

# 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

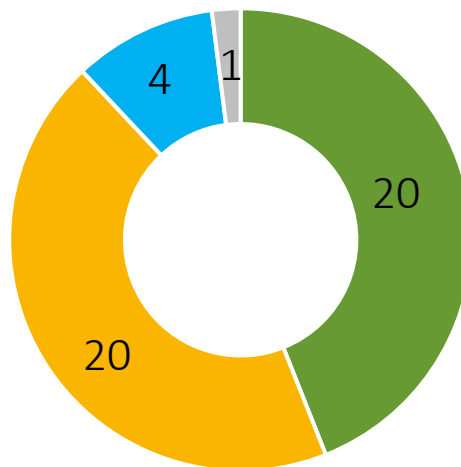
Progress Update

As at 30 November 2021



# Strategic BAU & Key Priorities

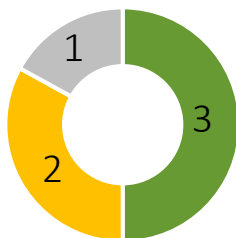
Essex Pension Fund



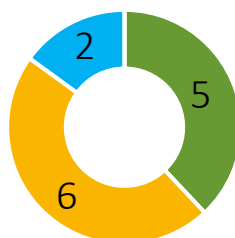
Of 45 Priorities

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

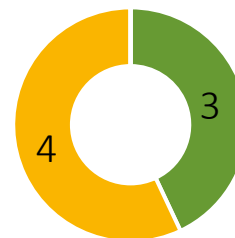
Funding



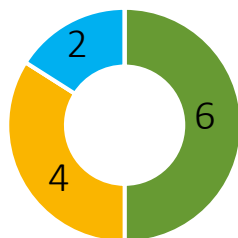
Investments



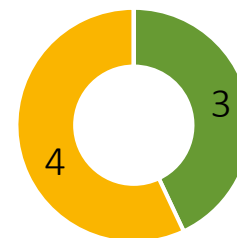
Administration



Governance



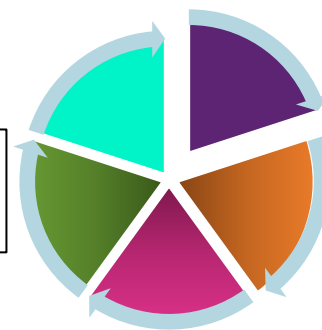
Communications



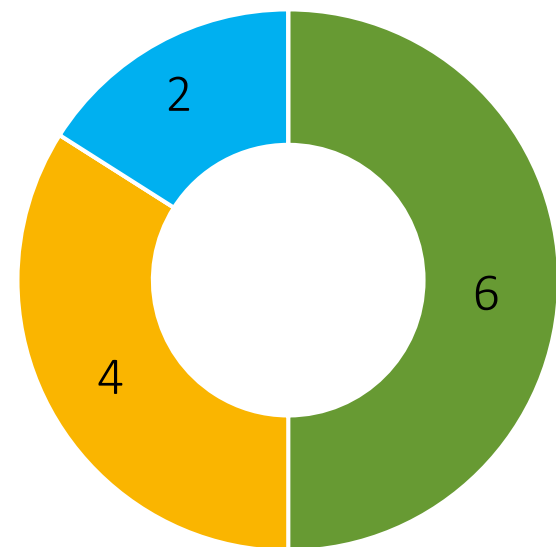
# 1. Progress - Governance

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

P – Previous  
C – Current

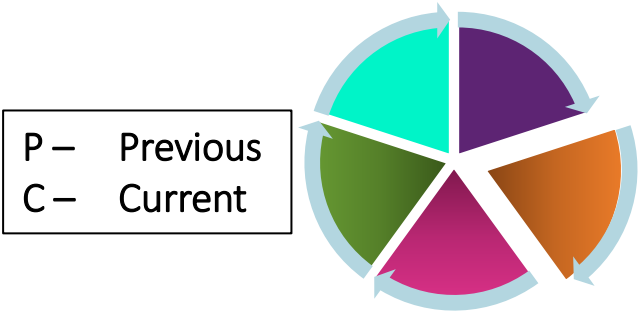


Strategic BAU & Key Priorities



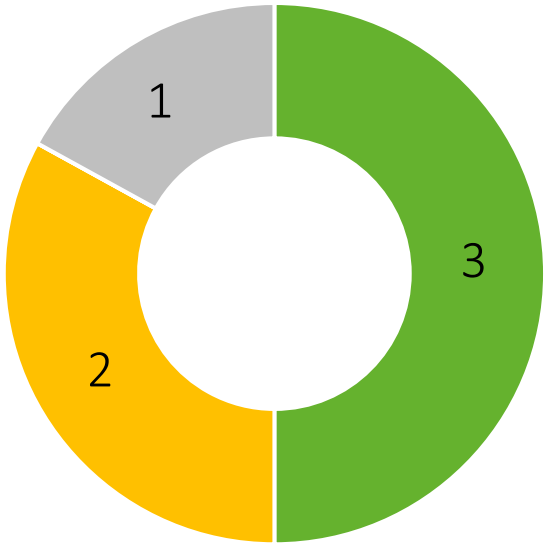
■ Completed  
■ Delayed  
■ In Progress  
■ Not due to start  
■ Not Applicable

# 2. Progress - Funding



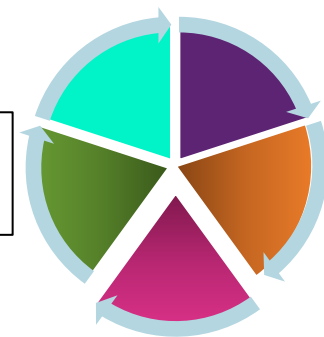
Strategic BAU & Key Priorities	P	C
1. Update Funding Strategy Statement (including Flexibilities Policies)	Completed	Completed
2. Annual Interim Funding review	In Progress	Completed
3. Employing Authority discretions and delegations review	Not Applicable	Not Applicable
4. Employer Risk review	In Progress	Completed
5. McCloud Preparation/Implementation	In Progress	In Progress
6. Employer Training Webinars	In Progress	In Progress

Strategic BAU & Key Priorities



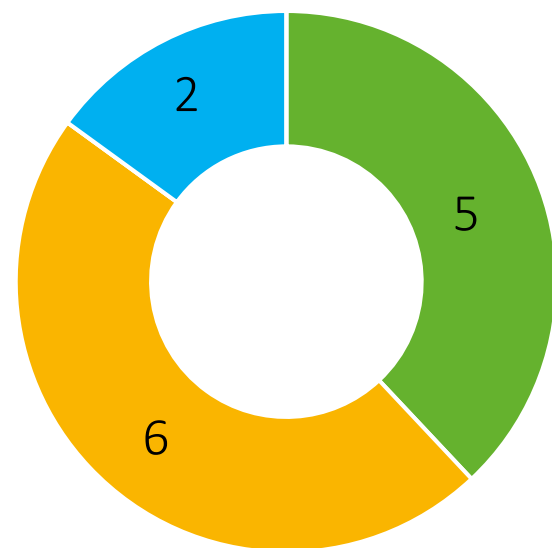
- Completed
- In Progress
- Delayed
- Not due to start
- Not Applicable

# 3. Progress - Investments



P – Previous  
C – Current

Strategic BAU & Key Priorities



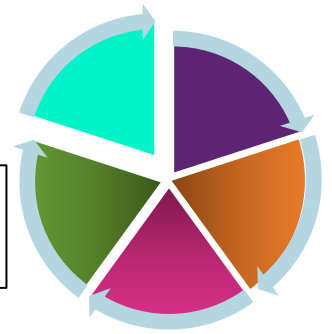
■ Completed  
■ In Progress  
■ Delayed  
■ Not due to start  
■ Not Applicable

Strategic BAU & Key Priorities	P	C
1. Develop/Implement Investment Managers Engagement Strategy	In Progress	In Progress
2. 2022/23 Treasury Management Strategy review	Not due to start	Not due to start
3. Strategic Asset Allocation review	Not due to start	Completed
4. ACCESS collaboration	In Progress	In Progress
5. Individual Manager review (on an exceptional basis)	In Progress	In Progress
6. Review of CEM Benchmarking / Cost Transparency	In Progress	Completed
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code	In Progress	In Progress
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy	In Progress	In Progress
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)	In Progress	In Progress
10. Implementation of Institutional Investment Consultant procurement	Completed	Completed
11. Institutional Investment Consultant – CMA review	Not due to start	Completed
12. Implementation of Global Custody procurement	Completed	Completed
13. Exploration of external RI Adviser	Not due to start	Not due to start

## Strategic BAU & Key Priorities



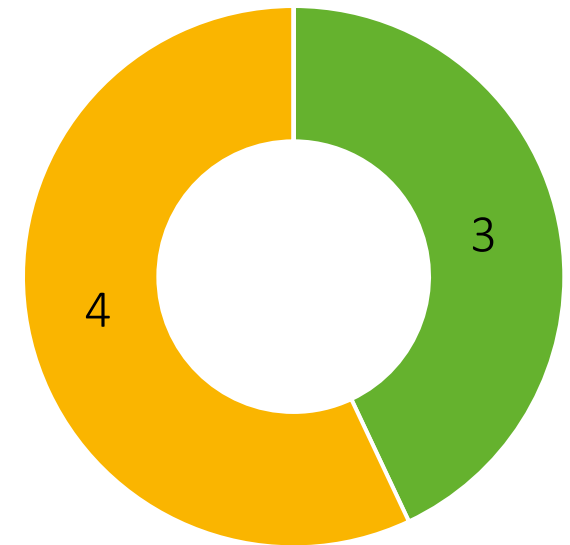
# 5. Progress - Communications



P – Previous  
C – Current

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

Strategic BAU & Key Priorities

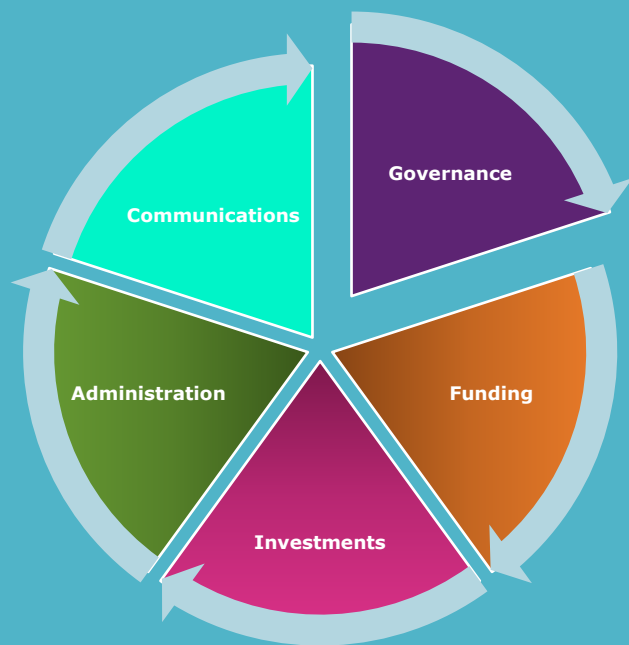


■ Completed  
■ Delayed  
■ Not Applicable  
■ In Progress  
■ Not due to start

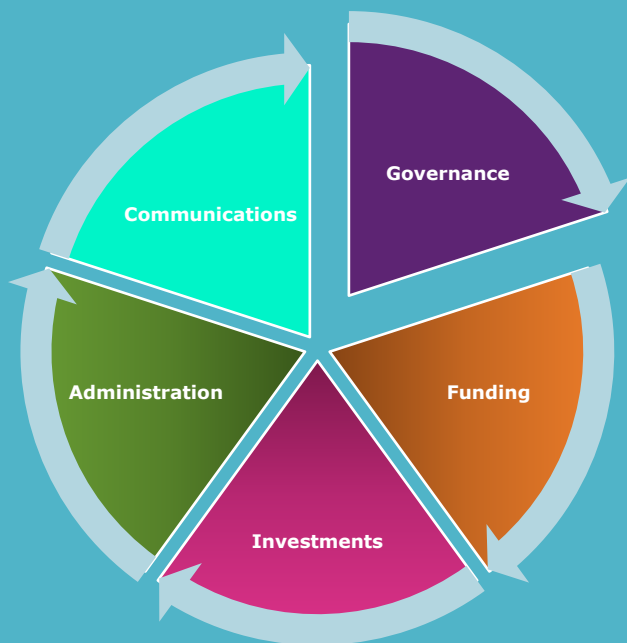


# Commentary

## 1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2022/23 Business Plan & Budget		2021/22 Business Plan & Budget was agreed at the 17 March 2021 PSB meeting. The 2022/23 Business Plan & Budget process will commence in Q4 2021/22.
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. Fund Officers are now in the process of carrying out Training Needs Analysis one to one meetings with the newer Members of the Boards/Committee.
5. Implementation of Business Continuity Policy		Complete.



Strategic BAU & Key Priorities		Commentary
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing		Ongoing. Further testing of the Plan is scheduled throughout the year.
7. Annual Statement of Accounts including compliance with CIPFA requirements		Delays with the External Audit has resulted in the Fund publishing Draft Annual Report & Accounts without an External Audit Opinion by the statutory deadline of 01 December 2021.
8. Development of Stakeholder Strategy		Commenced during July 2021.
9. Implementation of Governance Review and Effectiveness Survey		Complete for PSB/ISC. The outcome of the PAB's Review will be discussed at the 15 December 2021 PAB meeting with a final report presented to the PSB at their 23 March 2022 meeting.
10. LGPS Reform		Ongoing.
11. Commencement of AVC Review		The outcome of this review will be reported at a future PSB meeting.
12. Independent Governance &  Administration Adviser (IGAA) Contract Review		Due to the ECC guidance regarding face to face meetings with only decision-making bodies attending County Hall, this Review has been rescheduled for Q4 2021/22.

# Commentary

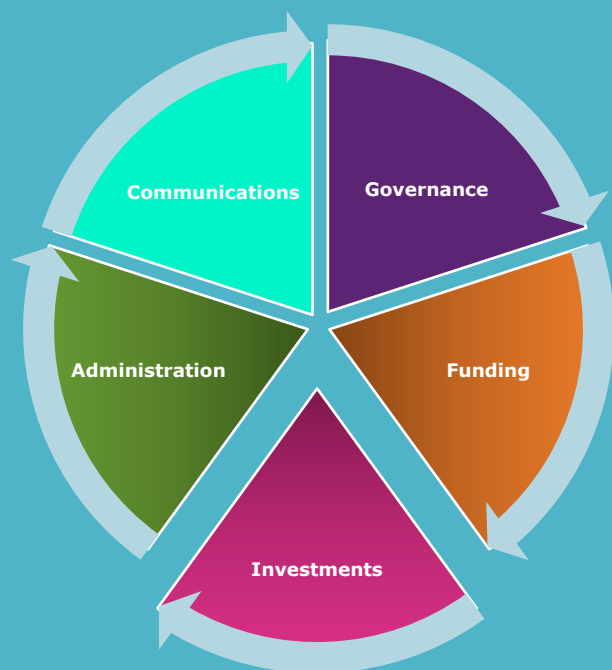
## 2. Funding



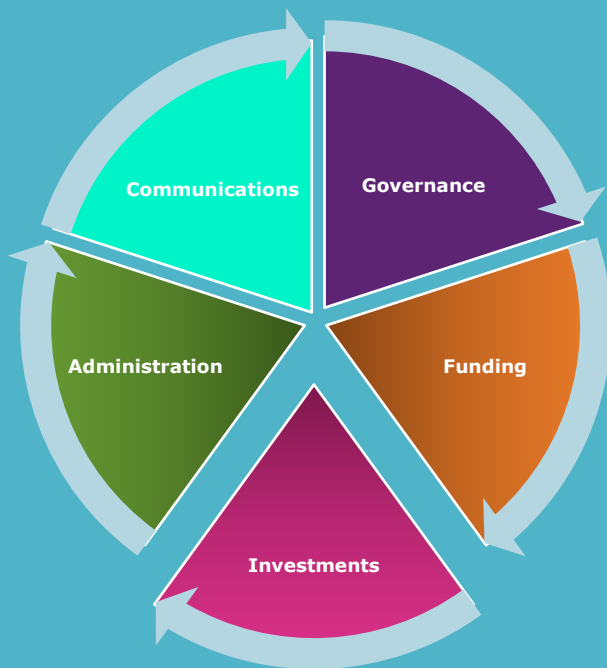
Strategic BAU & Key Priorities		Commentary
1. Update Funding Strategy Statement (including Flexibilities Policies)		Complete.
2. Annual Interim Funding review		Complete. The outcome of the 2021 Annual Interim Funding has been provided as part of this Agenda Pack.
3. Employing Authority discretions and delegations review		Periodically reviewed as and when required.
4. Employer Risk review		Complete. The outcome of the Employer Risk Review has been incorporated within the Annual Interim Funding Review and has been provided as part of this Agenda Pack.
5. McCloud Preparation/Implementation		Ongoing.
6. Employer Training Webinars		Ongoing.

# Commentary

## 3. Investments



Strategic BAU & Key Priorities		Commentary
1. Develop/Implement Investment Managers Engagement Strategy		The RI Project Plan was agreed at 16 June 2021 ISC meeting which sets out a timetable for achieving key deliverables.
2. 2022/23 Treasury Management Strategy review		Due in Q4 2021/22.
3. Strategic Asset Allocation review		Complete. The Strategic Asset Allocation review was reported to the ISC at their 29 November 2021 meeting.
4. ACCESS collaboration		Ongoing.
5. Individual Manager review (on an exceptional basis)		Routinely reported to ISC at each meeting.
6. Review of CEM Benchmarking / Cost Transparency		Complete. The outcome will be reported to a future ISC meeting.
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code		The RI Project Plan was agreed at 16 June 2021 ISC meeting which sets out a timetable for achieving key deliverables.



Strategic BAU & Key Priorities		Commentary
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy		The RI Project Plan was agreed at 16 June 2021 ISC meeting which sets out a timetable for achieving key deliverables. Currently the ISC have reviewed its Equity, Bond and Index Tracking mandates.
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)		The RI Project Plan was agreed at 16 June 2021 ISC meeting which sets out a timetable for achieving key deliverables. Climate Metric proposals were agreed at the 29 November 2021 ISC meeting.
10. Implementation of Institutional Investment Consultant procurement		Complete.
11. Institutional Investment Consultant – CMA review		Complete. The CMA review was carried out on 29 November 2021. The outcome will be reported to CMA in December 2021 and to the ISC at a their 23 February 2022 meeting.
12. Implementation of Global Custody procurement		Complete.
13. Exploration of external RI Adviser		Due Q4 2021/22.

# Commentary

## 4. Administration



Strategic BAU & Key Priorities		Commentary
1. Review Administration Strategy		Complete. The Draft Administration Strategy has been provided as part of this Agenda Pack for the Board's approval to consult with Employers.
2. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> <li>Unpausing of Cost Cap</li> <li>95k Cap</li> <li>Goodwin</li> </ul>		Ongoing. Unpausing of Cost Cap – Administration implications are possible but not yet clear. 95k was revoked last year however a new consultation during 2021/22 is expected. Goodwin – waiting for DLUHC to issue guidance.
3. Commencement of Pensions Single Payments provider review		BACS Cloud procurement is due to be implemented in Q4. This review has commenced.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Ongoing. Continuous development and implementation throughout the year.
5. McCloud Preparation/Implementation		Ongoing. Continuous development throughout the year.
6. Commencement of Monthly Returns Digital Transformation		Complete.
7. The Pensions Regulator (TPR) Data Improvement Plan		Complete.

# Commentary

## 5. Communications



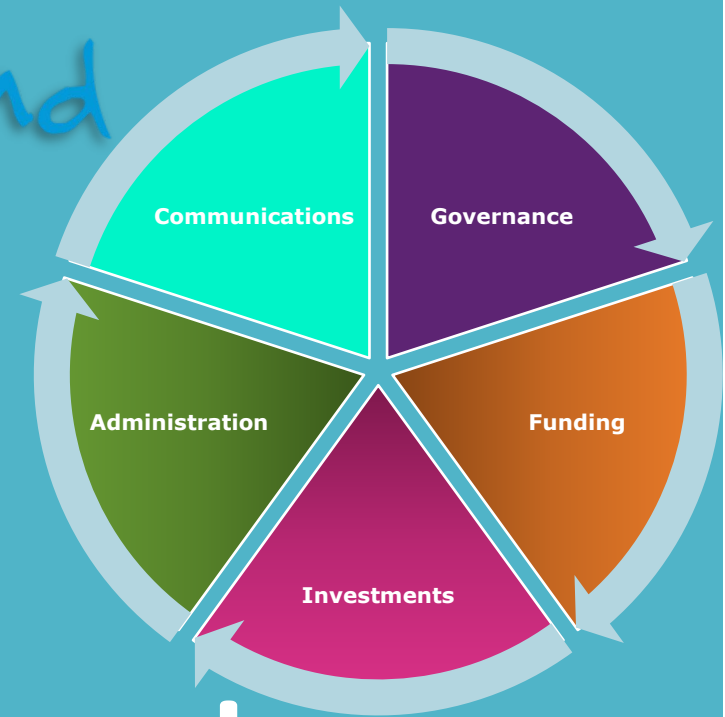
Strategic BAU & Key Priorities		Commentary
1. Development of Stakeholder Strategy		Commenced during July 2021.
2. LGPS Reform: <ul style="list-style-type: none"> <li>Unpausing of Cost Cap</li> <li>£95k Cap</li> <li>Goodwin</li> </ul>		Ongoing. Communications on these issues will be developed once further guidance and communications have been issued from DLUHC.
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Ongoing. Continuous development and implementation throughout the year.
4. McCloud Implications		Ongoing. Continuous development throughout the year.
5. Implementation of Social Media Channel		Implementation complete.
6. Commencement of the Website review		Commenced. An update will be provided at the Back to Basics Training Day.
7. Annual Benefit Statements review and development		Complete.

# Essex Pension Fund

## Section B

# 2021/22 Budget vs Current Forecast Q3 Update


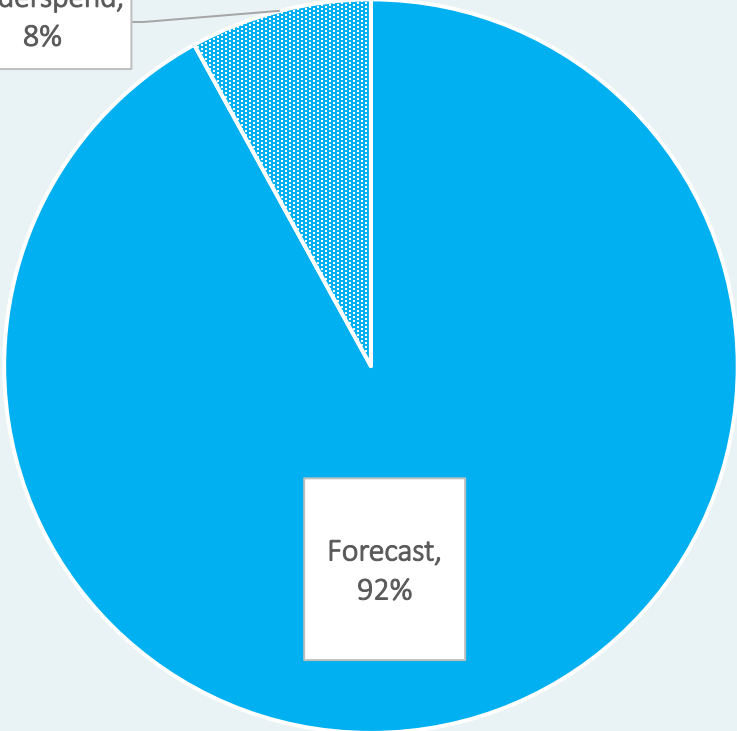





Date produced: 06 December 2021



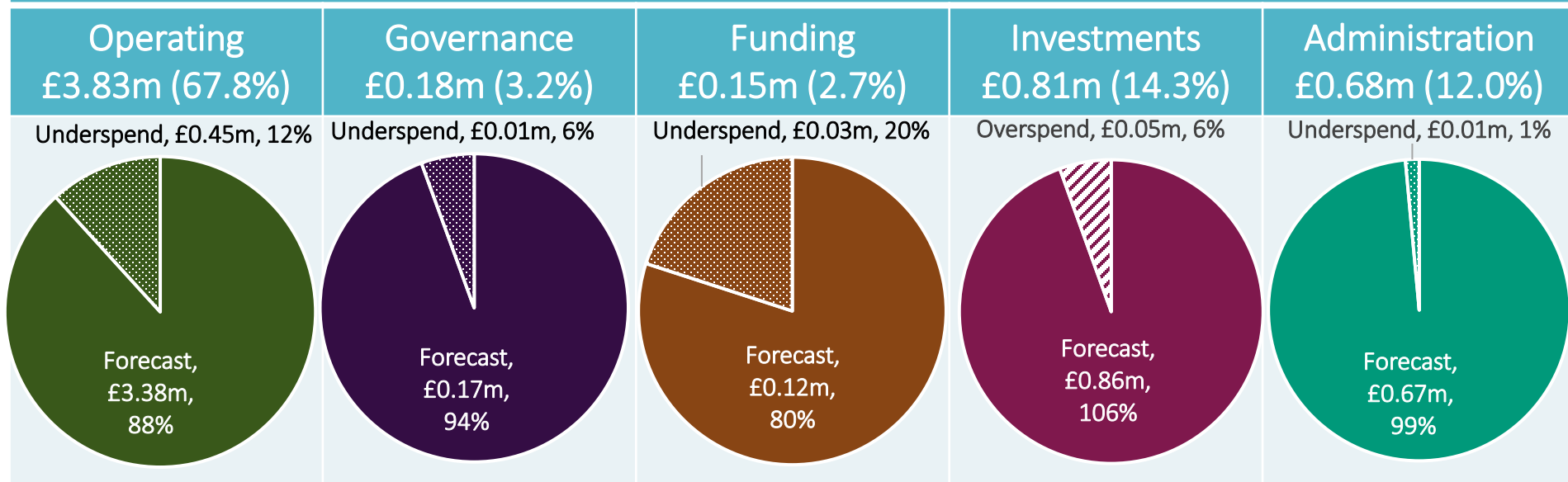


# EPF Budget vs Forecast 2021/22

## Q3 Progress Update

EPF Budget £5.65m	Current Forecast £5.20m	Variance (Under)/Overspend (£0.45m)	Rating 	Progress Update Commentary	Variance against Budget Key	
 <p>Forecast, 92%</p> <p>Underspend, 8%</p>				<p><i>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.</i></p>	(Under) spend > 5%	
					(Under) spend < 5%	
					On Budget	
					Over spend < 5%	
					Over spend > 5%	

## EPF Budget 2021/22: £5.65m



### Variance against Budget: Rating



### Budget Commentary

Forecast a significant underspend on EPF Staffing Budget for the year. This has been largely driven by recruitment taking longer than anticipated and savings made by utilising the Government Kickstart Scheme.

Governance advice forecast a small monetary underspend for the year. Largely relating to the reduced number of Officer and Adviser meetings than budgeted for.

Actuarial advice forecast an underspend. This relates to the expectation that Legislation advice around McCloud and Cost Cap is now likely to be pushed to the 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 a slight underspend for the year.

# Essex Pension Fund

Section C

2021/22

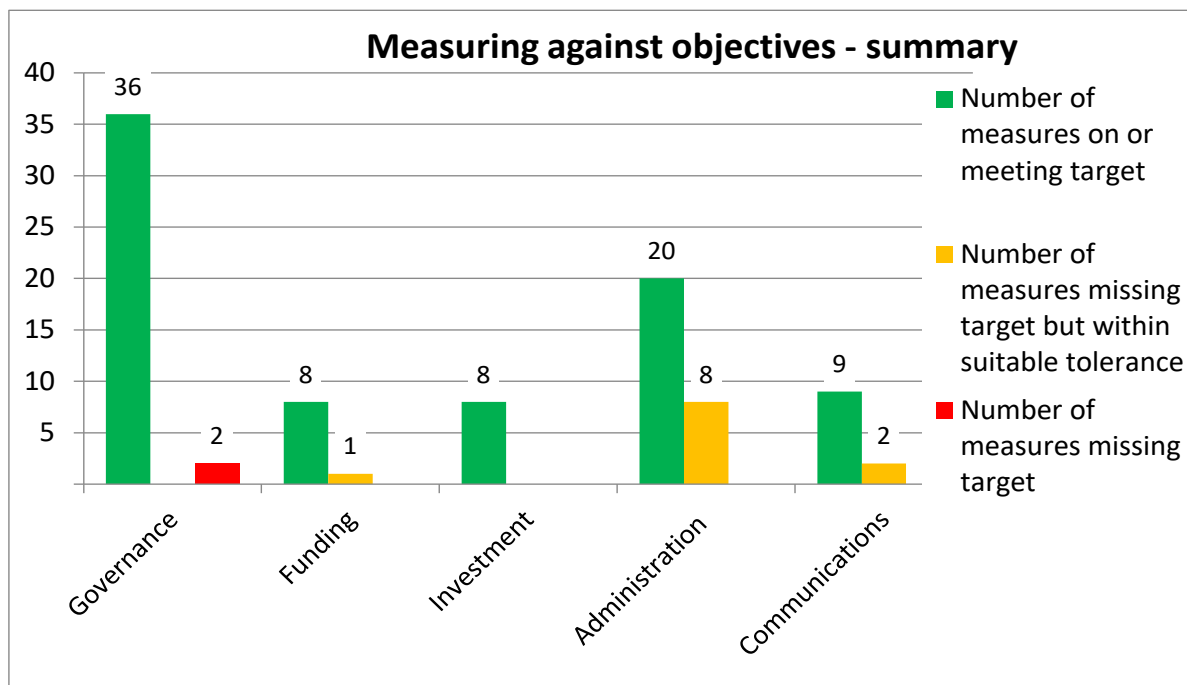
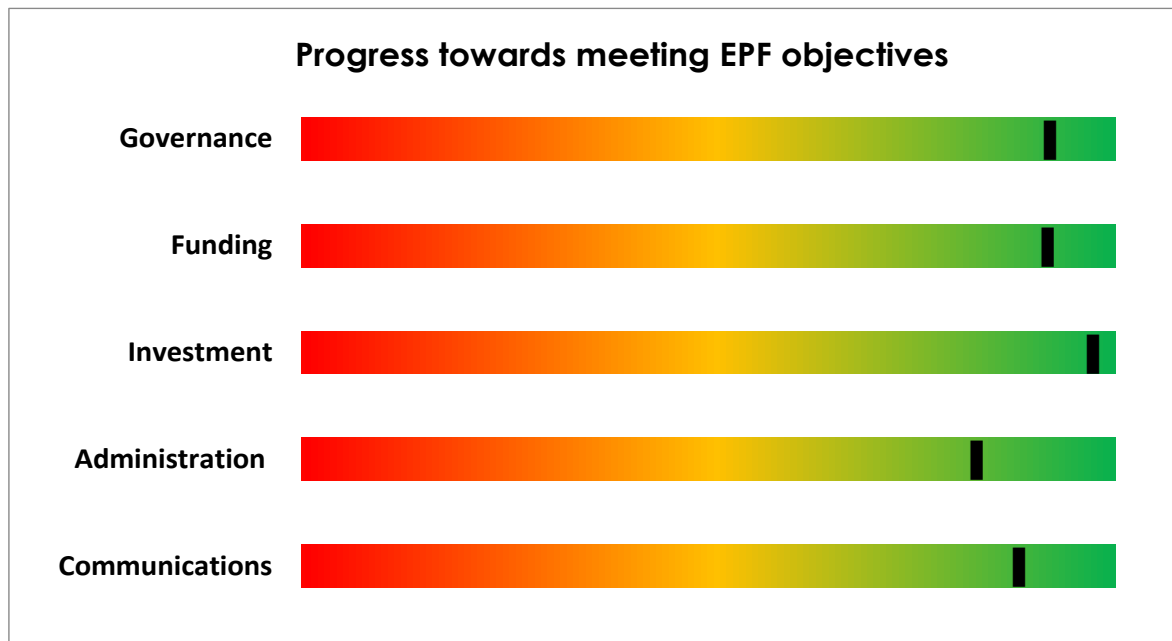
Scorecard

Update

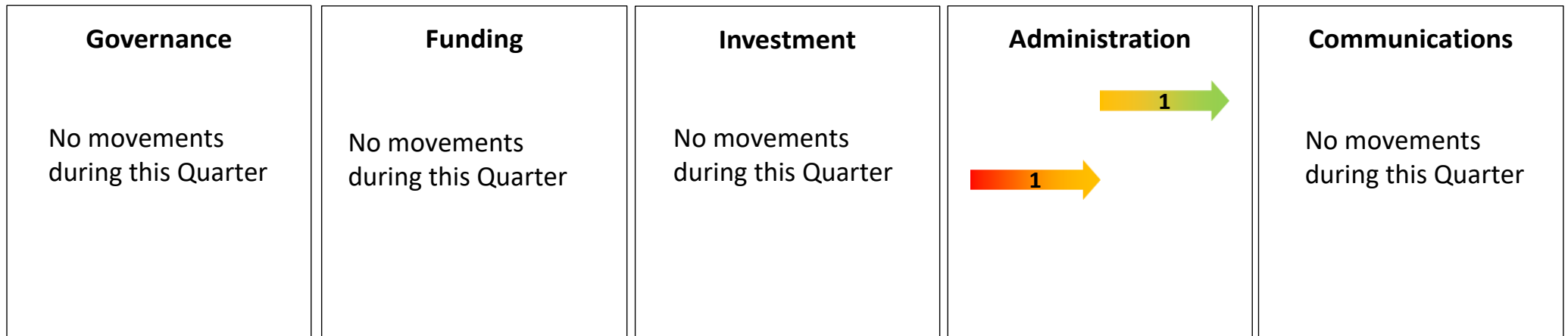
01 July 2021 - 30 September 2021



# Current Status



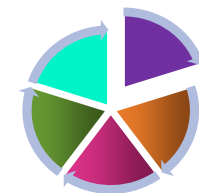
# Movements since previous Scorecard



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

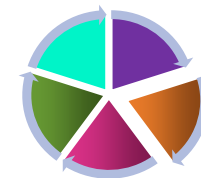
Movements during the period 01 July 2021 to 30 September 2021

# Exceptions - Governance



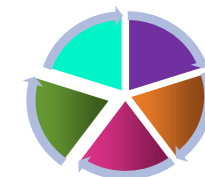
Measure	Target	Score as at 30 June 2021	Score as at 30 September 2021	Detail	Trend
1.5.6. PAB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	No	No	On 17 February 2021, Fund Officers received a resignation from one PAB Scheme Member representative. Recruitment activities have now been completed and an update has been provided as part of this Agenda Pack.	
1.6.5. EPF have been subject to audit by External Auditors	Yes		No	Further issues and delays were reported to the PSB at their 22 September meeting noting that the External Audit on the Fund had not been completed and there was a risk that BDO LLP would not meet the November deadline causing delays in the publication of the Fund's Annual Report & Accounts. It is now expected that BDO will not be in a position to complete their final sign off until 17 January 2022.	N/A

# Exceptions - Funding



Measure	Target	Score as at 30 June 2021	Score as at 30 September 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 22 September 2021 PSB.	↔

# Exceptions - Administration



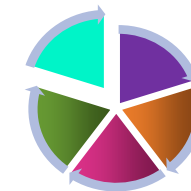
Measure	Target	Score as at 30 June 2021	Score as at 30 September 2021	Detail	Trend
4.1.3. Meeting Fund's agreed timescales - Letter detailing transfer in quote issued within 10 working days	95%	90%	91%	This has increased from 90% in 2019/20 to 91% in 2020/21. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 287 cases in 2020/21 441 cases in 2019/20 151 cases in 2018/19 392 cases in 2017/18	
4.1.5. Meeting Fund's agreed timescales - Process and pay a refund with 10 working days	95%	93%	95%	This has increased from 93% in 2019/20 to 95% in 2020/21. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 5,093 cases in 2020/21 2,443 cases in 2019/20 1,976 cases in 2018/19 963 cases in 2017/18	
4.1.12. Meeting Fund's agreed timescales - Calculate and notify deferred benefits within 30 working days	95%	79%	90%	This has increased from 78% in 2019/20 to 90% in 2020/21. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 4,685 cases in 2020/21 3,090 cases in 2019/20 6,581 cases in 2018/19 2,111 cases in 2017/18	



Measure	Target	Score as at 30 June 2021	Score as at 30 September 2021	Detail	Trend
4.1.14. Meeting Fund's agreed timescales – Once Fund is in receipt of all required data, letter detailing implementation of divorce settlement cash equivalent value and application of pension sharing order within 15 working days	95%	92%	92%	Unchanged. 92% in both 2019/20 and 2020/21. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 13 cases in 2020/21 13 cases in 2019/20	
4.2.1. % of contributing employers submitting timely payments	100%	97.9%	98.4%	Previous score reported to 22 September 2021 PSB was 97.9%	
4.2.2. % of employers submitting employer contribution amounts in accordance with rates and adjustments certificate	100%	99.9%	99.9%	Previous score reported to 22 September 2021 PSB was 99.9%	
4.3.5. Meeting legally required timescales - Letter detailing transfer in quote issued within 2 months from initial request	100%		99%	This is a new measure and therefore no comparable data is available. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 286 of 287 cases in 2020/21	N/A
4.3.6. Meeting legally required timescales -Letter detailing transfer out quote issued within 2 months from initial request	100%		99%	This is a new measure and therefore no comparable data is available. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 947 of 952 cases in 2020/21	N/A
4.3.7. Meeting legally required agreed timescales - Letter notifying the amount of dependent's benefits within 2 months of notification of death	100%		100%	This is a new measure and therefore no comparable data is available. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 1,544 of 1,544 cases in 2020/21	N/A

Measure	Target	Score as at 30 June 2021	Score as at 30 September 2021	Detail	Trend
4.3.8. Meeting legally required agreed timescales - Letter detailing divorce quote cash equivalent value and other benefits within 3 months of request	100%		99%	This is a new measure and therefore no comparable data is available. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 364 of 365 cases in 2020/21	N/A
4.3.9. Meeting legally required agreed timescales - Send notification of joining the LGPS to scheme member within 2 months of date of joining	100%		100%	This is a new measure and therefore no comparable data is available. This is an annual measure and will not be updated until September 2022. The CIPFA Average is not yet available. 9,403 of 9,403 cases in 2020/21	N/A

# Exceptions - Communication



Measure	Target	Score as at 30 June 2021	Score as at 30 September 2021	Detail	Trend
5.3.3 % positive responses to questions relating to 'the ease of access to information' in all Member Surveys	90%		90%	This is a new measure and therefore no comparable data is available. Two surveys were carried out during the 2nd Quarter relating to this measure: the Members Survey and Retirements Survey. 53 out of 59 responses answered "yes" to "Were you able to access the information easily".	N/A
5.4.1 % of positive responses from all Member surveys in relation to 'understanding the information'	90%		86%	This is a new measure and therefore comparable data is not available. Three surveys were carried out during the 2nd Quarter relating to this measure: the Active ABS Survey, Members Survey and Retirements Survey. 320 out of 373 responses answered "yes" to "Was the information easy to understand".	N/A
5.4.2 % positive responses to the Active ABS Survey	90%		85%	This is a new measure and therefore comparable data is not available. 267 out of 314 responses were positive in relation to the Active ABS Survey.	N/A

# Essex Pension Fund

## Section D

# 2021/22 Risk Management Update

30 November 2021



# Current Status

## Essex Pension Fund

Probability	Almost Certain (4)		0 (0)	1 (1)	
	Likely (3)		5 (5)	3 (3)	
	Possible (2)		3 (4)	10 (8)	2 (2)
	Unlikely (1)		5 (5)	9 (10)	8 (8)
		Minor (1)	Moderate (2)	Major (3)	Critical (4)
		Impact			

(No. in brackets represents the previous scores reported to the 22 September 2021 PSB)

# Assessments

## BAU

Risk	Reported at 22 September 2021 PSB	As at 30 November 2021
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 (Yellow) At target score. Not reported as part of the exception report.	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.

# Assessments

## BAU

Risk	Reported at 22 September 2021 PSB	As at 30 November 2021
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 (Green) At target score. Not reported as part of the exception report.	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.
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) Reduced back to target score due to EPF being able to carry out BAU throughout Covid-19 Pandemic with the likelihood reduced by the lift of restrictions	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

# Assessments

## BAU

Risk	Reported at 22 September 2021 PSB	As at 30 November 2021
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"><li>- lack of regulatory clarity;</li><li>- system issues;</li><li>- insufficient resources.</li></ul>	6 (Yellow) Likelihood reduced bringing the score back to target as a result of the amount of deaths now stabilising	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
A3. Failure to pay people at right time in right amount	6 (Yellow) Pending BACS Cloud Procurement update. In addition, ECC are in the process of changing the General Ledger system (TCS) to a new system in the coming months.	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.





# Exceptions - Governance

Risk Details	22 Sep 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"><li>1. Training Plan is in place.</li><li>2. PSB/ISC/PAB Members have to complete specific Chartered Institute of Public Finance &amp; Accountancy (CIPFA) modules on a two-year cycle.</li><li>3. Induction training for new Members within 3 months of appointment.</li><li>4. Training plans are reviewed/adapted to reflect changes within LGPS.</li><li>5. Essex Pension Fund (EPF) use Advisers, e.g. Independent Governance &amp; Administration Adviser (IGAA), to provide relevant information and recommendations.</li><li>6. Progress made against the training plans is recorded and monitored.</li><li>7. Mechanisms are in place to recruit vacancies as they arise.</li></ol>	4



# Exceptions - Governance

Risk Details	22 Sep 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"><li>1. Essex Pension Fund (EPF) training plans are being implemented through performance plans.</li><li>2. EPF staff attend training events, engage with peer groups, and work towards the Chartered Institute of Public Finance &amp; Accountancy (CIPFA) Knowledge and Skills Framework.</li><li>3. EPF staff training is recorded and monitored.</li><li>4. Teams ensure Standing Operating Procedures (SOPs) are produced to cover key processes.</li><li>5. In the absence of key officers, EPF utilises external consultants and independent Advisers to help in the short term.</li></ol>	3



# Exceptions - Governance

Risk Details	22 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"> <li>- McCloud, Cost Cap, £95k Cap and Goodwin - DLUHC Consultations likely to impact on the Fund i.e. resources to deliver the required outputs;</li> <li>- 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;</li> <li>- 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;</li> <li>- 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;</li> <li>- Increased centralisation of the Local Government Pension Scheme (LGPS) and HM Treasury taking all the assets / structural change;</li> </ul>	12	12	<ol style="list-style-type: none"> <li>1. Regular communications with schools to understand their intentions.</li> <li>2. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS.</li> <li>3. EPF monitor the current and new regulations and correspondence from Department for Levelling Up, Housing and Communities (DLUHC) and Local Government Association (LGA).</li> <li>4. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds.</li> <li>5. EPF utilise the expertise of their Independent Administration and Governance Adviser (IGAA)</li> </ol>	4



# Exceptions - Governance

Risk Details	22 Sep Rating	Current Rating	Controls / Mitigations	Target Score
<p>G14 continued.</p> <ul style="list-style-type: none"><li>- Guaranteed Minimum Pension (GMP) equalisation resulting in potentially additional costs and/or administration;</li><li>- National Pensions Dashboard resulting in major changes to data provision;</li><li>- Separation of the Fund from the Administering Authority;</li><li>- Government intervention in Fund asset allocation decisions.</li></ul>	12	12	<p>6. Additional Resources have been approved by the Head of Paid Service to enable the Fund to continue to meet its obligations.</p> <p>7. 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.</p> <p>8. Essex County Council (ECC) Head of Paid Service has authorised further resources to assist with the pending changes and increase in workload. Positions are already starting to be filled.</p>	4



# Exceptions - Administration

Risk Details	22 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"><li>1. Data cleansing exercises take place at least annually or as and when required. Common and Scheme Specific data checks are carried out.</li><li>2. Essex Pension Fund (EPF) ensure the System is tested regularly to ensure compliance with regulations.</li><li>3. Robust checking and validation of data takes place in calculations and receipt of information from employers.</li><li>4. EPF ensures staff are adequately trained by developing and implementing training plans along with encouraging staff to undertake professional qualifications.</li><li>5. Payroll is conducted earlier than required to allow issues to be rectified prior to payment.</li></ol>	3



# Exceptions - Administration

Risk Details	22 Sep Rating	Current Rating	Controls / Mitigations	Target Score
A3 Continued.	6	6	<ul style="list-style-type: none"><li>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.</li><li>7. ECC's Corporate System 'TCS' (Financial Ledger system) has successfully moved over to 'My Oracle'. Officers are monitoring issues and raising these with the relevant team(s) for rectification.</li></ul>	3