for completion by the end of 2021/22.
6. Annual Benefit Statements review and development		Complete.

Essex Pension Fund


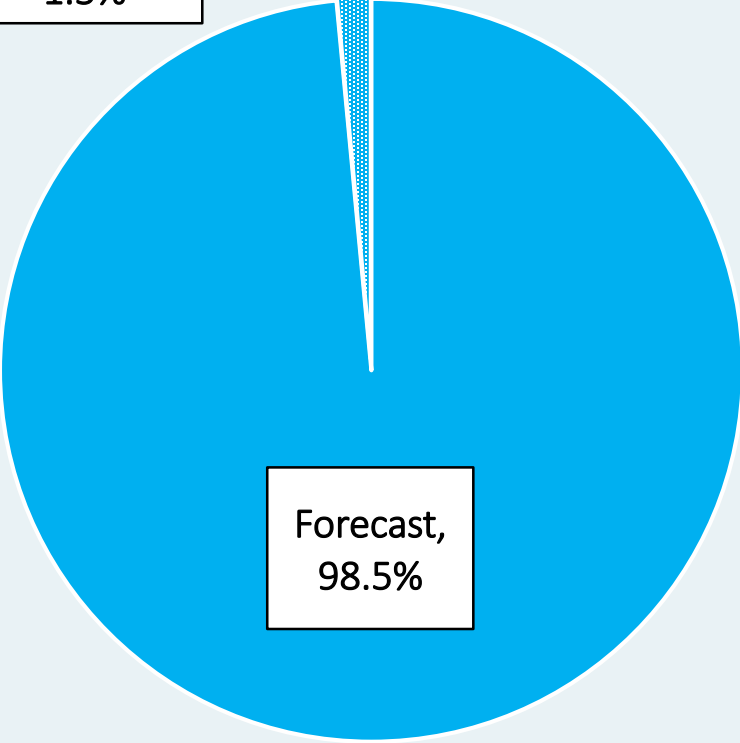





Section B 2020/21 Budget vs Current Forecast Progress Update

Date produced: 30 November 2020

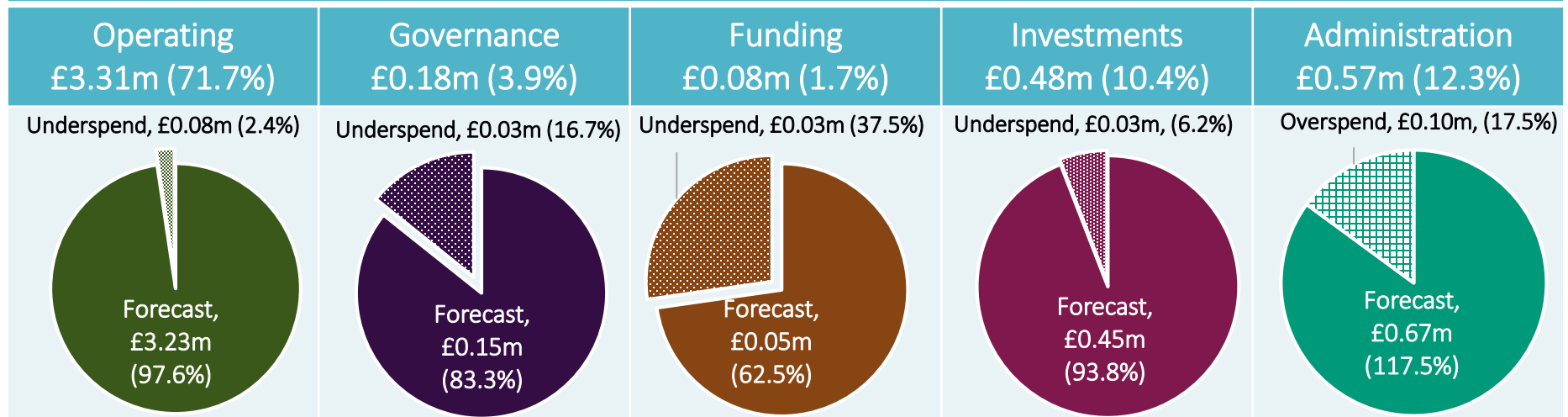


EPF Budget vs Forecast 2020/21

Q3 Progress Update

EPF Budget £4.62m	Current Forecast £4.55m	Variance (Under)/ Overspend (£0.07m)	Rating 	Progress Update Commentary	Variance against Budget Key
 <div>Underspend, 1.5%</div> <div>Forecast, 98.5%</div>				<p><i>Continue to forecast a slight underspend against EPF 2020/21 Budget.</i></p> <p><i>The Forecast is based on the Fund's current FTE staffing structure and does not reflect the impact of the recent LGPS Reform announcements on the Fund's staffing resources and systems.</i></p> <p><i>A Resource Impact Assessment and Gap Analysis is in progress to assess the affect on delivery of statutory duties. At this stage we anticipate little impact to the current Budget. However, the assessment will inform assumptions in regard to formulating the 2021/22 Budget.</i></p>	(Under) spend > 5% 
					(Under) spend < 5% 
					On Budget 
					Over spend < 5% 
					Over spend > 5% 

EPF Budget 2020/21: £4.62m



Variance against Budget: Rating



Budget Commentary

EPF Staffing Budget slight underspend due to 1 FTE vacancy for half the year. This vacancy has now been filled. The budget line also includes travel/conferences expenses. In the current climate with the continued reliance on virtual, rather than physical meetings/conferences an underspend is still forecast.

Underspend due to cancellation of June PSB/PAB and July training day and the current reliance on virtual meetings. Advice for the second half of the year currently within Budget.

Budget line includes actuarial and legal advice. Actuarial advice currently significantly under Budget. This is due to the Employer Team being in a position to undertake some of the funding work internally with advice utilised only as and when required.

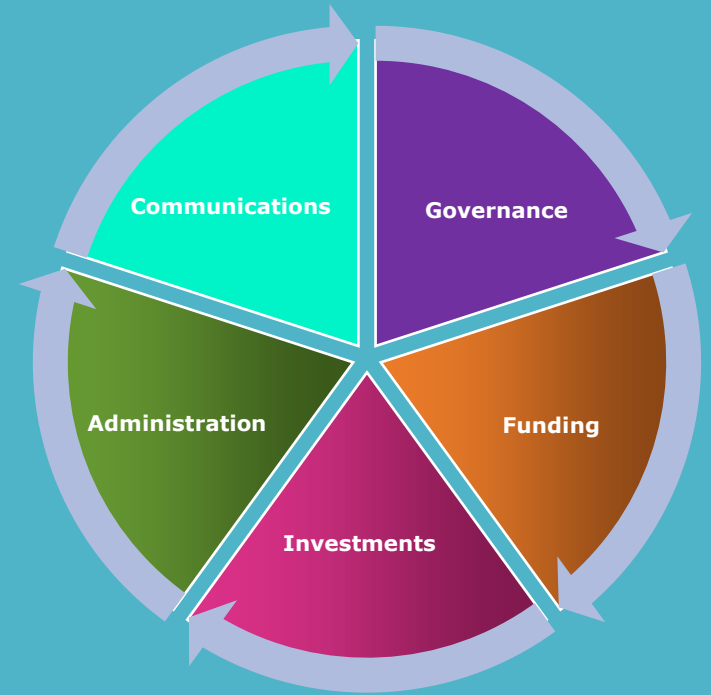
Continue to forecast a slight underspend for the year. Budget line contains a contingency for additional advice/work on Responsible Investment.

Current forecast reflects the new contract terms of Civica (administration system provider) contract that commenced in late August. As part of the call off from the LGPS Framework the Fund is required to pay a one off fee in regard to licencing and hosting. These costs were not fully anticipated when formulating the 2020/21 Budget.

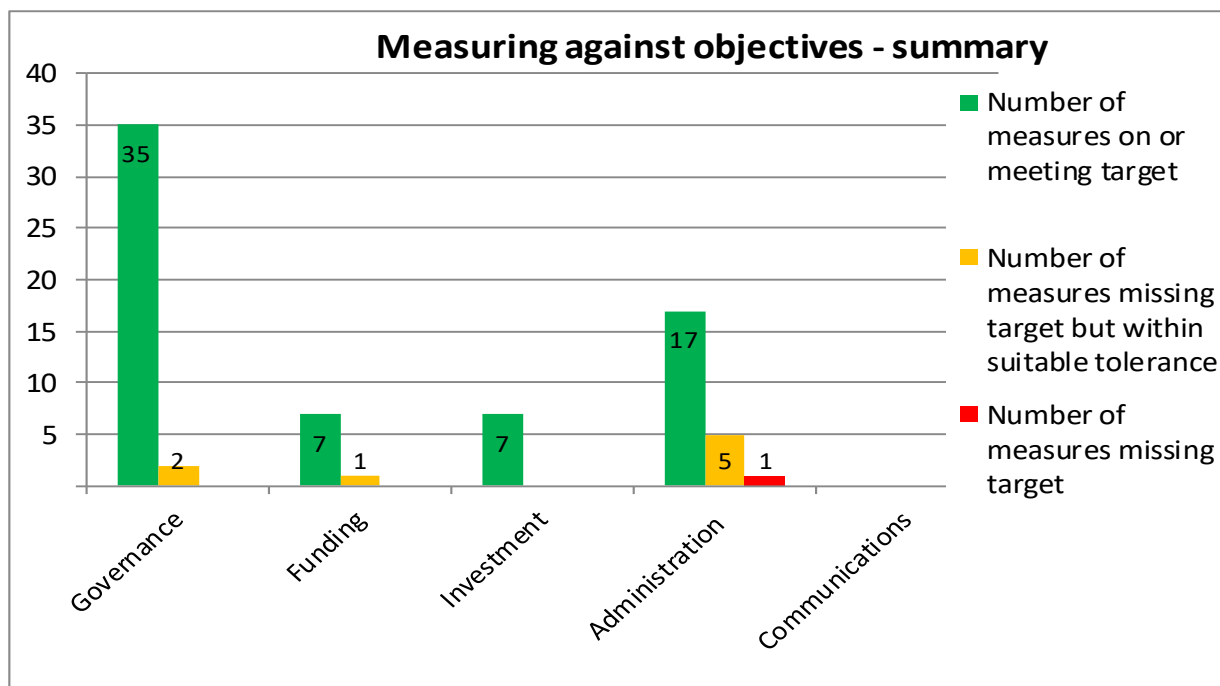
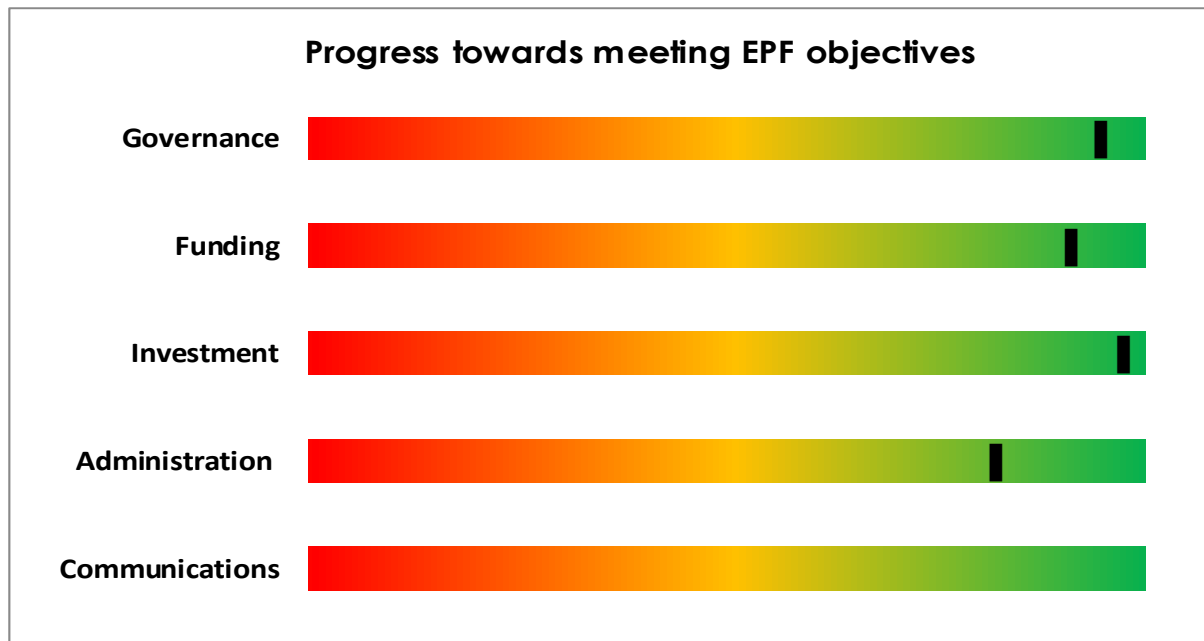
Essex Pension Fund

2020/21 Scorecard Update

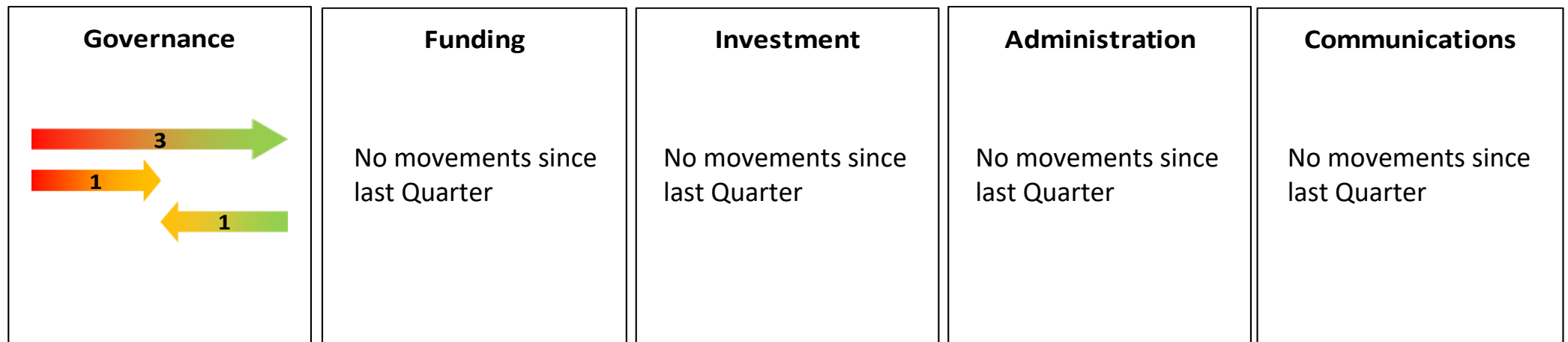
01 September 2020 - 30 November 2020



Current Status



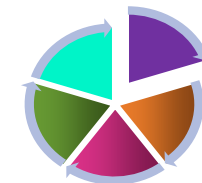
Movements since previous Scorecard



The numbers on the arrows represent the number of measures moving each way

Movements during the period 01 September 2020 to 30 November 2020

Exceptions - Governance



Measure	Score as at 31 August 2020	Score as at 30 November 2020	Detail	Trend
1.2.4 % of Board/Committee minutes uploaded to internet within 12 working days after meetings	0%	100%	Since 1 September to 30 November, 1 PSB & PAB on 23 September and 1 ISC on 21 October, with all meeting minutes issued by the required deadline. 0% was reported to 23 September PSB.	
1.3.3. All new PSB, ISC, PAB members have internal induction training carried out within 3 months of confirmed appointment	No	Yes	All new PSB/ISC/PAB Members have received their induction training.	
1.3.10. PAB Members achieved required training credits within a rolling 2-year period	100%	76%	For 23 September 2020 this was 53% red. The Training Credits in the revised Training Strategy have been reviewed as the current credits target is not deemed as achievable.	
1.3.11. % attendance at meetings by PAB	100%	78%	For the 23 September 2020 meeting, 2 PAB Members were unable to attend.	
1.5.3. EPF declaration forms completed or reaffirmed by PSB/ISC and PAB Members with Third Party Transactions Declarations completed to fulfil the statutory requirements for the production of the Fund's Financial Statements on an annual basis	No	Yes	The Fund have now received all annual declarations from Board/Committee Members.	

Exceptions - Funding



Measure	Score as at 31 August 2020	Score as at 30 November 2020	Detail	Trend
2.6.1. Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.001%	0.001%	The Fund now has one liquidation in progress as a result of Covid-19, the value at this stage is unknown and will be shared with the PSB at a future meeting.	

Exceptions - Administration



Measure	Score as at 31 August 2020	Score as at 30 November 2020	Detail	Trend
4.2.1 % of contributing employers submitting timely payments	98.5%	98.2%	Previous score reported to 23 September PSB was 98.5%	↔
4.2.2. % of employers submitting employer contribution amounts in accordance with rates and adjustments certificate	99.8%	99.8%	Previous score reported to 23 September PSB was 99.8%	↔

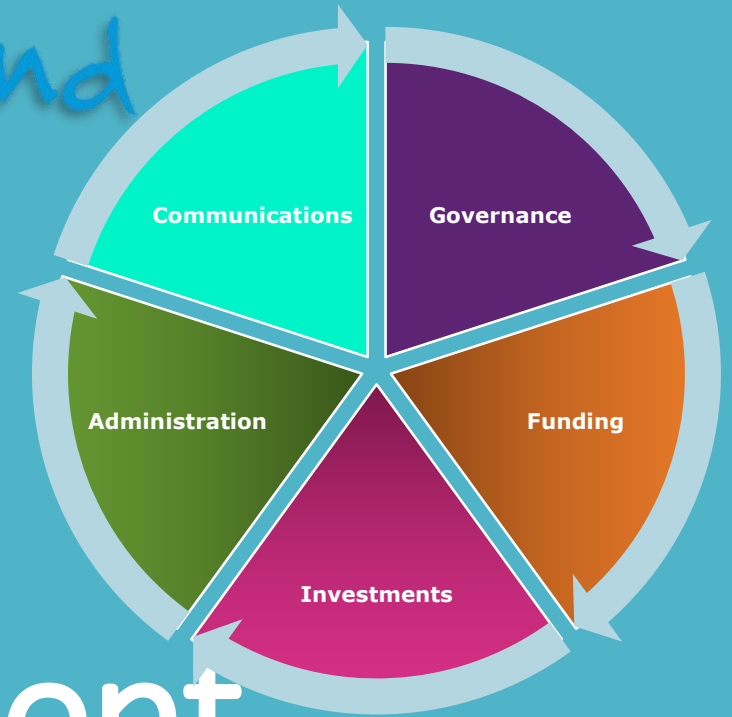
Essex Pension Fund

Section D

2020/21

Risk Management Update

01 September 2020 – 30 November 2020



Essex Pension Fund

Current Status

Probability

Almost Certain (4)		1 (1)	1 (1)	
Likely (3)		4 (4)	4 (4)	
Possible (2)		4 (4)	7 (7)	2 (2)
Unlikely (1)		5 (5)	10 (10)	8 (8)
	Minor (1)	Moderate (2)	Major (3)	Critical (4)
	mpact			

(No. in brackets represents the previous scores reported to the 23 September PSB)
The Exception Report only shows those that have not yet reached their target score.

Assessments

BAU

Risk	Reported at 23 September PSB	As at 30 November 2020
G3. Lack of expertise, insufficient knowledge and maintenance of PSB/ISC/PAB	4 (Yellow) Risk has been partially mitigated due to the appointment of the Employer Representative on the PSB.	4 (Yellow) As previous.
G14. Regulatory Risks impacting on Investments, Funding and Administration	12 (Red) <ul style="list-style-type: none">- £95k Cap- McCloud- Goodwin- Unpausing of Cost Cap	12 (Red) As previous.
A3. Failure to pay people at right time in right amount	6 (Yellow) Imminent risk has now been mitigated effectively however a lower risk still remains due to further BACs Cloud procurement/	6 (Yellow) Pending BACS Cloud Procurement update.



1. Exceptions - Governance

Risk Details	23 Sep Rating	Current Rating	Controls / Mitigations	Target Score
<p>G14. Regulatory risks impacting on Investments, Funding and Administration:</p> <ul style="list-style-type: none">- McCloud, Cost Cap, £95k Cap and Goodwin - MHCLG Consultations likely to impact on the Fund i.e. resources to deliver the required outputs;- Academisation of Schools, the possibility of Multi-academy Trust (MAT) breakups and cross fund movements with potential for further schools to convert to academy status and MATs to breakdown leading to additional governance and administration risk;- Current cost management review where a flawed process will result in better benefits for scheme members that will mean employers having to pay more than they otherwise would have;- Superannuation Contributions Adjusted for Past Experience (SCAPE) rate changes that will significantly increase transfer values paid out (increase of liabilities) and impact on the Funding Strategy via s13 which could mean unforeseen increases to employer contributions;- Increased centralisation of the Local Government Pension Scheme (LGPS) and HM Treasury taking all the assets / structural change;	12	12	<ol style="list-style-type: none">1. Regular communications with schools to understand their intentions.2. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS.3. EPF monitor the current and new regulations and correspondence from Ministry of Housing, Communities and Local Government (MHCLG) and Local Government Association (LGA).4. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds.5. EPF utilise the expertise of their Independent Administration and Governance Adviser (IGAA)	4



1. Exceptions - Governance

Risk Details	23 Sep Rating	Current Rating	Controls / Mitigations	Target Score
G14 continued. <ul style="list-style-type: none">- Guaranteed Minimum Pension (GMP) equalisation resulting in potentially additional costs and/or administration;- National Pensions Dashboard resulting in major changes to data provision;- Separation of the Fund from the Administering Authority;- Government intervention in Fund asset allocation decisions.	12	12	6. McCloud Working Group established and initial communications issued to Employers to ensure data is retained.	4
G9. Failure to undertake business as usual service due to events outside of Essex Pension Fund (EPF) control resulting in loss of service provision	8	8	<ol style="list-style-type: none">1. EPF Business Continuity Plan (BCP) in place.2. EPF BCP regularly tested including call cascades and desk-top exercises.3. Testing is recorded and monitored.4. Essex County Council (ECC) also exercise their BCP which includes EPF.	6



4. Exceptions - Administration

Risk Details	23 Sep Rating	Current Rating	Controls / Mitigations	Target Score
<p>A1. Failure to administer scheme correctly in line with all relevant Regulations and policies owing to circumstances such as, but not limited to:</p> <ul style="list-style-type: none">- lack of regulatory clarity;- system issues;- insufficient resources.	9	9	<ol style="list-style-type: none">1. Essex Pension Fund (EPF) ensure the System complies with the latest regulatory requirements through:<ul style="list-style-type: none">• Technical Hub help to translate regulations and ensure new systems meet regulatory requirements;• Robust testing for system changes• Linking to knowledge and information from software supplier and other Local Government Pension Scheme (LGPS) clients using the same administration software.2. EPF management monitor workload through reporting and align with business plan to ensure sufficient resources.3. EPF have clear business continuity plans including disaster recovery and management succession planning in place.	6



4. Exceptions - Administration

Risk Details	23 Sep Rating	Current Rating	Controls / Mitigations	Target Score
A3. Failure to maintain proper records leading to inadequate data resulting in failure to pay the correct pensions to the right people at the right time.	6	6	<ol style="list-style-type: none">1. Data cleansing exercises take place at least annually or as and when required. Common and Scheme Specific data checks are carried out.2. Essex Pension Fund (EPF) ensure the System is tested regularly to ensure compliance with regulations.3. Robust checking and validation of data takes place in calculations and receipt of information from employers.4. EPF ensures staff are adequately trained by developing and implementing training plans along with encouraging staff to undertake professional qualifications.5. Payroll is conducted earlier than required to allow issues to be rectified prior to payment.	3



4. Exceptions - Administration

Risk Details	23 Sep Rating	Current Rating	Controls / Mitigations	Target Score
A3 Continued.	6	6	6. Liaise with Essex County Council (ECC) Supplier and Service team to ensure ECC BACS system is secure, reliable and up-to-date with required software on an ongoing basis. There is reliance on ECC BACS software solution to ensure payroll is completed at the right time.	3