

Essex Pension Fund

Update on Pension Fund Activity

Agenda Item 03



Contents:

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

Essex Pension Fund

Section A

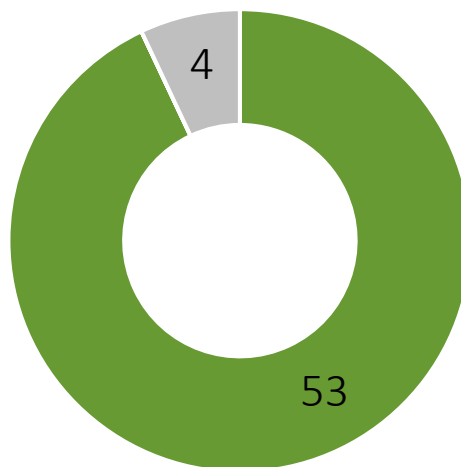
2024/25 Business Plan Progress Update

As at 28 February 2024



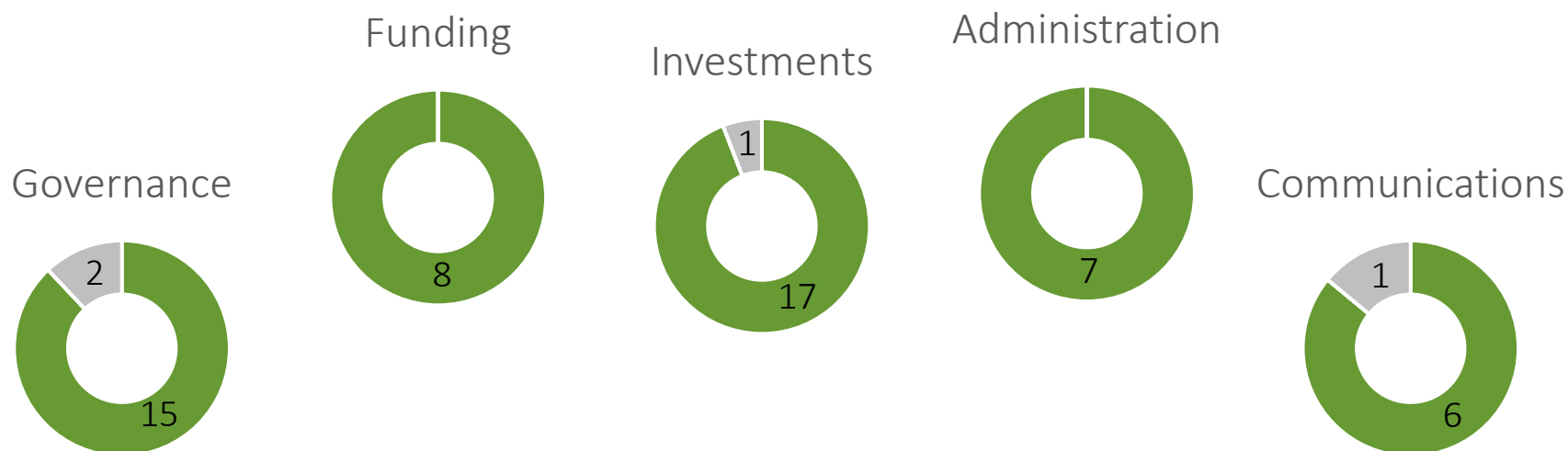
Strategic BAU & Key Priorities

Essex Pension Fund



Of 57 Priorities

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



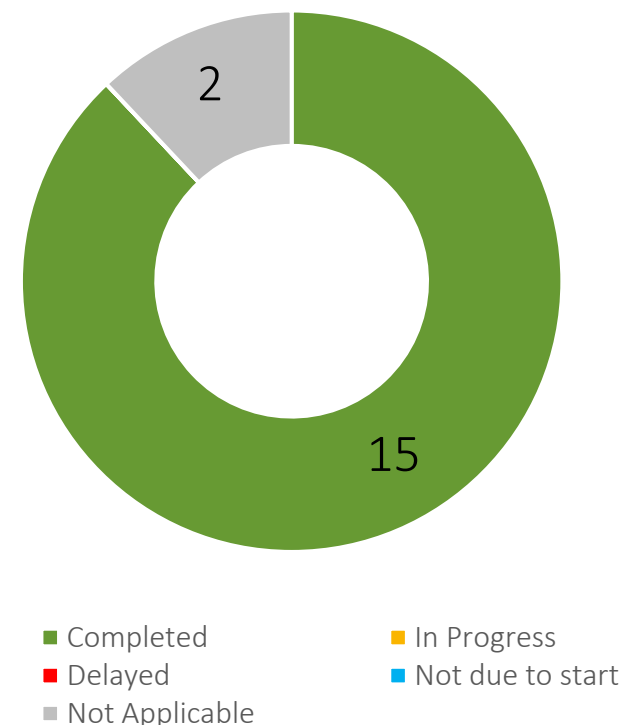
1. Progress - Governance

Strategic BAU & Key Priorities	P	C	CF
1. Agree 2024/25 Business Plan & Budget			Y
2. Annual review of PSB/ISC/PAB Terms of Reference			Y
3. Business Continuity Plan (including Cyber security) and Testing			Y
4. Annual Statement of Accounts including compliance with CIPFA requirements			Y
5. PAB Annual Workplan			Y
6. PSB and PAB Member Appointments			Y
7. Review of Fund's Strategic Objectives			Y
8. LGPS Reform / Consultations / Changes to the Scheme			Y
9. Review of Governance Policy and Compliance Statement			N
10. Review of Policy for Recording and Reporting Breaches of the Law			N
11. Review of Knowledge and Skills Strategy			Y
12. Review of Members' Training Plan and Training Needs Analysis			Y
13. Participation in Hyman Robertson Knowledge and Skills Assessment			N
14. Electoral / Succession Planning for PSB/ISC Members			Y
Continued....			

P - Previous
C - Current
CF - Carried Forward



Strategic BAU & Key Priorities



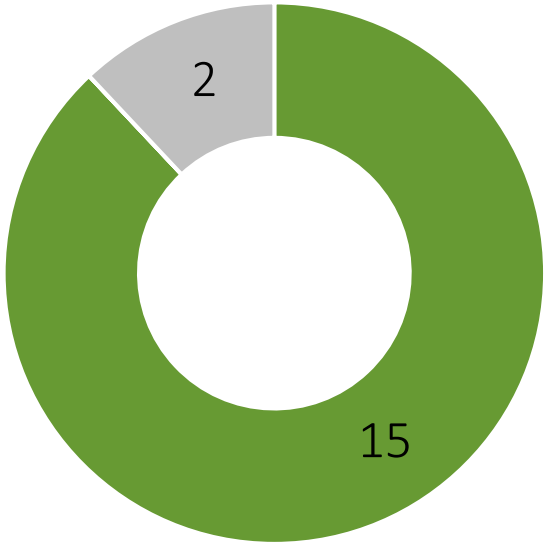
1. Progress - Governance

Strategic BAU & Key Priorities	P	C	CF
15. Scheme Advisory Board (SAB) Good Governance Project outcomes			Y
16. The Pensions Regulator (TPR) Code of Practice			Y
17. Independent Governance and Administration Adviser (IGAA) Contractual Review			N
NEW: Review of Risk Management Strategy			
NEW: Review of Business Continuity Policy			
NEW: Review of Cyber Policy			
NEW: Review of Stakeholder Engagement Strategy including Equality, Diversity and Inclusion (EDI)			

P - Previous
C - Current
CF - Carried Forward



Strategic BAU & Key Priorities



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

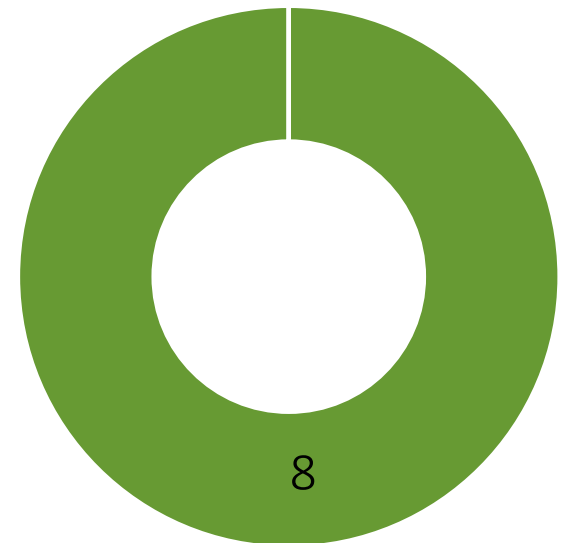
2. Progress - Funding

P - Previous
C - Current
CF - Carried Forward



Strategic BAU & Key Priorities	P	C	CF
1. Implementation of Actuarial Valuation			N
2. Employer Risk Exercise			Y
3. Exploration of Employer Risk Policy			N
4. Interim Funding Review			Y
5. Employing Authority discretions and delegations			Y
6. McCloud Preparation/Implementation			Y
7. Employer Training Webinars			Y
8. Actuarial Contractual Review			N

Strategic BAU & Key Priorities



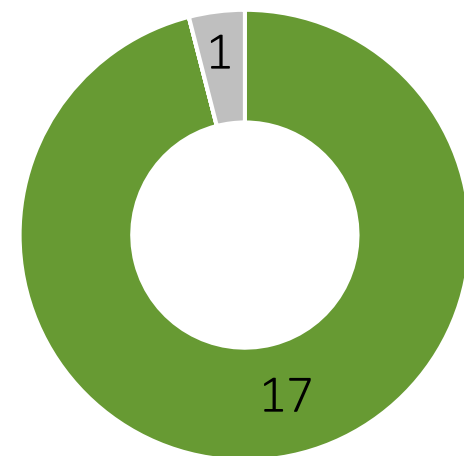
■ Completed
■ Delayed
■ Not Applicable
■ In Progress
■ Not due to start

3. Progress - Investments



Strategic BAU & Key Priorities	P	C	CF
1. Annual Reporting on Responsible Investment (RI)			Y
2. Investment Strategy Statement Review including RI Policy			N
3. Annual review of Treasury Management Strategy			Y
4. Review of Strategic Asset Allocation (including impact Investing)			Y
5. Asset Liability Study (Total Fund Assessment)			N
6. Ongoing ACCESS collaboration			Y
7. Quarterly Individual Manager review (on an exceptional basis)			Y
8. Annual review of CEM Benchmarking/Cost Transparency			Y
9. Annual Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code			Y
10. Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy			Y
11. Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))			Y
12. Exploration of PLSA Responsible Investment Quality Mark (RIQM)			N
13. Exploration and development of Voting Policies (in line with ACCESS)			Y
14. Review of Annual Investment Scorecard			Y
15. Institutional Investment Consultant Contractual Review			N
16. Annual Institutional Investment Consultant – CMA review			Y
Continued....			

Strategic BAU & Key Priorities



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

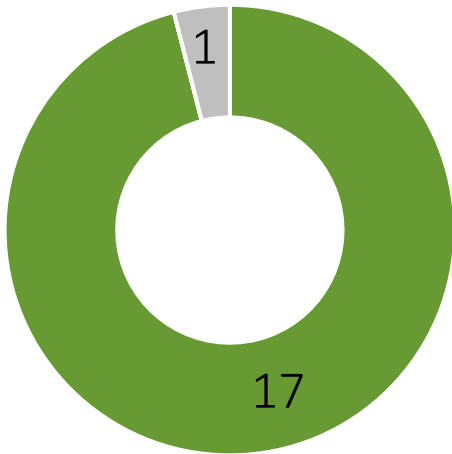
3. Progress - Investments

Strategic BAU & Key Priorities	P	C	CF
17. Independent Investment Adviser Contractual Review			Y
18. Continued exploration of External RI Adviser			Y
NEW: Review of Investment Managers Engagement Strategy			
NEW: Review of Cashflow Management			
NEW: Exploration of Policy and Metrics for Taskforce on Nature-related Financial Disclosures (TNFD)			
NEW: Implementation of Net Zero Journey Plan			

P - Previous
C - Current
CF - Carried Forward



Strategic BAU & Key Priorities



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

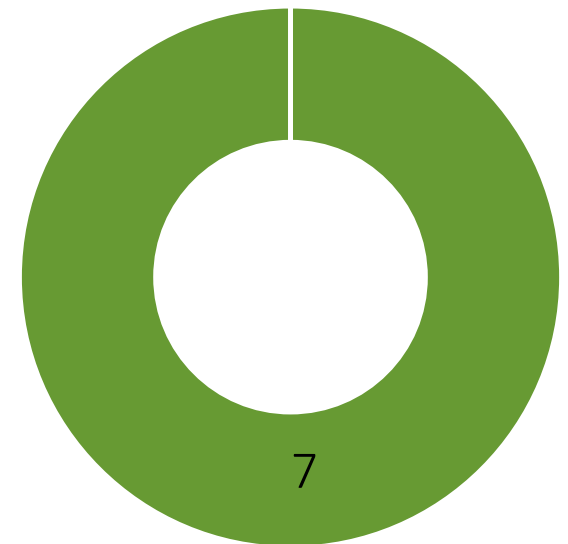
4. Progress - Administration

Strategic BAU & Key Priorities	P	C	CF
1. Development of a Data Retention Policy	In Progress	Completed	Y
2. LGPS Reform / Changes to Scheme / Planning for Administration changes	In Progress	Completed	Y
3. Implementation of Pensions Single payments – Phase 1	In Progress	Completed	Y
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online	In Progress	Completed	Y
5. McCloud Preparation/Implementation	In Progress	Completed	Y
6. National Pensions Dashboard Legislation	In Progress	Completed	Y
7. Implementation of Monthly Returns Digital Transformation	In Progress	Completed	N
NEW: Review of Administration Strategy			

P - Previous
C - Current
CF - Carried Forward



Strategic BAU & Key Priorities



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

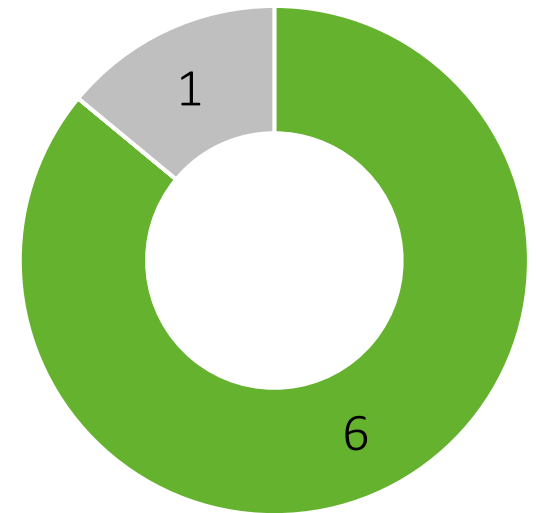
5. Progress - Communications



P - Previous
C - Current
CF - Carried Forward

Strategic BAU & Key Priorities

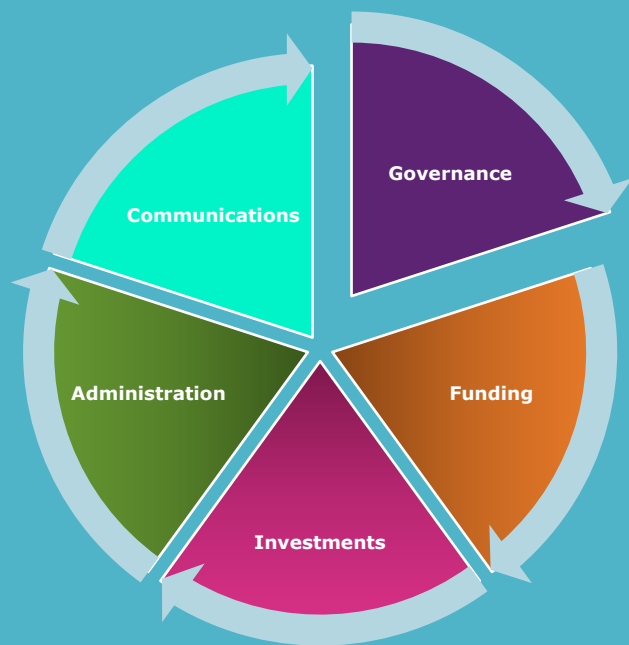
Strategic BAU & Key Priorities	P	C	CF
1. LGPS Reform / Communications of: Consultations / Changes to the Scheme	In Progress	Completed	Y
2. Greater Digitalisation of the Fund including the exploration of Electronic Communications	In Progress	Completed	Y
3. McCloud Implications	In Progress	Completed	Y
4. Commencement of the exploration of new Website Options	In Progress	Completed	Y
5. Digital Developments of Annual Benefit Statements	In Progress	Completed	Y
6. Consultations (DLUHC, SAB, LGA etc)	In Progress	Completed	Y
7. Board/Committee Task and Finish Groups	Not due to start	Not Applicable	Y
NEW: Review of Stakeholder Engagement Strategy including Equality, Diversity and Inclusion (EDI)			



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

Commentary

1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2024/25 Business Plan & Budget		2024/25 Business Plan & Budget process has commenced. The Draft 2024/25 Budget is provided as part of this Agenda Pack for the Board's approval.
2. Annual review of PSB/ISC/PAB Terms of Reference		Complete.
3. Business Continuity Plan (including Cyber security) and Testing		Activity complete for 2023/24. Continued testing of the Plan is scheduled throughout 2024/25.
4. Annual Statement of Accounts including compliance with CIPFA requirements		Complete.
5. PAB Annual Workplan		Complete.



Strategic BAU & Key Priorities		Commentary
6. PSB and PAB Member Appointments		Activity complete for 2023/24.
7. Fund's Strategic Objectives		Not applicable – no changes required.
8. LGPS Reform / Consultations / Changes to the Scheme		Activity complete for 2023/24.
9. Review of Governance Policy and Compliance Statement		Complete.
10. Review of Policy for Recording and Reporting Breaches of the Law		Complete.
11. Review of Knowledge and Skills Strategy		The Draft Knowledge and Skills Strategy is provided as part of this Agenda Pack for the Board's approval.



Strategic BAU & Key Priorities		Commentary
12. Review of Members' Training Plan and Training Needs Analysis		The Draft 2-year Training Plan is provided as part of this Agenda Pack for the Board's approval.
13. Participation in Hymans Robertson Knowledge and Skills Assessment		Complete.
14. Electoral / Succession Planning for PSB/ISC Members		Activity complete for 2023/24.
15. Scheme Advisory Board (SAB) Good Governance Project outcomes		Not applicable for 2023/24.
16. The Pensions Regulator (TPR) Code of Practice		Activity complete for 2023/24.
17. Independent Governance and Administration Adviser (IGAA) Contractual Review		Complete.

Commentary

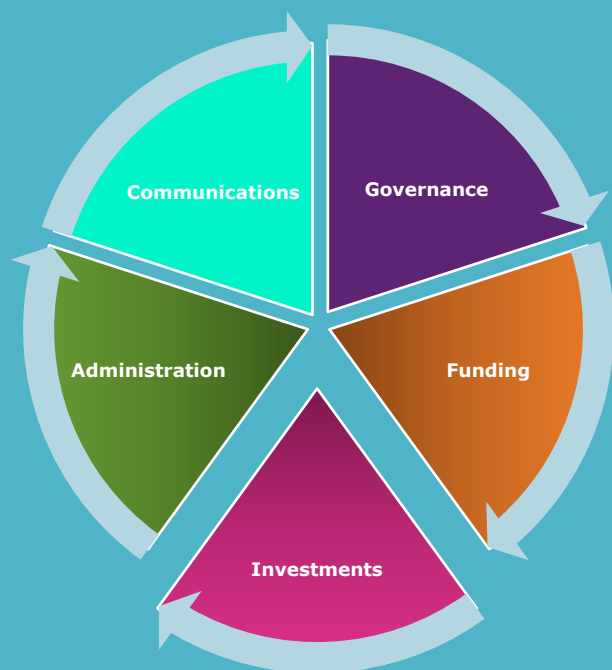
2. Funding



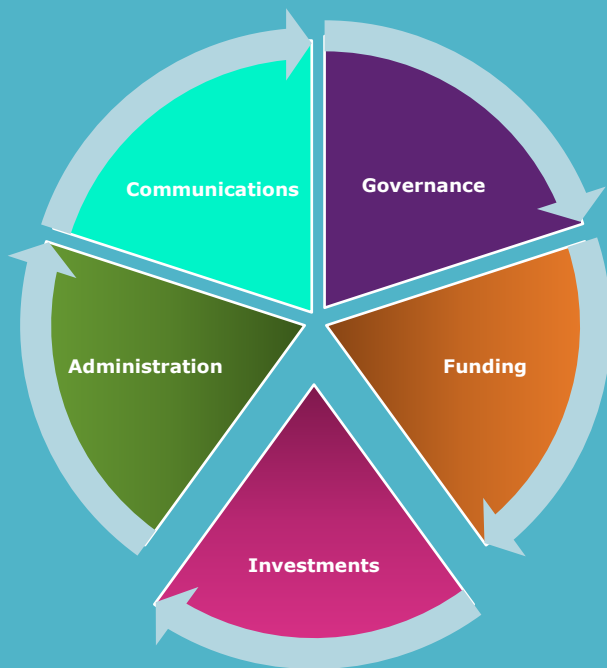
Strategic BAU & Key Priorities		Commentary
1. Implementation of Actuarial Valuation		Complete.
2. Employer Risk Exercise		Activity complete for 2023/24.
3. Exploration of Employer Risk Policy		Complete – no Policy required.
4. Interim Funding Review		Activity complete for 2023/24.
5. Employing Authority discretions and delegations		Activity complete for 2023/24.
6. McCloud Preparation/Implementation		Activity complete for 2023/24.
7. Employer Training Webinars		Activity complete for 2023/24.
8. Actuarial Contractual Review		Complete.

Commentary

3. Investments



Strategic BAU & Key Priorities		Commentary
1. Annual Reporting on Responsible Investment (RI)		Activity complete for 2023/24.
2. Investment Strategy Statement Review including RI Policy		Complete.
3. Annual review of Treasury Management Strategy		Activity complete for 2023/24. This was approved by the ISC at their 28 February 2024 meeting.
4. Review of Strategic Asset Allocation (including impact Investing)		Activity complete for 2023/24.
5. Asset Liability Study (Total Fund Assessment)		Complete.
6. Ongoing ACCESS collaboration		Activity complete for 2023/24.
7. Quarterly Individual Manager review (on an exceptional basis)		Activity complete for 2023/24.



Strategic BAU & Key Priorities		Commentary
8. Annual CEM Benchmarking/Cost Transparency		Activity complete for 2023/24.
9. Annual Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code		Complete.
10. Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy		Activity complete for 2023/24.
11. Review of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))		Complete.
12. Exploration of PLSA Responsible Investment Quality Mark (RIQM)		No longer applicable.
13. Exploration and development of Voting Policies (in line with ACCESS)		Activity complete for 2023/24.



Strategic BAU & Key Priorities		Commentary
14. Review of Annual Investment Scorecard		Complete.
15. Institutional Investment Consultant Contractual Review		Complete.
16. Annual Institutional Investment Consultant – CMA review		Activity complete for 2023/24.
17. Independent Investment Adviser Contractual Review		Complete.
18. External RI Adviser Exploration		Activity complete for 2023/24.

Commentary

4. Administration



Strategic BAU & Key Priorities		Commentary
1. Development of a Data Retention Policy		Complete. Continued development planned during 2024/25.
2. LGPS Reform / Changes to Scheme / Planning for Administration changes		Activity complete for 2023/24.
3. Implementation of Pensions Single payments – Phase 1		Activity complete for 2023/24.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Activity complete for 2023/24.
5. McCloud Preparation/Implementation		Activity complete for 2023/24.
6. National Pensions Dashboard Legislation		Activity complete for 2023/24.
7. Implementation of Monthly Returns Digital Transformation		Activity complete for 2023/24.

Commentary

5. Communications

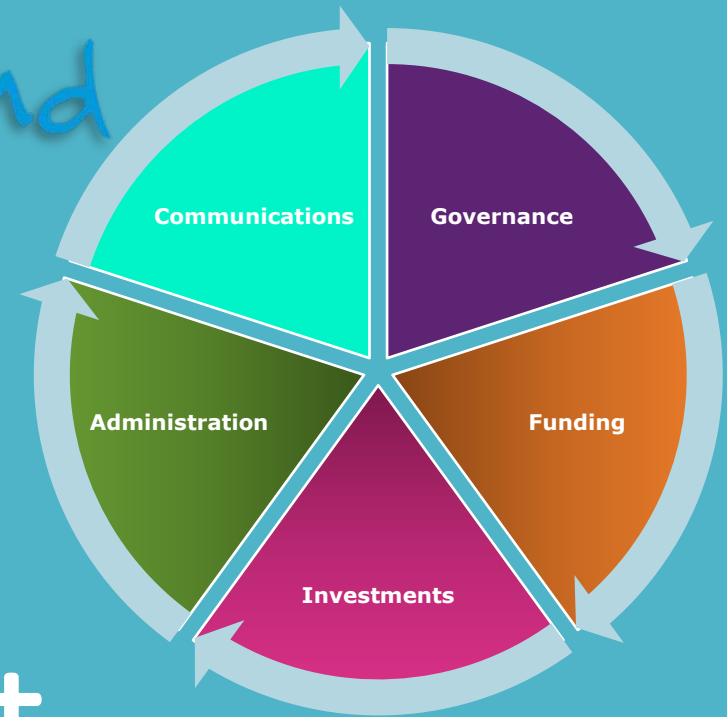


Strategic BAU & Key Priorities		Commentary
1. LGPS Reform / Communications of: Consultations / Changes to the Scheme		Activity complete for 2023/24.
2. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Activity complete for 2023/24.
3. McCloud Implications		Activity complete for 2023/24.
4. Commencement of the exploration of new Website Options		Activity complete for 2023/24.
5. Digital Developments of Annual Benefit Statements		Activity complete for 2023/24.
6. Consultations (DLUHC, SAB, LGA etc)		Activity complete for 2023/24.
7. Board/Committee Task and Finish Groups		Not applicable during 2023/24.

Essex Pension Fund

Section B


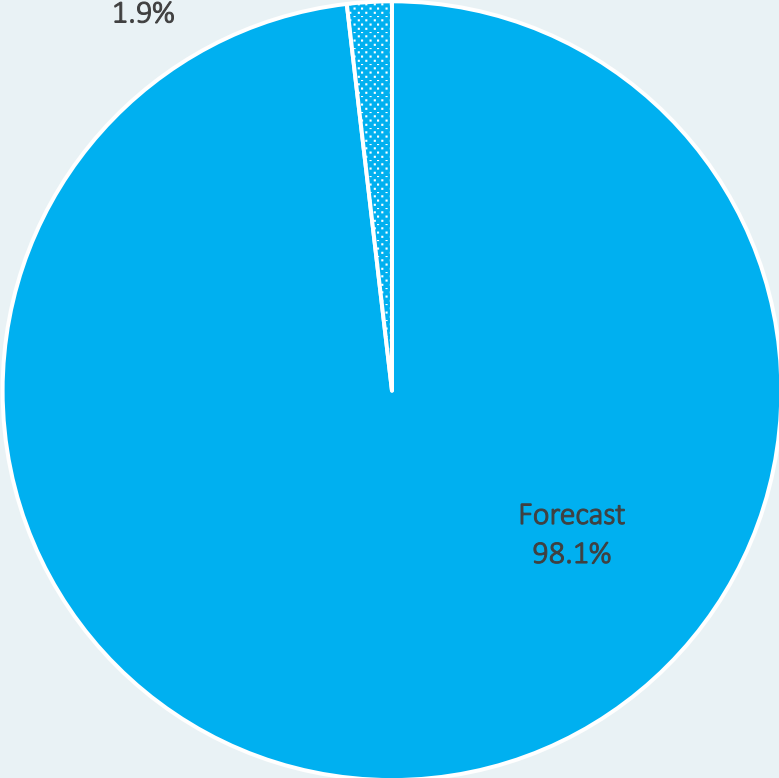





2023/24 Budget vs Current Forecast Q4 Update



Date produced: 07 March 2024

EPF Budget vs Forecast 2023/24

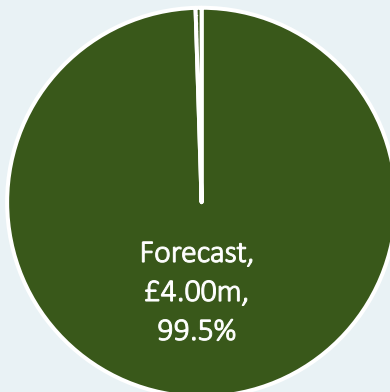
Q4 Progress Update

EPF Budget £6.48m	Current Forecast £6.36m	Variance (Under)/Overspend (£0.12m)	Rating 	Progress Update Commentary	Variance against Budget Key	
 <p>EPF Budget £6.48m</p> <p>Forecast 98.1%</p> <p>Underspend 1.9%</p>				Overall forecast a slight underspend vs EPF 2023/24 Budget. This underspend is largely driven by the positive net effect of Service Level Agreement income covering operating expenditure, reduced Custodian and IGAA fees, and cost of the new website falling now in 2024/25 which offsets an overspend in administration driven by additional McCloud work not originally budgeted for.	(Under) spend > 5%	
					(Under) spend < 5%	
					On Budget	
					Over spend < 5%	
					Over spend > 5%	

EPF Budget 2023/24: £6.48m

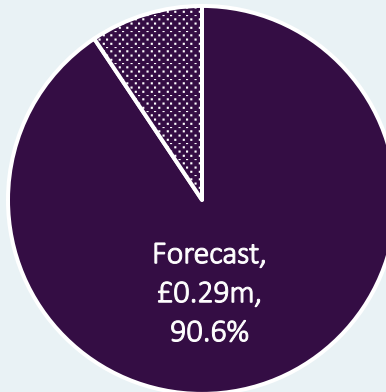
Operating
£4.02m (62.1%)

Underspend, £0.02m, 0.5%



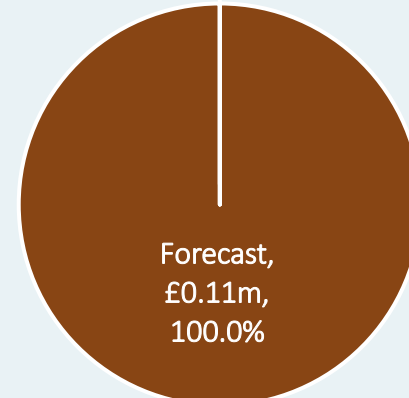
Governance
£0.32m (4.9%)

Underspend, £0.03m, 9.4%



Funding
£0.11m (1.7%)

Underspend, £0.00m, 0.0%



Variance against Budget: Rating

Budget Commentary

Forecast an underspend for the year. This is driven by the positive net effect of Service Level Agreement income covering operating expenditure.

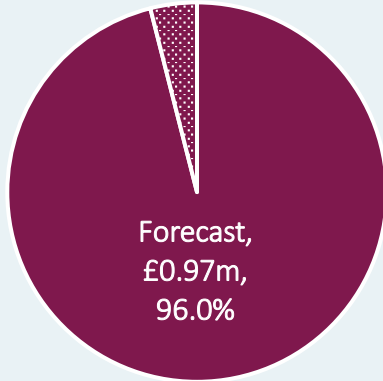
Forecast an underspend for the year. This is because of reduced IGAA costs which were lower than expected due to the Fund awaiting guidance on the Good Governance project and the delay in the Pension Regulator's Single Code which was only released at the back end of 2023/24.

Forecast expenditure to be on target for 2023/24.

EPF Budget 2023/24: £6.48m

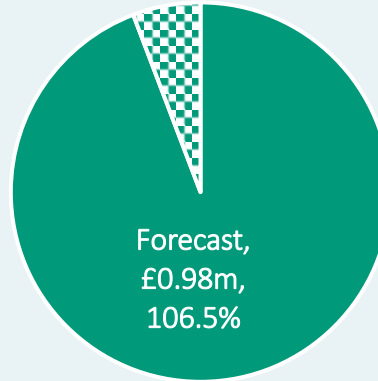
Investments
£1.01m (15.6%)

Underspend, £0.04m, 4.0%



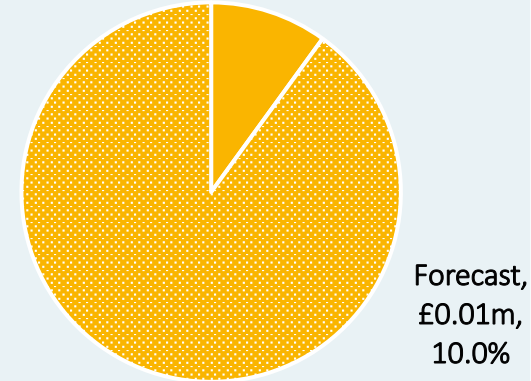
Administration
£0.92m (14.2%)

Overspend, £0.06m, 6.5%



Communication
£0.10m (1.5%)

Underspend, £0.09m, 90.0%



Variance against Budget: Rating

Budget Commentary

Forecast an underspend for the year. This is driven by reduced actual Custodian fees.

Forecast an overspend for the year. This is driven by increased postage costs and additional administration work required around McCloud not originally budgeted for.

Forecast an underspend for the year. This is because the new website and majority of the associated costs will now be deferred to 2024/25.

Essex Pension Fund

Section C

2023/24

Scorecard

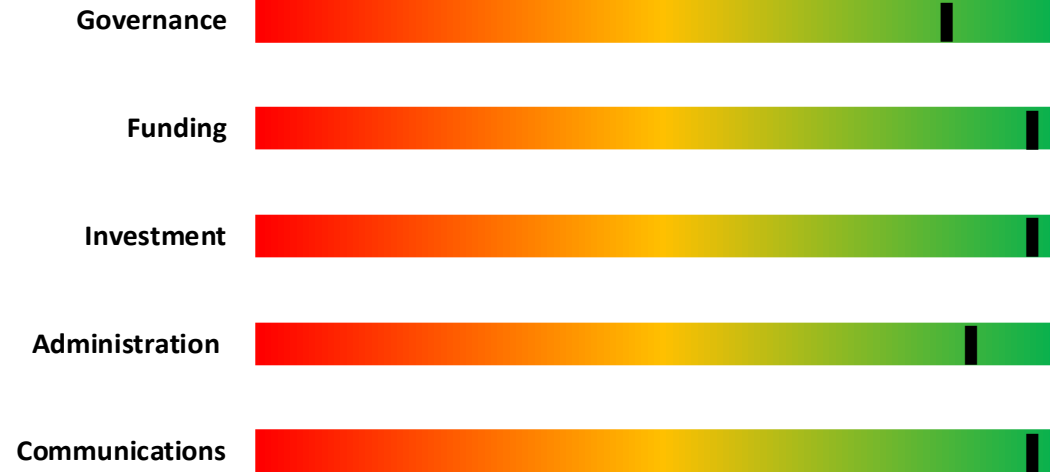
Update

01 October 2023 - 31 December 2023

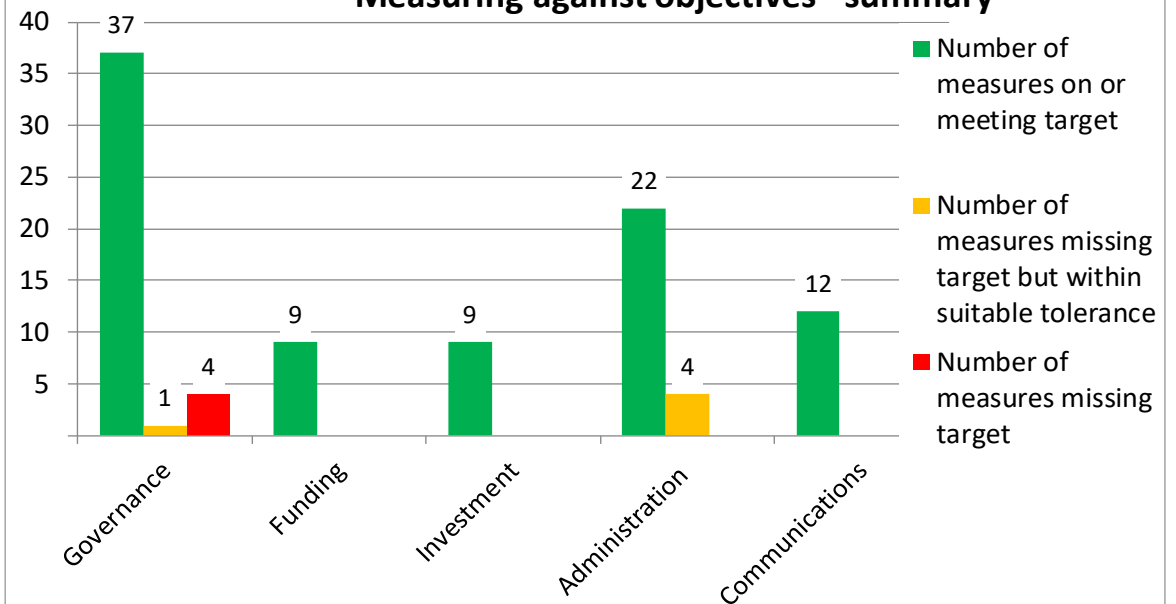


Current Status

Progress towards meeting EPF objectives



Measuring against objectives - summary



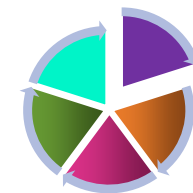
Movements since previous Scorecard

Governance	Funding	Investment	Administration	Communications
	No movements since last quarter	No movements since last quarter	No movements since last quarter	No movements since last quarter

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

Movements during the period 01 October 2023 to 31 December 2023

Exceptions - Governance



Measure	Target	Score as at 30 September 2023	Score as at 31 December 2023	Detail	Trend
1.3.7. % attendance at meetings by PSB	80%	70%	60%	One PSB meeting took place during this scorecard period, on 13 December 2023. 70% was reported at the 13 December 2023 PSB.	
1.5.5. PSB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	No	No	Notification of Cllr Riley's replacement had not yet been received from the Essex Leaders and Chief Executives Committee. An update should be provided by the end of February 2024.	
1.5.6. PAB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	No	No	Notification of Cllr Bracken's replacement had not yet been received from the Essex Leaders and Chief Executives Committee. An update should be provided by the end of February 2024.	
1.6.5. EPF have been subject to audit by External Auditors	Yes	No	No	The Fund's External Audit Completion Report for 2020/21 has been signed off during January 2024 and published in the Fund's website. The 2021/22 and 2022/23 audits are yet to be completed by BDO.	

Essex Pension Fund

Section D

2023/24 Risk Management Update

28 February 2024



Essex Pension Fund

Current Status

Probability

Almost Certain (4)				1 (1)
Likely (3)		4 (4)	2 (2)	1 (1)
Possible (2)		13 (13)	8 (8)	3 (3)
Unlikely (1)		8 (8)	12 (12)	4 (4)
	Minor (1)	Moderate (2)	Major (3)	Critical (4)

Impact

(No. in brackets represents the previous scores reported to the 13 December 2024 PSB)

Exceptions — Not at
Target Score



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G1. Fund Governance High turnover in Board/Committee Members and/or Essex Pension Fund (EPF) staff, there is a risk of failure of governance arrangements to match up to statutory requirements and recommended best practice, leading to ineffective working relationships, financial loss and reputational damage	8	8	<ol style="list-style-type: none">1. Essex Pension Fund Strategy Board (PSB) is in place (Essex County Council's (ECC's) s101 Committee).2. Essex Pension Fund Investment Steering Committee (ISC) is in place (ECC's s101 Sub-Committee).3. Essex Pension Fund Advisory Board (PAB) is in place (is the Local Pension Board as required under Public Service Pensions Act (PSPA) 2013).4. Essex Pension Fund (EPF) routinely monitor the Business Plan, Risk Register and Scorecard. All of which are reported to the PSB at each meeting ensuring Governance Processes are being routinely monitored.5. EPF work with the Independent Governance & Administration Adviser (IGAA) to seek guidance on work practices. Advice also taken from other Advisers within the Fund (Investment / Fund Actuary).	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G1. Fund Governance Continued.....	8	8	<ul style="list-style-type: none">6. EPF monitor and use Governance networks for best practice, e.g. Local Government Association (LGA).7. Knowledge and Skills Strategy and Group/Individual Training Plans are in place for Members. Individual Development Plans are in place for staff including induction training, ECC and EPF e-learning. LGPS Online Learning Academy (LOLA) used by Members and Management Team. Attendance to Webinars/Seminars/Conferences by Members and Staff as identified within the Knowledge and Skills Strategy.	4

Exceptions - Governance



Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<p>G2. Disclosure of Information</p> <p>Failure to disclose material facts, or the disclosure of incorrect or incomplete information in the Report and Accounts or during the audit, leads to incorrect or incomplete information published in the Report and Accounts, leading to reputational damage and financial loss</p>	9	9	<ol style="list-style-type: none"> 1. External audit programme of works.. 2. Internal audit programme of works. 3. External audit provides a comment in regard to consistency when reviewing the Annual Report and Accounts. 4. EPF Officers within the Investment Team are provided with the relevant training to carry out the requirements of the completion of the Annual Report and Accounts including Financial background or equivalent qualifications. 5. EPF Officers are made aware (through induction and other relevant training) of the tasks they undertake to fulfill their role and the output and impact this has on the production of the Annual Report and Accounts. 	4

Exceptions - Governance



Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G2. Disclosure of Information Continued.....	9	9	6. Essex Pension Fund (EPF) follows the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance and Code of Practice for the Annual Report and Accounts content.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<p>G3. Board/Committee Member Knowledge and Expertise</p> <p>Due to a lack of expertise, insufficient knowledge and maintenance of the Essex Pension Fund Strategy Board (PSB), Essex Pension Fund Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) arising out of high turnover and/or changes within the Local Government Pension Scheme (LGPS) benefit structure, regulations and associated directives/deliverables increase the risk of poor decision and policy making resulting in unprofitable investments and funding</p>	6	6	<ol style="list-style-type: none">1. Knowledge and Skills Strategy for Board/Committee Members and Group/Individual Training Plans are in place and are reviewed periodically.2. PSB/ISC/PAB Members have to complete specific Chartered Institute of Public Finance & Accountancy (CIPFA) modules and The Pensions Regulator (TPR) within a two-year cycle which is included within the LGPS Online Learning Academy (LOLA).3. Induction training for new Members within 3 months of appointment along with a Training Needs Analysis (TNA) carried out within 6 months of appointment enabling their Individual Training Plan to be developed.4. Training Plans are reviewed/adapted to reflect changes within LGPS.	4

Exceptions - Governance



Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G3. Board/Committee Member Knowledge and Expertise Continued.....	6	6	5. Essex Pension Fund (EPF) use Advisers, e.g. the Independent Governance & Administration Adviser (IGAA), to provide relevant information and recommendations. 6. Progress made against the training plans is recorded and monitored. 7. Mechanisms are in place to recruit vacancies as they arise. Elections are monitored by the Compliance Team. 8. An exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations to enable succession planning.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G4. Staff Knowledge and Expertise There is a risk that the failure of Officers to maintain sufficient levels of competence and/or resource to discharge their duties could lead to retention of inefficient staff, therefore, relying on key officers impacting on the wellbeing of staff and a reduced work rate for the Fund	6	6	<ol style="list-style-type: none">1. Essex Pension Fund (EPF) Development Plans are in place through My Performance on the My Learning Portal.2. EPF staff attend training events, engage with peer groups, and work towards the Chartered Institute of Public Finance & Accountancy (CIPFA) Knowledge and Skills Framework as part of the LGPS Online Learning Academy (LOLA). Attendance at training offered by LGA that is role specific is also encouraged.3. EPF staff training is recorded and monitored.4. Teams ensure Standing Operating Procedures (SOPs) are produced to cover key processes.5. EPF utilises external consultants and independent Advisers to help in the short term to assist.	3



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G4. Staff Knowledge and Expertise Continued.....	6	6	6. An exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations to enable succession planning.	3



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13. Cyber Risk 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	12	12	<ol style="list-style-type: none">1. Essex Pension Fund have a Cyber Policy in place and guidance within the Policy is shared with Essex Pension Fund Staff along with the Members of the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board and the Fund's Advisers.2. Essex Pension Fund have a Business Continuity Policy and Plan in place, which is tested periodically.3. Essex Pension Fund have a Policy for the Recording and Reporting of Breaches of the Law which is linked to the Cyber Policy for the reporting of Cyber related incidents.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13. Cyber Risk Continued.....	12	12	<ul style="list-style-type: none">4. Mitigations have been collated from Essex County Council (ECC) as the Host Authority along with the Fund's third party providers including Advisers and Investments Managers, Global Custodian and ACCESS which are periodically reviewed.5. Fund Officers are in the process of developing third party, Host Authority and Employer questionnaires to ascertain further controls these stakeholders have in place.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<p>G14. Regulatory Changes</p> <p>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</p> <p>Known changes include: McCloud, Cost Cap, £95k Cap, Goodwin, Academisation, Cost Management Review, SCAPE Rate Changes, GMP Equalisation, Pension Dashboards</p>	9	9	<ol style="list-style-type: none">1. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS.2. EPF monitor the current and new regulations and correspondence from Department for Levelling Up, Housing and Communities (DLUHC) and Local Government Association (LGA).3. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds.4. EPF utilise the expertise of their Independent Administration and Governance Adviser (IGAA)5. Additional Resources are requested from the Head of Paid Service to enable the Fund to continue to meet its obligations as and when required.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G14. Regulatory Changes Continued.....	9	9	6. A McCloud project team was set up in autumn 2019 to ensure requirements are being actioned and communicated with Employers. The Fund will continue to communicate with Employers, and updates on the latest developments will be provided throughout the year.	4



Exceptions - Governance

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G17. Annual Report Accounts Failure to sign off the Essex County Council Accounts directly impacts Essex Pension Fund, Fund Employers (Tax Raising Bodies) signing off their accounts, and could impact the Fund's ability to provide the actuary with timely and accurate data for the Actuarial Valuation resulting in reputational damage to the Fund and a knock-on effect for further audits to be carried out	12	16	<ol style="list-style-type: none">1. Regular communications between Pension Fund Lead Officers and ECC Finance Chief Accountant2. Fund Officers work with External Auditor to plan (as far as possible) and manage the 2021/22 and 2022/23 audit processes3. Workload planning for Essex Pension Fund team4. Communications with Fund Employers to keep them updated on the progress5. Communications with Fund Actuary to keep them updated on the progress6. Positive movement has been made in regard to the outstanding accounts with the Fund's 2020/21 Annual Report and Accounts signed off at the end of January 2024. However, the Fund are still waiting for the completion of the 2021/22 and 2022/23 audits.	2



Exceptions - Administration

Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
A3. Data Management 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.	4	4	<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.6. Liaise with Essex County Council (ECC) Supplier and Service team to ensure ECC BACS system is secure, (cont.)	3

Exceptions - Administration



Risk Details	13 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<p>A3. Data Management Continued.....</p>	4	4	<p>6. (cont.) 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 required point in time.</p> <p>7. EPF conducts monthly and year-end data cleansing.</p> <p>8. EPF has its own General Ledger on 'My Oracle' separate from ECC.</p> <p>9. EPF hold their own Bank Account which was appointed via ECC through the relevant Framework. This contract is currently under review by ECC and EPF are ensuring they are plugged into this to ensure the preferred provider can carry out all aspects of the current provider and that transition, if applicable, is smooth and does not cause any issues with the BACS Cloud solution and the payment to the Fund's Pensioners.</p>	3