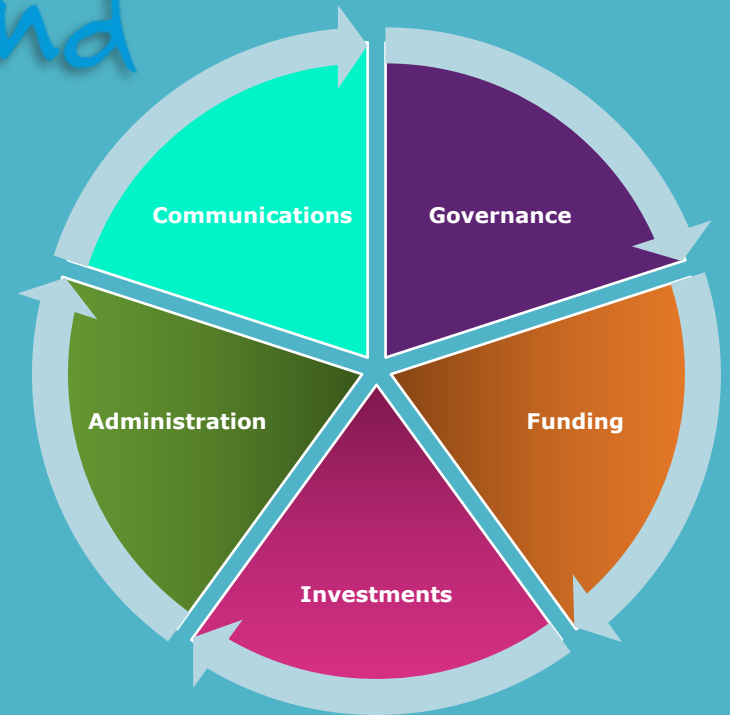


Essex Pension Fund

Update on Pension Fund Activity

Agenda Item 04



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

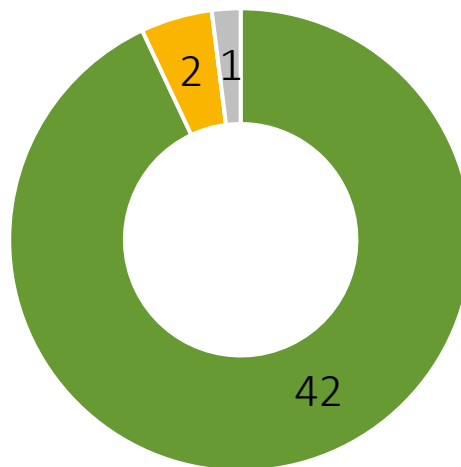
2021/22 Business Plan Progress Update

As at March 2022



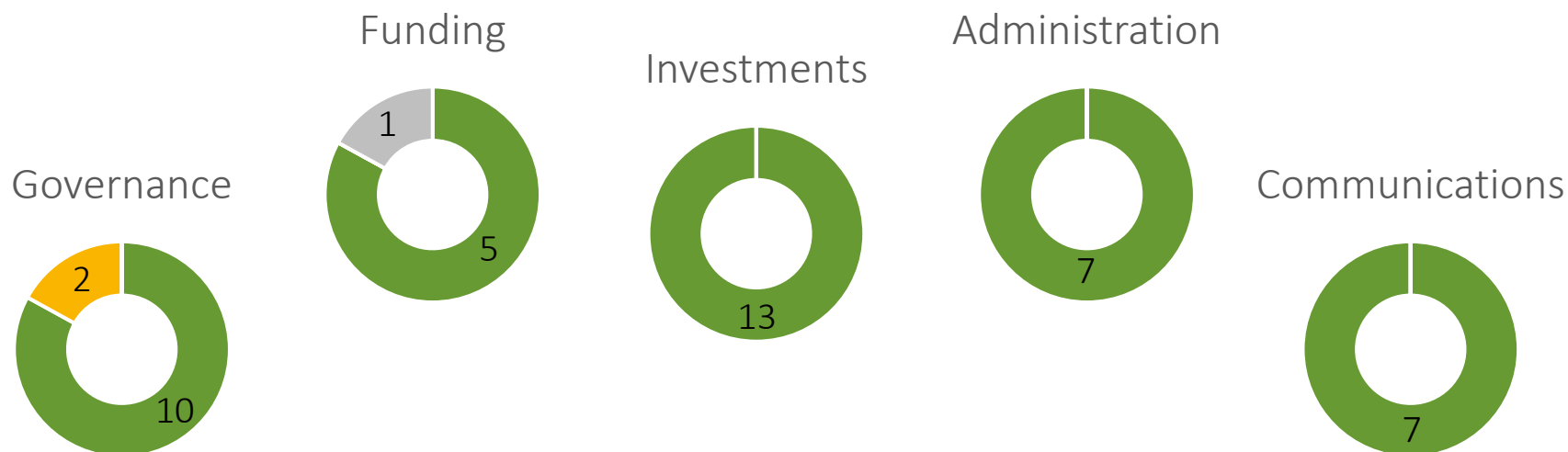
Strategic BAU & Key Priorities

Essex Pension Fund



Of 45 Priorities

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



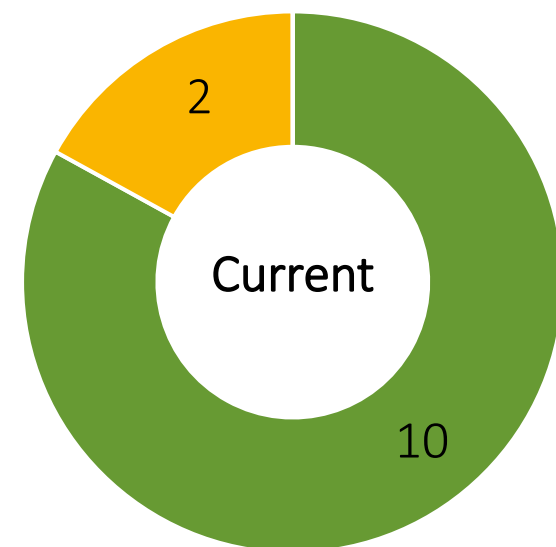
1. Progress - Governance

Strategic BAU & Key Priorities	P	C	CF
1. Agree 2022/23 Business Plan & Budget			Y
2. Annual Review of Terms of Reference for PSB/ISC/PAB			Y
3. Implementation of Members' knowledge and understanding – Knowledge & Skills Strategy			N
4. Implementation of Members' knowledge and understanding – Training Plan and Training Needs Analysis			N
5. Implementation of Business Continuity Policy			N
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing			Y
7. Annual Statement of Accounts including compliance with CIPFA requirements			Y
8. Development of Stakeholder Engagement Strategy			Y
9. Implementation of Governance Review and Effectiveness Survey			N
10. LGPS Reform			Y
11. Commencement of AVC Review			N
12. Independent Governance & Administration Adviser (IGAA) Contract Review			N
NEW: Review of Conflict of Interest Policy			
NEW: PAB Annual Workplan			
NEW: PSB and PAB Member Appointments			

P – Previous
C – Current
CF – Carried Forward




Strategic BAU & Key Priorities



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

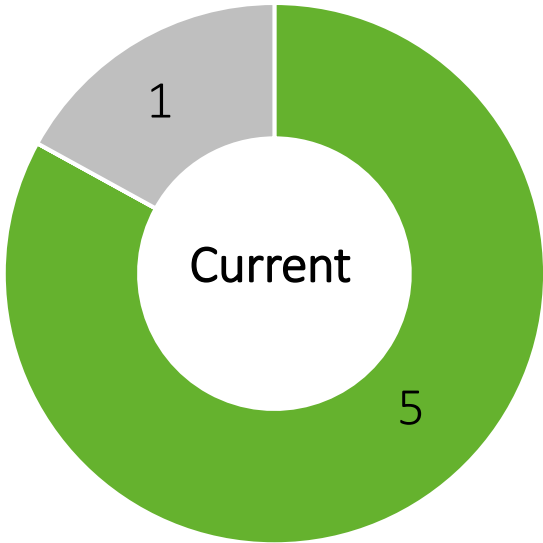
2. Progress - Funding

P – Previous
C – Current
CF – Carried Forward



Strategic BAU & Key Priorities	P	C	CF
1. Update Funding Strategy Statement (including Flexibilities Policies)			Y
2. Annual Interim Funding review			N
3. Employing Authority discretions and delegations review			Y
4. Employer Risk review			Y
5. McCloud Preparation/Implementation			Y
6. Employer Training Webinars			Y
NEW: Actuarial Valuation (including review of assumptions)			
NEW: Longevity Analysis of Fund			

Strategic BAU & Key Priorities



- Completed

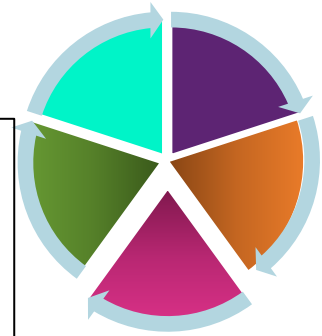
Delayed

Not Applicable

In Progress

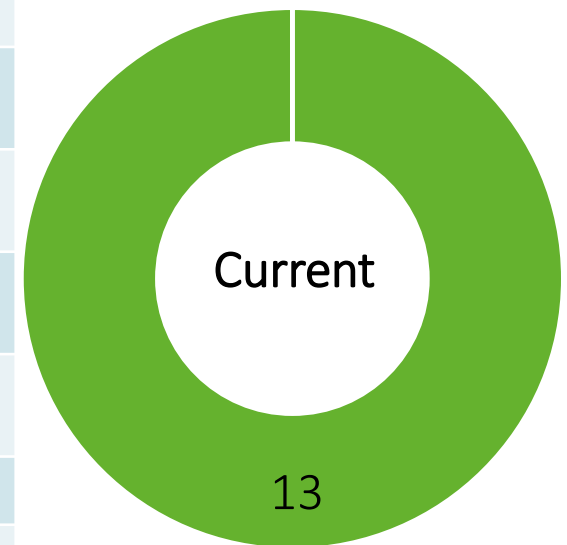
Not due to start

3. Progress - Investments



P – Previous
C – Current
CF – Carried Forward

Strategic BAU & Key Priorities



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

Strategic BAU & Key Priorities	P	C	CF
1. Develop/Implement Investment Managers Engagement Strategy			Y
2. 2022/23 Treasury Management Strategy review			Y
3. Strategic Asset Allocation review			Y
4. ACCESS collaboration			Y
5. Individual Manager review (on an exceptional basis)			Y
6. Review of CEM Benchmarking / Cost Transparency			Y
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code			Y
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy			Y
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)			Y
10. Implementation of Institutional Investment Consultant procurement			N
11. Institutional Investment Consultant – CMA review			Y
12. Implementation of Global Custody procurement			N
13. Exploration of external RI Adviser			Y
NEW: Annual Reporting on RI			
NEW: Exploration of PLSA Responsible Investment Quality Mark			
NEW: Exploration/development of Voting Policies			
NEW: Complete the Annual Submission to maintain FRC UK Stewardship Code Signatory			

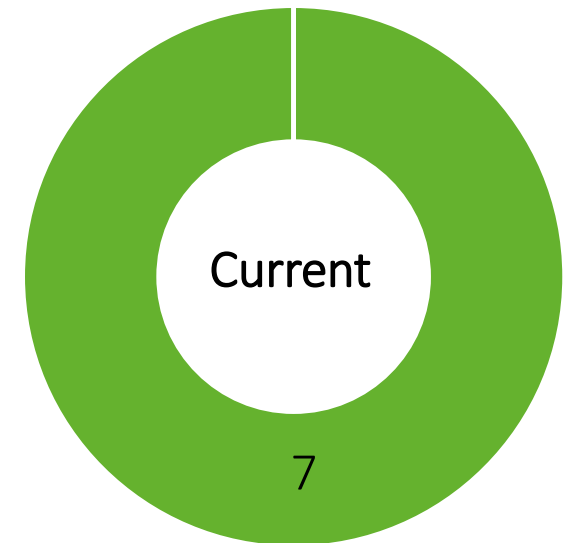
4. Progress - Administration

P – Previous
C – Current
CF – Carried Forward



Strategic BAU & Key Priorities

Strategic BAU & Key Priorities	P	C	CF
1. Review Administration Strategy			N
2. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> Unpausing of Cost Cap £95k Cap Goodwin 			Y
3. Commencement of Pensions Single Payments provider review (dependent on the new ECC Corporate Systems project being implemented)			Y
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online			Y
5. McCloud Preparation/Implementation			Y
6. Commencement of Monthly Returns Digital Transformation			Y
7. The Pensions Regulator (TPR) Data Improvement Plan			N

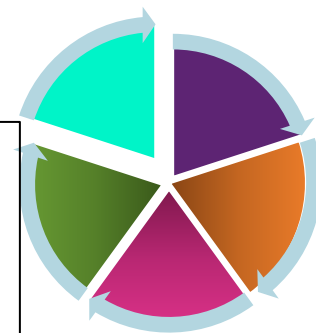


■ Completed
■ Delayed
■ Not Applicable
■ In Progress
■ Not due to start

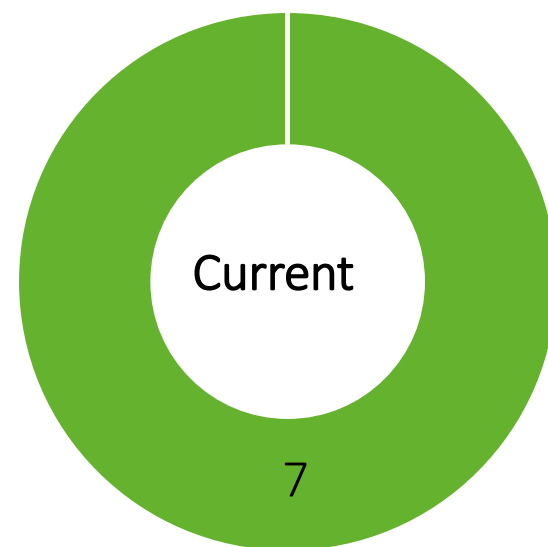
NEW: Exploration of developing a Data Retention Policy

NEW: Review of Administering Authority Discretions

5. Progress - Communications



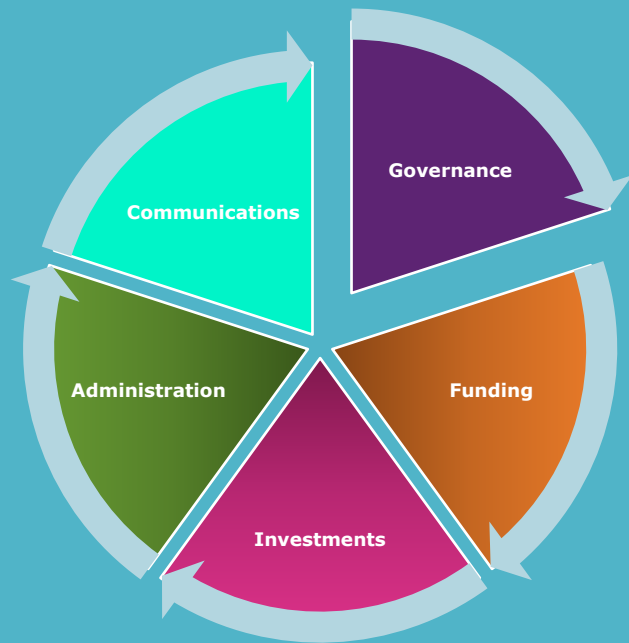
Strategic BAU & Key Priorities



Strategic BAU & Key Priorities	P	C	CF
1. Development of Stakeholder Engagement Strategy			Y
2. LGPS Reform: <ul style="list-style-type: none"> Unpausing of Cost Cap £95k Cap Goodwin 			Y
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications			Y
4. McCloud Implications			Y
5. Implementation of Social Media Channel			N
6. Commencement of the Website review			N
7. Annual Benefit Statements review			Y
NEW: Review of Communications Policy			
NEW: Review of Fund's new process of Fund Surveys			
NEW: Explore new Website Options			

Commentary

1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2022/23 Business Plan & Budget		The 2022/23 Business Plan & Budget process has commenced. The draft 2022/23 to 2024/25 Business Plan and 2022/23 Budget are provided as part of this Agenda Pack for the Board's approval.
2. Annual Review of Terms of Reference for PSB/ISC/PAB		Complete.
3. Implementation of Members' knowledge and understanding – Knowledge & Skills Strategy		Complete.
4. Implementation of Members' knowledge and understanding – Training Plan and Training Needs Analysis		Complete.
5. Implementation of Business Continuity Policy		Complete.



Strategic BAU & Key Priorities		Commentary
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing		Activity complete for 2021/22. Continued testing of the Plan is scheduled throughout 2022/23.
7. Annual Statement of Accounts including compliance with CIPFA requirements		Complete.
8. Development of Stakeholder Engagement Strategy		The Fund's Draft Stakeholder Engagement Strategy has been developed and has provided as part of the Agenda Pack for the Board's approval.
9. Implementation of Governance Review and Effectiveness Survey		The outcome of the PAB's Review was discussed at the 15 December 2021 PAB meeting and a final report has been presented to the PSB as part of this Agenda Pack.
10. LGPS Reform		Activity complete for 2021/22.
11. Commencement of AVC Review		The outcome of this review has been provided as part of this Agenda Pack.
12. Independent Governance & Administration Adviser (IGAA) Contract Review		IGAA Contract Review was carried out on 08 February 2022 and agreed by the Chairmen of the PSB and PAB. The outcome has been reported as part of this Agenda Pack.

Commentary

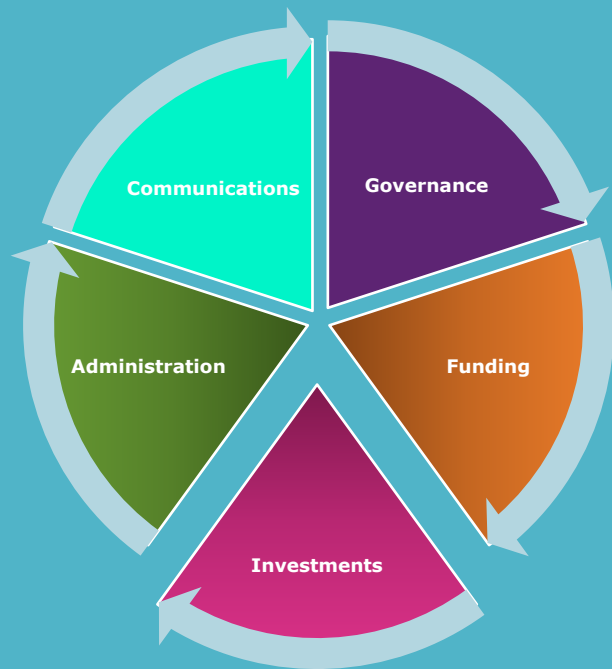
2. Funding



Strategic BAU & Key Priorities		Commentary
1. Update Funding Strategy Statement (including Flexibilities Policies)		Complete.
2. Annual Interim Funding review		Complete.
3. Employing Authority discretions and delegations review		Periodically reviewed as and when required.
4. Employer Risk review		Complete.
5. McCloud Preparation/Implementation		Activity complete for 2021/22.
6. Employer Training Webinars		Activity complete for 2021/22.

Commentary

3. Investments



Strategic BAU & Key Priorities		Commentary
1. Develop/Implement Investment Managers Engagement Strategy		Activity complete for 2021/22.
2. 2022/23 Treasury Management Strategy review		Complete. This was approved by the ISC at their 23 February 2022 meeting.
3. Strategic Asset Allocation review		Complete.
4. ACCESS collaboration		Activity complete for 2021/22.
5. Individual Manager review (on an exceptional basis)		Activity complete for 2021/22.
6. Review of CEM Benchmarking / Cost Transparency		Complete. The outcome will be reported during 2022/23.
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020		Activity complete for 2021/22.
Stewardship Code		



Strategic BAU & Key Priorities		Commentary
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy		Activity complete for 2021/22.
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)		Activity complete for 2021/22.
10. Implementation of Institutional Investment Consultant procurement		Complete.
11. Institutional Investment Consultant – CMA review		Complete.
12. Implementation of Global Custody procurement		Complete.
13. Exploration of external RI Adviser		Exploration complete.

Commentary

4. Administration



Strategic BAU & Key Priorities		Commentary
1. Review Administration Strategy		Complete.
2. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> Unpausing of Cost Cap 95k Cap Goodwin 		Activity complete for 2021/22.
3. Commencement of Pensions Single Payments provider review		Complete. Implementation due during 2022/23 subject to ECC timeline for BACS Cloud Solution.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Activity complete for 2021/22.
5. McCloud Preparation/Implementation		Activity complete for 2021/22.
6. Commencement of Monthly Returns Digital Transformation		Complete.
7. The Pensions Regulator (TPR) Data Improvement Plan		Complete.

Commentary

5. Communications



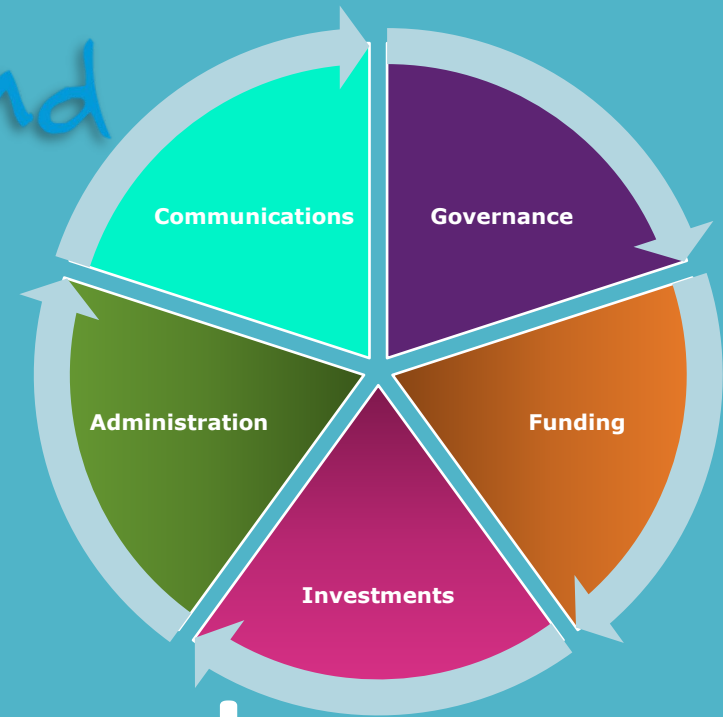
Strategic BAU & Key Priorities		Commentary
1. Development of Stakeholder Engagement Strategy		The Fund's Draft Stakeholder Engagement Strategy has been developed and has provided as part of the Agenda Pack for the Board's approval.
2. LGPS Reform: <ul style="list-style-type: none"> Unpausing of Cost Cap £95k Cap Goodwin 		Activity complete for 2021/22.
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Activity complete for 2021/22.
4. McCloud Implications		Activity complete for 2021/22.
5. Implementation of Social Media Channel		Complete.
6. Commencement of the Website review		Activity complete for 2021/22.
7. Annual Benefit Statements review		Complete.

Essex Pension Fund

Section B

2021/22 Budget vs Current Forecast Q4 Update

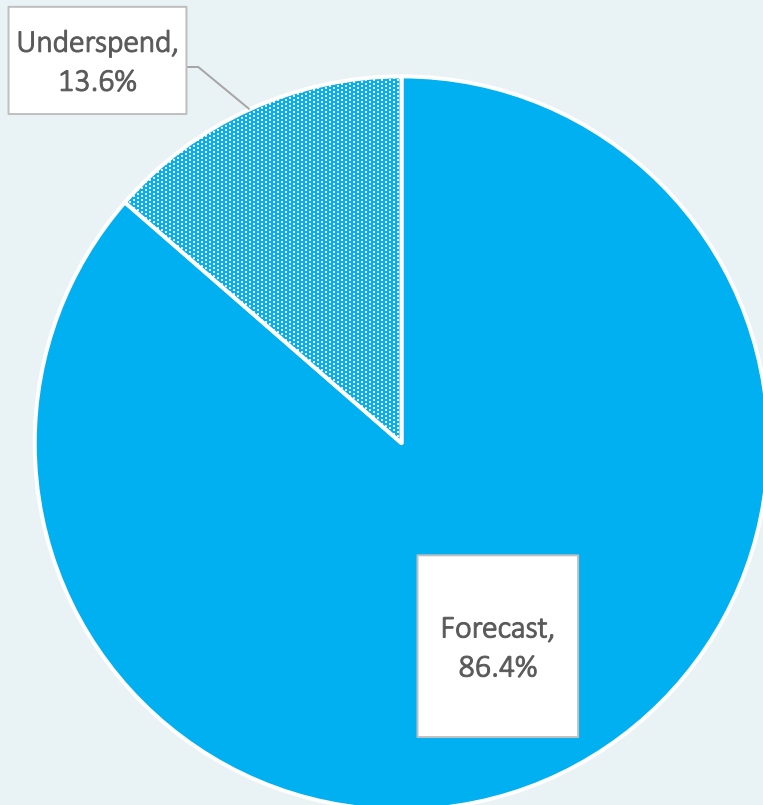
Date produced: 09 March 2022








EPF Budget vs Forecast 2021/22

Q4 Progress Update

EPF Budget £5.65m	Current Forecast £4.88m	Variance (Under)/ Overspend (£0.77m)	Rating 	Progress Update Commentary	Variance against Budget Key
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Overall forecast an underspend vs EPF 2021/22 Budget. This underspend is largely driven by the Staffing Operational Budget and the increased time it has taken to recruit additional staff and the Fund being able to utilise and employ staff via the Government Kick Start Scheme. The push back to 2022/23 of Legislative changes around McCloud, The Pensions Regulator Single Code and the Good Governance Project has also impacted.

(Under) spend > 5%	
(Under) spend < 5%	
On Budget	
Over spend < 5%	
Over spend > 5%	

EPF Budget 2021/22: £5.65m

Operating
£3.83m (67.8%)

Governance
£0.18m (3.2%)

Funding
£0.15m (2.7%)

Investments
£0.81m (14.3%)

Administration
£0.68m (12.0%)

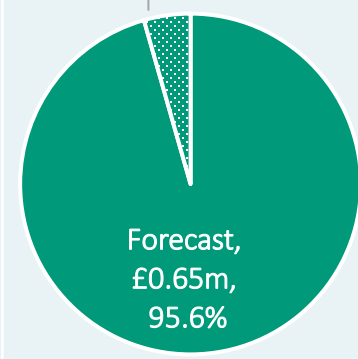
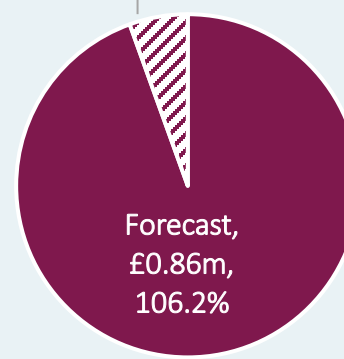
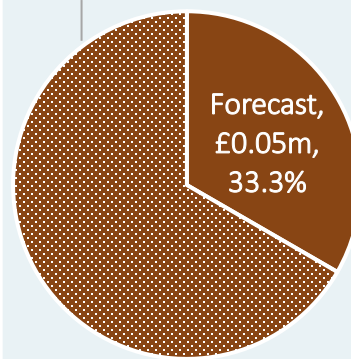
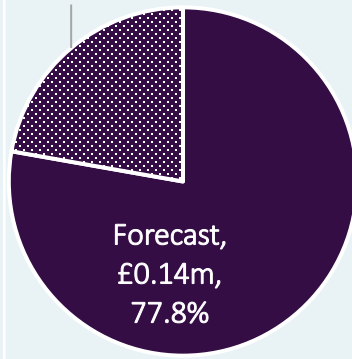
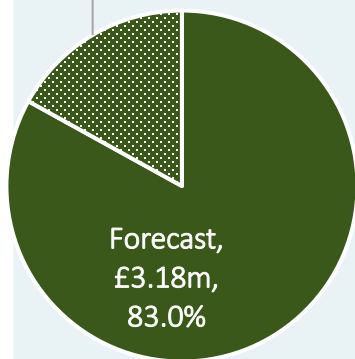
Underspend, £0.65m, 17.0%

Underspend, £0.04m, 22.2%

Underspend, £0.10m, 66.7%

Overspend, 5.00m, 6.2%

Underspend, £0.03m, 4.4%



Variance against Budget: Rating



Budget Commentary

Forecast a significant underspend on EPF Staffing Budget for the year. The Budget included a full year effect of the FTE staffing resources. However, recruitment has taken longer than anticipated. Savings have been made by utilising the Government Kickstart Scheme to source some of this additional staffing resource.

Governance advice forecast an underspend for the year. Largely relating to the reduced number of Officer and Adviser meetings than budgeted for and certain work not commencing as expected around the Good Governance project and the Pension Regulator Single Code which has been pushed back to 2022/23.

Actuarial advice forecast a large underspend. A significant proportion of the forecasted Funding Budget was around the anticipation in this year of new Legislative advice in regard to McCloud and Cost Cap. This is now expected next financial year.

Forecast an overspend for the year. This is largely driven by additional expenditure in relation to the increased Responsible Investment work and Officers and Advisers accelerating the timescale to engage with each of the Fund's Investment Managers in the current year.

Forecast an underspend for the year. This is largely driven by the Budget contingency that was put in place in relation to the update that would be required to the administration system when the McCloud fix was known.

Essex Pension Fund

Section C

2021/22

Scorecard
Update

01 October 2021 - 31 December 2021

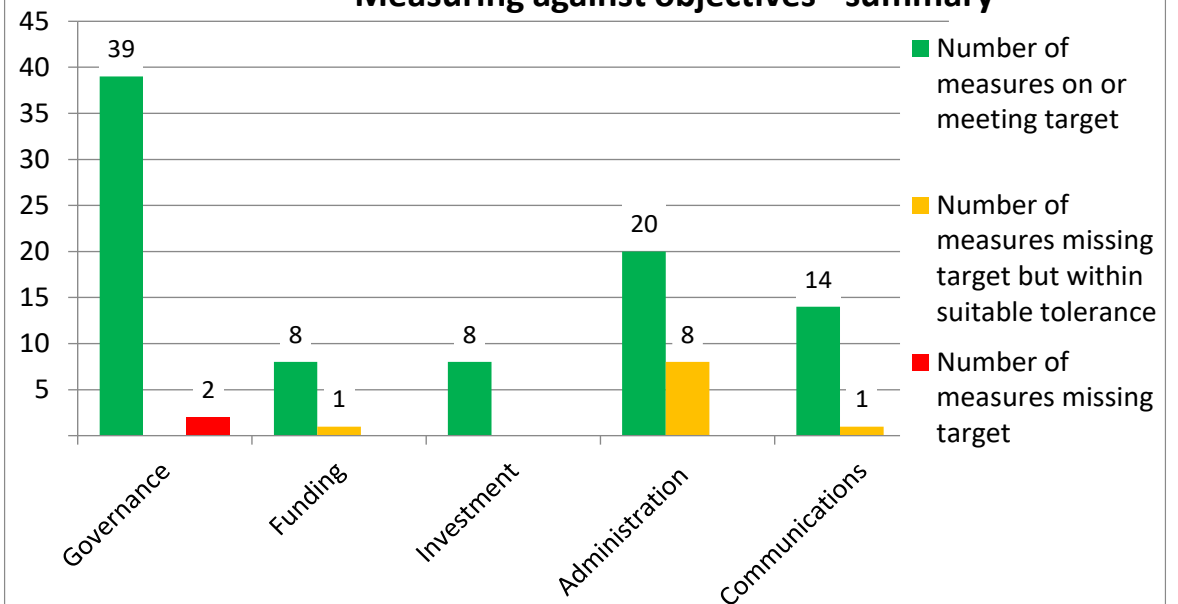


Current Status

Progress towards meeting EPF objectives



Measuring against objectives - summary



Movements since previous Scorecard



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

Movements during the period 01 October 2021 to 31 December 2021

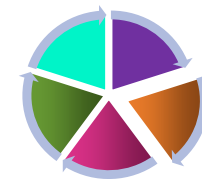
Exceptions - Governance



Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
1.2.6. All Freedom of Information (FOI) requests are submitted by the deadline via ECC Your Right To Know (YRTK) team - 20 working days	Yes		Yes	From 01 October to 31 December 2021, the Fund received 14 FOI requests and responded to all of them within the deadline set. 12 were in relation to Investments, 1 in relation to Funding and another in relation to Administration of the Fund.	N/A
1.3.4. All new PSB, ISC, PAB Members have Training Needs Analysis carried out within 6 months of confirmed appointment	Yes		Yes	All new Members have completed their Training Needs Analysis Questionnaire however Fund Officers are yet to carry out the remaining one to one meeting with one PSB Member.	N/A
1.3.9. % attendance at meetings by ISC	80%		94%	Two ISC meetings took place during this scorecard period on 13 October and 29 November 2021. No meetings took place during quarter 2 in line with the agreed schedule of meetings.	N/A
1.3.11. % attendance at meetings by PAB	80%	100%	67%	One PAB meeting took place in this scorecard period on 15 December 2021 where only six PAB Members could attend. 100% was reported to the 15 December 2021 PSB.	
1.5.6. PAB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	No	Yes	All appointees of the PAB are currently in place.	

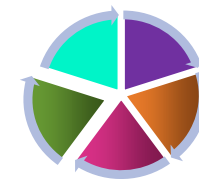
Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
1.6.5. EPF have been subject to audit by External Auditors	Yes	No	No	Further issues and delays were reported to the PSB at their 15 December meeting noting that the External Audit Completion Report had been received by the Fund but it had not yet been to the Audit Governance and Standards Committee for sign off.	

Exceptions - Funding



Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
2.6.1. Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.000%	0.038%	0.038%	On a full cessation basis there remains a total sum potentially unrecoverable of £3.2m. On an ongoing basis there is no deficit. 0.038% was reported to the 15 December 2021 PSB.	↔


Exceptions - Administration



Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
4.2.1. % of contributing employers submitting timely payments	100.0%	98.4%	99.0%	Previous score reported to 15 December 2021 PSB was 98.4%	↔
4.2.2. % of employers submitting employer contribution amounts in accordance with rates and adjustments certificate	100.0%	99.9%	90.9%	Previous score reported to 15 December 2021 PSB was 99.9%	↔

Exceptions - Communication



Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
5.1.4 % responses relating to the friendliness and expertise of staff within all Employer surveys	90%		100%	Three surveys were carried out during the 3rd Quarter relating to this measure: Employer Estimate Survey, Employer Workshop Survey and PN11 Survey. 35 out of 35 responses answered "yes" to "Did our staff display expertise and communicate with you in a friendly way".	N/A
5.2.3 % positive responses to usefulness and easy to follow within all Employer surveys	90%		100%	Two surveys were carried out during the 3rd Quarter relating to this measure: Employer Estimate Survey and Employer Workshop Survey. 10 out of 10 responses answered "yes" to "Was the information useful and easy to follow".	N/A
5.4.1 % of positive responses from all Employer surveys in relation to 'understanding the information'	90%		100%	One survey were carried out during the 3rd Quarter relating to this measure: PN11 Survey. 25 out of 25 responses answered "yes" to "Was the information easy to understand".	N/A
5.4.2 % of positive responses from all Member surveys in relation to 'understanding the information'	90%	86%	95%	Two surveys were carried out during the 3rd Quarter relating to this measure: Members Survey and Retirements Survey. 37 out of 39 responses answered "yes" to "Was the information easy to understand".	
5.4.3 % positive responses from employers training survey	90%		100%	7 out of 7 employers provided 100% positive responses in relation to the Employer Workshop.	N/A

Essex Pension Fund

Section D

2021/22 Risk Management Update

28 February 2022



Essex Pension Fund

Current Status

Probability

Almost
Certain
(4)

Likely
(3)

Possible
(2)

Unlikely
(1)

Minor
(1)

Moderate
(2)

Major
(3)

Critical
(4)

Impact

		0 (0)	0 (1)	
		5 (5)	4 (3)	1 (0)
		3 (3)	10 (10)	2 (2)
		5 (5)	9 (9)	7 (8)

(No. in brackets represents the previous scores reported to the 15 December 2021 PSB)

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
G3. 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 a poor decision and policymaking resulting in unprofitable investments and funding	6 (Yellow) The impact has increased from 2 to 3 due to the Fund's Advisers (Aon, Barnett Waddingham, Hymans Robertson) having the potential to reach retirement at similar periods. There is a risk the Fund could lose years of knowledge and expertise that the Advisers have gained over time with the Fund all at once.	6 (Yellow) This risk has remained the same whilst Fund Officers investigate the likelihood and impact of this risk materialising not just with Advisers but Fund Officers, Boards and Committee too. This has been added to the mitigations of this risk.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
G4. 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 (Yellow) The likelihood has been increased (from 1 to 2) in line with the comments made on risk G3 as reliance may not be able to be placed on the Fund's Advisers if newly appointed.	6 (Yellow) In line with the comments overleaf for Risk G3, the likelihood and impact of this risk is still being investigated. This has been added to the mitigations of this risk.
G9. Failure to undertake business as usual service due to events outside of Essex Pension Fund (EPF) control resulting in loss of service provision	6 (Yellow) This risk is still being monitored due to the Coronavirus Pandemic however does not need to be highlighted for any concern at this time	6 (Yellow) This risk was reverted back to its target score in September 2021 but remained 'on watch' due to the restrictions still in place. With the lift of restrictions announced by the Government during February 2022, this risk will now be reviewed in line with all other risks and no longer be 'on watch'.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
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	4 (Yellow) At target score and not within exception report	12 (Red) Geo Political instability, staff have been advised to be more vigilant when receiving emails to minimise this risk materialising.
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	12 (Red) This risk was originally upgraded to 12 (red) during 2019 from its target score (4 - yellow) due to may changes in the wider LGPS heavily impacting on the resources of the Fund, namely McCloud, 95k Cap and Cost Management Review.	9 (Amber) This risk has been revised due to recent publications of timelines and expectations along with the Fund's successful recruitment activities to have more resources to assist with the data imputing, specifically with the McCloud project.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
A1. Failure to administer scheme correctly in line with all relevant Regulations and policies owing to circumstances such as, but not limited to: <ul style="list-style-type: none">- lack of regulatory clarity;- system issues;- insufficient resources.	6 (Yellow) This risk is still being monitored due to the Coronavirus Pandemic however does not need to be highlighted for any concern at this time	6 (Yellow) This risk was reverted back to its target score in September 2021 but remained 'on watch' due to the restrictions still in place. With the lift of restrictions announced by the Government during February 2022, this risk will now be reviewed in line with all other risks and no longer be 'on watch'.
A3. Failure to pay people at right time in right amount	6 (Yellow) Sign off of the BACS Cloud has been completed as we now wait for implementation. The new ECC General Ledger system (My Oracle) is causing delays in the Fund's reconciliation processes.	6 (Yellow) This risk remains at 6 (target score is 3 (green)) due to the awaited implementation of BACS Cloud.

Exceptions - Governance



Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G3. 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 a poor decision and policymaking resulting in unprofitable investments and funding	4	6	<ol style="list-style-type: none"> 1. Training Plan is in place. 2. PSB/ISC/PAB Members have to complete specific Chartered Institute of Public Finance & Accountancy (CIPFA) modules on a two-year cycle. 3. Induction training for new Members within 3 months of appointment. 4. Training plans are reviewed/adapted to reflect changes within LGPS. 5. Essex Pension Fund (EPF) use Advisers, e.g. 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. 8. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations. 	4



Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G4. 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	3	6	<ol style="list-style-type: none">1. Essex Pension Fund (EPF) training plans are being implemented through performance plans.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.3. EPF staff training is recorded and monitored.4. Teams ensure Standing Operating Procedures (SOPs) are produced to cover key processes.5. In the absence of key officers, EPF utilises external consultants and independent Advisers to help in the short term.6. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations.	3



Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
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	4	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	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13 continued	4	12	<p>4. Mitigations have 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.</p> <p>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.</p>	4



Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<p>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</p> <p>Known changes include: McCloud, Cost Cap, £95k Cap, Goodwin, Academisation, Cost Management Review, SCAPE Rate Changes, GMP Equalisation, Pension Dashboards</p>	12	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	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G14 continued.	12	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 - Administration

Risk Details	15 Dec 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



Exceptions - Administration

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
A3 Continued.	6	6	<ul style="list-style-type: none">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. In addition, it has been agreed that EPF will have dual running to enable the new BACS Cloud to be tested.7. ECC's Corporate System 'TCS' (Financial Ledger system) has successfully moved over to 'My Oracle'.	3