



Essex County Council

# Essex Pension Fund Advisory Board

<b>13:00</b>	<b>Wednesday, 15 January 2020</b>	<b>Committee Room 2, County Hall, Chelmsford, CM1 1QH</b>
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**For information about the meeting please ask for:**

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### **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

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| 11 | <b>Pooling Update</b><br>To receive a presentation from the Interim Director for Essex Pension Fund   |
| 12 | <b>Urgent Exempt Business</b><br>To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency. |

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972. If there is exempted business, it will be clearly marked as an Exempt Item on the agenda and members of the public and any representatives of the media will be asked to leave the meeting room for that item.

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<b>Essex Pension Fund Advisory Board</b>	<b>PAB 01</b>
<b>Date: 15 January 2020</b>	

## **Essex Pension Fund Advisory Board Membership, Apologies and Declarations of Interest**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

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### **1. Purpose of the Report**

- 1.1 To present Membership, Apologies and Declarations of Interest for the 15 January 2020 PAB.

### **2. Recommendation**

- 2.1 That the Board should note:
- Membership as shown below;
  - Apologies and substitutions;
  - Declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

### **3. Membership**

(Quorum: 4)

9 members consisting of:

- one Independent Chairman;
- four Scheme Member representatives;
- four Employer representatives.

#### **Membership**

#### **Representing**

Nicola Mark

Independent Chairman

#### **Scheme Members Representatives**

Andrew Coburn

Pensioner, Ex Essex County Council,  
UNISON

Debs Hurst

Active Member, Chelmsford College

James Sheehy

Active Member, Witham Town Council

Stuart Roberts

Active Member, Shenfield High School

#### **Employer Representatives**

James Durrant

Essex Fire Authority

Councillor Terry Cutmore

Rochford District Council

Councillor Shane Hebb

Thurrock Borough Council

Councillor Simon Walsh

Essex County Council

## Notes of the meeting of the Essex Pension Fund Advisory Board (PAB) held in Committee Room 2, on 25 September 2019

### 1. Membership, Apologies and Declarations of Interest.

The report of the Membership, Apologies and Declarations of Interest were received.

#### **Membership**

##### **Present:**

#### **Independent Chairman**

Nicola Mark	Head of Norfolk Pension Fund
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#### **Employer Representatives**

Cllr Terry Cutmore	Rochford District Council
Cllr Shane Hebb	Thurrock Borough Council

#### **Scheme Member Representatives**

Andrew Coburn	UNISON
Debs Hurst	Chelmsford College
James Sheehy	Witham Town Council
Stuart Roberts	Shenfield High School

In addition, the Essex Pension Strategy Board (PSB) member Sandra Child (UNISON) attended the meeting as an observer.

The following officers and advisors were also present in support:

Jody Evans	Interim Director for Essex Pension Fund
Sam Andrews	Investment Manager
Sara Maxey	Employer Manager
Daniel Chessell	Retirement Team Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst
Karen McWilliam	Independent Governance and Administration Advisor (IGAA) (AON)

It was mentioned that the meeting would be recorded to assist with the notes for the meeting.

#### **Opening Remarks**

The Chairman welcomed two new PAB Members James Sheehy and Stuart Roberts, Scheme Member Representatives. As this was their first meeting,

introductions round the table were made. The Chairman also welcomed Sandra Child (UNISON), PSB observer.

### **Apologies for Absence**

It was noted that Cllr Simon Walsh and James Durrant would not be able to attend the meeting.

### **Declaration of Interest**

Declarations were received from:

Andrew Coburn - declared he was in receipt of an LGPS Pension.

## **2. Appointment of Vice-Chairman**

The Chairman asked for nominations to be put forward for the role of Vice-Chairman. Only one nomination was received that of Andrew Coburn, UNISON.

### **Resolved:**

After a show of hands Andrew Coburn was subsequently elected for the role of the Vice-Chairman.

## **3. Notes of the previous meeting**

Notes of the meeting of the PAB held on 5 June 2019 were approved as a correct record and signed by the Chairman.

The following points were raised by the Chairman for noting:

- the PAB TOR would be put before Full Council on 8 October 2019;
- the SAB survey had been included within this agenda pack; and
- all other matters were to be dealt with through this agenda pack.

### **Resolved:**

The Board noted the updates.

## **4. Essex Pension Fund Strategy Board (PSB) Meetings 3 July and 11 September 2019**

The Interim Director for Essex Pension Fund drew the Board's attention to agenda item 4 which detailed the content discussed at the last two PSB meetings.

The key points discussed at the last two PSB meetings were brought to member's attention. The following items were presented to the Board via presentation and verbal update:

- Officer Changes within Essex Pension Fund:



- Due to the departure of the Director, Kevin McDonald, who has taken on a two-year secondment as the Interim Director for ACCESS Support Unit, Jody Evans has now taken over the role and has been appointed the Interim Director for Essex Pension Fund.
- This then saw the uplift of four Members of the Management Team to deputise for the Interim Director within their areas of expertise: Samantha Andrews, Investment Manager; Sara Maxey, Employer Manager; Amanda Crawford, Compliance Manager; and Daniel Chessell, Retirement Manager.
- It was also highlighted to the Board that the LAPF Investment Awards took place on 19 September 2019. The Fund were shortlisted for three awards and won the Scheme Governance Award. The Board congratulated the team.
- PAB Membership Review:
  - The Board were notified of the change in membership showing that two new Scheme Member Representatives were successfully appointed to the PAB in August 2019. They were: James Sheehy, Witham Town Clerk and Stuart Roberts, Shenfield High School Business Manager.
  - The Board were also notified that James Durrant was re-appointed as part of the Employer Representative review being the only nominee.
  - The Board were notified that the next phase of the review would be to review the PAB Chairman appointment and that this would commence 30 September 2019.
  - The Chairman and Vice-Chairman asked for their thanks to Paul Hewitt, previous PAB Vice-Chairman, to be recorded for his service to the Fund over the last 4 years.
- Risk Register:
  - The Board were provided with a Heatmap of the Fund's Risks and were notified that a risk in relation to the McCloud judgement had been re-assessed and scored as red.
  - In addition, the Board were notified that risk I8 was being reviewed and would be updated after the Responsible Investment Workshop on 25 October 2019.
  - The Chairman brought to the attention the concerns raised during previous meetings in relation to Cyber security. The Chairman confirmed that this was captured within the Fund's Risk Register.
  - Concerns were raised in relation to the ECC system recovery processes and it was confirmed that this would be discussed later in the Agenda under Business Continuity.
- Valuation:
  - The Employer Manager provided the Board with a presentation highlighting the key developments of the 2019 Valuation that were discussed at the PSB.

- Slides were presented to the Board to show the timeline for the completion of the Fund's Funding Strategy Statement. The Board were made aware that the PSB agreed to utilise the out of committee decision making process stage 3.
- The Employer Manager also presented to the Board an overview on the Fund's processes in relation to Exit Payments.
- Charging Policy:
  - At the last PAB meeting, the Board asked for a trend analysis since the publication of the Charging Policy in relation to timely and accurate annual returns from the Fund's employers.
  - The Fund provided a presentation showing the last five years highlighting the vast improvements made with the quality of data they receive from their employers. The Board showed their appreciation to the Fund for their hard work to achieve the results.
  - In addition, the Board asked if the Fund could provide a further breakdown of the trends by members and employers.
- Business Continuity:
  - The Board were advised that during the last PSB meeting, the PSB requested the PAB review the business continuity arrangements for the Fund. The Board were informed that the Compliance Manager, in consultation with the IGAA, would be reviewing the business continuity plan and would report on progress at the next meeting. It was confirmed that this would capture reliance on ECC systems.

**Action:**

The Fund will provide a further breakdown of the trend analysis from publication of the Charging Policy at a future meeting.

**Action:**

The Fund will provide an update on business continuity at the next meeting.

**Resolved:**

The Board noted the report, presentations and updates.

## 5. Good Governance Survey

The Chairman introduced this item and invited the IGAA to provide an update on the progress made with the Good Governance Survey. The Board were informed that in addition to the paper survey, workshops and listening groups have also been set up to reach as many stakeholders as possible.

The Board were notified that the key outcomes included: robust conflict management; assurance administration and other resource (quantity and competency) sufficient to meet regulatory requirements and budget appropriate; explain policy on employer and member engagement and representation on governance; and regular independent review of governance

to assess effectiveness of administering authority's governance arrangements in the context of the desirable features and expected outcomes set out in guidance on an 'outcomes-based' model.

The Board were notified that the Fund would conduct a self-assessment against the areas highlighted and would report their assessment to the Board.

**Resolved:**

The Board noted the report and update.

**6. SAB Pension Board Survey**

The Chairman introduced this item and invited the IGAA to provide an update on the progress made with the SAB Pension Board Survey. With its publication imminent, the Board were asked to agree how they would consolidate their responses. It was therefore discussed and agreed that upon publication, the Compliance Manager would complete the survey to cover the factual questions. Suggestions would also be made and sent out to the Board via email for comment/amendment.

**Action:**

Compliance Manager to start compiling responses on publication of the survey and to obtain further comments / amendments from the Board, providing a joint response.

**Resolved:**

The Board noted the report and update.

**7. Papers provided to PAB**

The Interim Director for Essex Pension Fund drew the Board's attention to agenda item 7 which listed the documents which had been issued to the PAB since their last meeting.

The Chairman asked if the paper could be further expanded to highlight what the main subject(s) of discussion was at each PSB and ISC meeting.

**Action:**

Compliance Manager to expand this paper to include the main subject(s) discussed at the PSB/ISC meetings.

**Resolved:**

The Board noted the report.

**8. Schedule of Future meetings**

The Board noted the schedule of meetings for the municipal year 2019/20 and were also advised the agreed dates of the PSB and ISC should they wish to attend as an observer.

The Board were notified that all PSB meetings would start an earlier time of 10am.

Pension Advisory Board

15 January 2020 – 1pm

Pension Strategy Board

18 December 2019 – 10am

4 March 2020 – 10am

Investment Steering Committee

27 November 2019 – 1pm

19 February 2020 – 1pm

25 March 2020 – 1pm

The Board were also notified of the upcoming Annual Governance Conference in January 2020. The Board asked for the details of this event to be passed onto Members.

**Action:**

Compliance Manager to provide the Board with details on the Annual Governance Conference.

**Resolved:**

The Board noted the update.

**9. Urgent Business**

None.

**Exclusion of the Public and Press**

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

**Resolved:**

The Chairman brought to the attention the above statement and the Board agreed to proceed.

**10. Pooling Update**

The Members of the Board received a presentation and update from the Interim Director for Essex Pension Fund highlighting the outcome of the ACCESS Support Unit (ASU) recruiting activities and the outcome of the latest Joint Committee meeting.

**Resolved**

The Board noted the progress to date.

**11. Urgent Exempt Business**

None.

**12. Closing Remarks**

The Chairman thanked members of the Board for their hard work and support over the last 4 years in case the review of the PAB Chairman sees the role being taken forward by another individual.

The Chairman also notified the Board that they would have sight of the Fund's new Business Plan at their next meeting.

The Chairman reaffirmed that the next PAB meeting would take place on Wednesday 15 January 2020 at 1.00pm.

There being no further business the meeting closed at 2.54pm.

**Chairman**  
**15 January 2020**



<b>Essex Pension Fund Advisory Board</b>	<b>PAB 03</b>
<b>Date: 15 January 2020</b>	

## **Essex Pension Fund Strategy Board Update**

Report by the Interim Director for Essex Pension Fund  
 Enquiries to Jody Evans on 0333 0138 489

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### **1. Purpose of the Report**

- 1.1 To provide the Board with an update from the last Essex Pension Fund Strategy Board (PSB) meeting held on 18 December 2019.

### **2. Recommendation**

- 2.1 The Board to review the papers reviewed by the PSB.

### **3. Background**

- 3.1 Since the last PAB meeting, one PSB meeting was held on 18 December 2019. Board Members (PAB) were sent a copy of the Agenda Pack for this meeting. Each agenda item and outcome has been summarised below and the Board are invited to comment and/or raise questions on each item.
- 3.2 From this information, the Fund will highlight the key items through a PowerPoint presentation to the PAB at this meeting. These items will include:
- Essex Pension Fund (EPF) Policies and Publications;
  - Good Governance Report;
  - Valuation update; and
  - Update on Pension Fund Activity.

### **4. Update on the Terms of Reference (TOR) for PSB, ISC and PAB**

- 4.1 Agenda Item 3 was a report from the Interim Director for Essex Pension Fund to inform the PSB that the PSB, ISC and PAB TORs were approved by Full Council on 8 October 2019 and had now been published within the Council's Constitution.
- 4.2 A copy of the published PAB TOR is provided at Appendix A for noting.

### **5. PSB Member Recruitment**

- 5.1 Agenda item 4 was a report from the Interim Director for Essex Pension Fund reminding the PSB that the Other Employing Bodies PSB Representative would be stepping down after the 4 March 2020 PSB Meeting. A report was presented to the PSB providing details of the proposed recruitment process including a timeline for the position to be filled.
- 5.2 In addition, the PSB were notified that the Scheme Member PSB Representative (UNISON) was reaching the end of their 4-year term end of March 2020. A report was presented to the PSB on the arrangements for reviewing the Scheme Member PSB representative position. The PSB expressed the view that in order to provide continuity and retain Fund knowledge it would be their preference if UNISON re-appointed Sandra Child for a further 4-year term
- 5.3 The PSB agreed the commencement of the recruitment process and timeline to fill the Other Employing Bodies PSB Representative. In addition, the PSB agreed for Officers to approach UNISON in relation to the re-appointment of Sandra Child as the Scheme Member PSB Representative.



## **6. EPF Policies and Publications**

- 6.1 Agenda item 5 was a report from the Interim Director for Essex Pension Fund in consultation with the Independent Governance & Administration Advisor (IGAA) updating the PSB on the progress made against the review of the Fund's Policies and Publications.
- 6.2 The PSB were notified that on review of the Fund's Scorecard measures, the IGAA made recommendations for minor amendments to be made to the Fund's objectives to ensure they were measurable.
- 6.3 The PSB noted the progress made against the review of the Fund's Policies and Publications and approved the amendments to the Fund's Objectives.

## **7. Good Governance Report**

- 7.1 Agenda item 6 provided the PSB with a report from the Interim Director for Essex Pension Fund in consultation with the IGAA highlighting the self-assessment carried out by the Fund against the recommendations made within the Good Governance Survey carried out by Hymans Robertson in July 2019.
- 7.2 The IGAA informed the PSB that the Fund was in a strong position and whilst there were areas marked as partially compliant, the Fund have started to put measures in place to become fully compliant in the near future. An example of this was the Fund's Conflict of Interest Policy due to be approved by the PSB at their March 2020 meeting.
- 7.3 A key area of discussion was in relation to the Fund's approval of the Business Plan alongside a Pension Fund Budget. The Interim Director for Essex Pension Fund confirmed that the Fund has an internal operational budget and highlighted the current arrangements undertaken within ECC in regard to the budget approval process. It was explained that a recommendation of the Good Governance Review was the PSB should in the future be presented a budget alongside the Business Plan for approval.

## **8. Valuation Update**

- 8.1 Agenda item 7 provided the PSB with a presentation from the Employer Manager highlighting the progress made against the timetable that was agreed at their 11 September 2019 meeting.
- 8.2 The PSB were provided with an update on the issuing of results to the Fund's Employers.

- 8.3 The PSB were made aware that the Employer Manager had been working through the results with each employer individually as well as presenting initial results via a webinar in consultation with Barnett Waddingham. Members of the PSB were encouraged to watch the webinar and to notify the Compliance Team once completed to allow their training record to be updated accordingly.
- 8.4 The PSB queried the capacity within the Employer Team to allow for this type of one to one communication and negotiation with employers. The PSB were made aware of the team structure including a vacancy of which it was explained that a recruitment process was currently underway.

## **9. Update on Pension Fund Activity**

- 9.1 Agenda item 8 updated the PSB on the 2019/20 Business Plan, Risk Register and the Scorecard.
- 9.2 During consideration of this item the following points were highlighted:
- good progress had been made on the Business Plan with all tasks in progress;
  - a red risk on the risk register remains concerning the unknowns surrounding the McCloud judgement;
  - the scorecard improvement and declined scores.

## **10. Pension Advisory Board (PAB) Quarterly Report**

- 10.1 Agenda item 9 provided an update on the last Board meeting which took place on 25 September 2019.

## **11. Investment Steering Committee (ISC) Quarterly Report**

- 11.1 Agenda item 10 provided details on the ISC activity since the previous PSB meeting.
- 11.2 It was noted that the ISC had met on one occasion, 27 November 2019, since the last PSB meeting and had made a number of decisions as detailed in the report.

## **12. Urgent Part I Business**

- 12.1 During this part of the meeting, the Interim Director for Essex Pension Fund notified the PSB that the Fund had been shortlisted for the following Pension Age Awards:
- Pension Scheme Innovation Award;
  - Best Risk Management Exercise; and

- Defined Benefit Pension Scheme of the Year.

### **13. Pooling Update**

- 13.1 Agenda item 13 provided the PSB with a presentation from the Interim Director for Essex Pension Fund outlining the latest developments on LGPS Asset Pooling.

### **14. Background Papers**

- 14.1 PSB Agenda pack for the 18 December 2019 meeting.



## **Extracts from the Constitution – Pension Boards Terms of Reference**

### **The Essex Pension Fund Advisory Board**

#### **1. Introduction**

The Essex Pension Fund Advisory Board was appointed by Essex County Council (the Scheme Manager and Administering Authority to Essex Pension Fund) on 10 February 2015 as its Local Pensions Board in accordance with section 5 of the Public Service Pensions Act 2013 and Part 3 of the Local Government Pension Scheme Regulations 2013. As such, Parts 3 and 4 of the Constitution of Essex County Council do not apply to this Pension Fund Advisory Board unless expressly referred to within and permitted by these Terms of Reference and Rules of Procedure. The Pension Fund Advisory Board is referred to in these terms of reference as 'the Board'.

In these terms of reference:

"CoP" means any Code of Practice on Governance issued by tPR

"EPF" means the Essex Pensions Fund

"ISC" means the Investment Steering Committee

"LGPS" means the Local Government Pension Scheme

"PSB" means the Essex Pension Fund Strategy Board"

"Scheme Manager", "Council" and "ECC" means Essex County Council

"tPR" means the Pensions Regulator

The Board will exercise all its powers and duties in accordance with legislation and these Terms of Reference and Rules of Procedure. The Board shall have the power to do anything which is considered to facilitate, or is conducive or incidental to, the discharge of its functions.

#### **2. Remit of the Board**

The Board has the following remit:

(A) To assist the Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by tPR

(B) To assist the Scheme Manager to ensure the effective and efficient governance and administration of the LGPS for the EPF.

In doing this, the Board:

- a) shall assist the Scheme Manager with such matters as the LGPS regulations and guidance may specify.
- b) shall be a "critical friend" to the PSB and the ISC.

- c) may provide oversight of decisions made by the PSB and ISC to ensure that due process has been followed.
- d) may review any decision made by or on behalf of the Scheme Manager or any action taken by the Scheme Manager.
- e) shall comment on and assist in identifying and managing breaches of the law in relation to EPF matters.
- f) at the invitation of the PSB, may also undertake other tasks, including (but not limited to):
  - assisting the PSB by reviewing aspects of the performance of the EPF – for example by reviewing the risk management arrangements within EPF (although the PSB will remain accountable for risk management);
  - reviewing administration standards or performance or review efficacy of EPF member and employer communications;
  - reviewing published policies to ensure they remain fit for purpose and are complete;
  - reviewing EPF annual reports;
  - being part of any consultation process with the purpose of adding value to that process based on, for example, their representation of employers and EPF members;
  - discussing strategic matters such as communications where requested by the PSB.
- g) shall provide such information as is requested to other bodies including but not limited to the LGPS Scheme Advisory Board and tPR and provide an annual report of the work of the Board to the Scheme Manager.
- h) will prepare a record of each meeting which will normally be published no later than 12 working days following the meeting using the appropriate systems of the Scheme Manager.
- i) must provide a record of each meeting to the following PSB meeting and may make reports and recommendations to the PSB insofar as they relate to the role of the Board (see "Reporting and Escalation").

The Board is not a decision making body in relation to the management of the EPF but makes recommendations to assist in such management. The EPF's management powers and responsibilities which have been, and may be, delegated by the Council to committees, sub-committees and officers of the Council, remain solely the powers and responsibilities of those committees, sub-committees and officers. The Board operates independently of the Essex PSB.

Though members of the Board include representatives of specific categories of stakeholder (i.e. EPF members and employers) each member is required to have due regard to the Remit of the Board as outlined above. Accordingly, all members are expected to work jointly in the best interest of the EPF, rather than representing the interest of any individual stakeholders or organisations. This should not prevent members from sharing their knowledge on how matters might impact specific stakeholders of the EPF.

### **3. Appointment and membership of the Board**

(A) The Board shall consist of nine members and be constituted as follows:

- (i) four employer representatives made up of one from each of the following groups of employers in the EPF:
  - 1. Essex County Council (an elected member)
  - 2. the District, City and Borough Councils of Essex (an elected member)
  - 3. Southend on Sea and Thurrock Unitary Authorities (an elected member)
  - 4. all other employers
- (ii) four scheme member representatives of which:
  - one will be nominated by the trade unions and
  - the rest will be drawn from the total EPF active, deferred and pensioner membership
- (iii) one independent Chairman.

(B) The employer representatives in 3(A)(i)1, 2 and 3 above will be appointed by the respective authorities referred to in each of those clauses.

(C) The employer representative as per clause 3A(i)(4) above, and scheme member representatives, and the Independent Chairman will be appointed through a clear and transparent process as determined by an Appointments Panel which will consist of:

- (i) the Chairman of the PSB
- (ii) the scheme member representative from the PSB
- (iii) the Director for Essex Pension Fund

and will be advised by the Independent Governance and Administration Adviser for EPF.

The Appointments Panel will also be supported by officers of the EPF as considered as appropriate by the Appointments Panel.

The Appointments Panel will define any eligibility and/or selection criteria that will apply to Board members within the scope of this procedure, beyond those already included in these Terms of Reference and Rules of Procedure, having due regard to the LGPS Regulations and any other relevant Code of

Practice and guidance. The Appointments Panel will have the power to appoint or reject any nomination or applicant where they consider the individual does not meet the eligibility and/or selection criteria. Should any of the Appointments Panel members be unable to undertake their responsibilities they, or the remainder of the Appointments Panel in their absence, may delegate a suitable alternate to undertake Appointments Panel responsibilities on their behalf.

- (D) Where any employer, other than ECC, has a representative on the PSB or ISC, that employer will not be permitted to also have a representative on the Board.
- (E) No officer of ECC who is either responsible for discharging any function in relation to the LGPS regulations or has delegated decision-making authority in relation to LGPS matters may be a member of the Board.
- (F) No member of the PSB or ISC may be appointed to the Board.
- (G) All scheme member and employer representatives must have the capacity to represent their EPF members and employers as appropriate
- (H) The Board shall appoint a Vice Chairman annually from amongst its members at the first meeting of the Board after each annual meeting of the Council. This will be done by a nomination process followed by a show of hands from those in attendance at that first meeting.

#### **4. Term of Office**

- (A) Employer representative appointments will expire after a period of four years from the date of establishment of the PAB or the date of their appointment if later. This period may be extended to up to six years if agreed by the Director for Essex Pension Fund. It will automatically cease if the individual is no longer in the employment of that employer, no longer holds office in relation to that employer or is no longer an elected member of that employer, as appropriate.
- (B) Scheme member representative appointments will expire after a period of four years from the date of establishment of the PAB or the date of their individual appointment if later. This period may be extended to up to six years if agreed by the Director for Essex Pension Fund. It will automatically cease if the individual is no longer a trade union representative or representative of EPF members (in accordance with the criteria set by the Appointments Panel).
- (C) The Independent Chairman's appointment will expire after a period of four years from the date of establishment of the PAB or the date of their individual appointment if later. This period may be extended to up to six years if agreed by the Appointments Panel.
- (D) Any Board member, including the Independent Chairman, may be re-appointed for further terms following an appointment process.
- (E) The term of office may be extended by up to six months if considered necessary for the purpose of the appointment process, for example, due to the



timing of local authority elections, with the agreement of the Director for Essex Pension Fund.

(F) In relation to scheme members representatives who are appointed by the Appointments Panel, other than ceasing to be eligible (as set out above) a Board member may only be removed from office during the term of appointment by the unanimous agreement of the Appointments Panel. Such reasons may include non-compliance with this Terms of Reference and Rules of Procedure including inappropriate conduct, conflicts of interest, avoidance of training or low meeting attendance, not having the capacity to represent their members or for any other reason not meeting the criteria required to be a Board member.

(G) The removal of the Independent Chairman requires unanimous agreement from the Appointments Panel.

## **5. Meetings of the Board**

(A) The Board shall have a quorum of 4 including at least the Chairman or Vice-Chairman, 1 employer representative and 1 scheme member representative. A meeting that is (or becomes at any point) inquorate will only continue if the Chairman (or Vice Chairman) decides it should and in relation to items of business as agreed by the Chairman (or vice Chairman). Attendance will be recorded and monitored by the EPF.

(B) Substitutes will not be permitted.

(C) Meetings will normally be held at the offices in County Hall, Chelmsford.

(D) Following such procedure as determined by the Chairman, urgent business of the Board between meetings may in exceptional circumstances between members of the Board including telephone conferencing and e-mails.

(E) The Board will normally meet a minimum of twice in each calendar year.

(F) It is expected that voting by the Board will only be in exceptional circumstances and the Board will, as far as possible, reach a consensus. Each scheme member representative and employer member representative will be entitled to vote where voting is considered necessary by the Chairman.

(G) Where voting is considered necessary by the Chairman, in the event of an equal number of votes being cast for or against a proposal there shall be no casting vote but the proposal shall be considered to have been rejected.

(H) The results of any voting outcomes will be recorded in the Board meeting record.

(I) The Independent Chairman of the Board will not be entitled to vote.

(J) Meetings of the Board are not open to the general public. The following will be entitled to attend Board meetings as observers and may be asked to present information or answer questions by the Board. Comments may also be made by these persons subject to permission to speak being granted by the Chairman:

- i. Members of the PSB and ISC
- ii. The Executive Director, Finance and Technology (section 151 Officer), the Director for Essex Pension Fund, the other officers holding managerial positions for EPF, and the Monitoring Officer
- iii. Other officers or advisers of the EPF or the Scheme Manager with responsibilities in relation to matters being considered by the Board or providing support to the Board including carrying out the administration for the Board
- iv. Other employers participating in the EPF subject to approval in advance by the Chairman, or on request of the Chairman
- v. Any other person requested to attend by the Chairman
- vi. Any other person subject to approval in advance by the Chairman.

## **6. Chairing**

The role of the Chairman is to:

- (A) Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and that decisions are democratically made where consensus cannot be reached.
- (B) To uphold and promote the purpose of the Board and to interpret its Terms of Reference and Rules of Procedure when necessary.
- (C) Ensure that Board members have the facilities and make appropriate efforts to achieve the knowledge and skills as determined in the EPF Knowledge and Skills Policy and other guidance or legislation and ensure a training record is monitored and maintained.
- (D) Act as professional adviser for the Board or arrange such advice as required subject to agreement by the Director for Essex Pension Fund on such conditions as that officer determines.
- (E) Agree the agenda for each Board meeting.
- (F) Approve records of each Board meetings.
- (G) Ensure an attendance record is maintained to allow the Scheme Manager to make arrangements for remuneration and expenses to be paid.

- (H) Agree with the Scheme Manager an appropriate budget for the Board, which is ratified by the Board before being formally approved by the Scheme Manager along with the EPF Annual Budget.
- (I) Write reports required by the Scheme Manager on the work of the Board.
- (J) Liaise with the Director for Essex Pension Fund on the requirements of the Board, including advanced notice for Scheme Manager officers to attend and arranging dates and times of Board meetings.
- (K) To provide guidance on all points of procedure and order, and the Chairman's interpretation of these Terms of Reference and Rules of Procedure shall be final.
- (L) Other tasks which may be deemed appropriate by the Scheme Manager for the Chairman of the Board.
- (M) To commission advice or work on behalf of the Board.
- (N) To liaise with the Chairmen of the PSB and ISC as deemed appropriate.
- (O) Other tasks that may be requested by the members of the Board, within the remit of these Terms of Reference and Rules of Procedure and subject to agreement with the Director for Essex Pension Fund.
- (P) To annually review and report on the activities of the Board.

## **7. Reporting and Escalation**

- (A) Where the Board wish to make a recommendation to the PSB or ISC they should do so in writing to the Director for Essex Pension Fund. The recommendation will normally be considered at the next available meeting of the body concerned. The next available meeting will normally be the first meeting which takes place 20 days after the recommendation is issued.
- (B) As permitted by clause 2, the Board may review any decision made by or on behalf of the Scheme Manager or any action taken by the Scheme Manager. Where the Board has reviewed a decision or action and believe the wrong decision has been made or wrong course of action has been taken and wish this decision or action to be escalated, the following process shall be followed:

Stage 1: The Board may refer a decision or action to the original decision maker or responsible person if at least 3 employer representatives and 3 scheme member representatives believe that one or more of the following applies:

1. the decision maker/responsible person was not authorised to make the decision or take the action in question;
2. the decision/action was in breach of legislation and/or regulations;

3. the decision maker/responsible person did not follow professional advice given (or did not take professional advice) and it is believed that this could result in a materially bad outcome for the EPF;
4. the approach to making the decision or take the action did not follow one or more of the following principles:
  - (iv) the decision-maker/responsible person did not ask themselves the right question(s);
  - (v) the decision-maker/responsible person did not direct themselves correctly in law; in particular did not adopt a correct interpretation of the legislation and regulations relevant to the EPF;
  - (vi) the decision-maker/responsible person did not take into account all relevant facts;
  - (vii) the decision-maker/responsible person arrived at a perverse decision or took a perverse action (i.e. a decision or action which no reasonable decision-maker/responsible person could have reached).
5. New material has come to light that might have resulted in a different outcome provided that the original decision or action has not yet been irrevocably implemented.

Stage 2: If the Board is dissatisfied with the response of the decision maker/appropriate person, it will seek the advice of the Director for Essex Pension Fund (unless the Director was the original decision maker).

Stage 3: Where the decision-maker/appropriate person in question is the Director for Essex Pension Fund and the Board remains dissatisfied with the response or resolution from the Director for Essex Pension Fund it will seek the joint advice of the ECC's section 151 Officer and ECC's Monitoring Officer.

Stage 4: Where the Board remains dissatisfied with the joint response from the Executive Director, Finance and Technology and ECC's Monitoring Officer. The Board will seek the advice of the National LGPS Advisory Board (and shall inform the Director for Essex Pension Fund, ECC's section 151 Officer and ECC's Monitoring Officer that it has done so).

## **8. Standards and Conflicts of Interest**

A conflict of interest is defined in the Public Service Pensions Act 2013 as: "in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

- (A) The Board shall adopt a policy for identifying and managing potential conflicts of interest.

- (B) Members of the Board must provide, as and when requested by the Scheme Manager, such information as the Scheme Manager requires to identify all potential conflicts of interest and ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest at appointment or whilst a member of the Board.
- (C) Parts 24.1 to 24.5 of the ECC's Members' Code of Conduct shall apply in relation to the standards of conduct of Board members insofar as they can be reasonably considered to apply to the role of members of the Board, including the non-disclosure of confidential information.
- (D) Members of the Board must adhere to the requirements of the EPF Procedure for Monitoring and Reporting Breaches of the Law and should be mindful of the individual legal requirements in relation to reporting breaches of the law in relation to EPF matters.

## **9. Knowledge and Understanding**

Under the requirements of the Public Service Pensions Act 2013, a member of the Pension Board must be conversant with:

- a) the legislation and associated guidance of the LGPS, and
- b) any document recording policy about the administration of the LGPS which is adopted by the EPF.

In addition, a member of the Board must have knowledge and understanding of:

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.

In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to:

- participate in training events (a written record of relevant training and development will be maintained)
- undertake a personal training needs analysis or other method to identify gaps in skills, competencies and knowledge.
- Comply with the EPF Knowledge and Skills Policy insofar as it relates to Board members.

## **10. Remuneration and Expenses**

(A) Subject to (B) below, an allowance may be made to scheme member representatives for attending meetings relating to Board business (including attending training) at a rate of £100 per meeting lasting from 2 hours to 4 hours, or £200 per meeting lasting over 4 hours. These rates are as at April

2019 and shall be increased by the annual increase in the Consumer Prices Index each April thereafter.

(B) It is hoped that employers of scheme member representatives on the Board will provide appropriate capacity to allow the representative to perform this role within their normal working day without any reduction in pay or leave. If that is the case, the representative will not be entitled to any allowance.

(C) Employer and scheme member representatives shall be entitled to claim travel and subsistence allowances at the rates contained in the Schedule of Member Remuneration in Scheme Manager's Constitution.

(D) The Chairman shall be paid remuneration and expenses as determined by the Appointments Panel. The Chairman will be expected not to claim or part of the remuneration if the duties are carried out within their normal working day of other paid employment without any reduction in pay.

### **11. Receipt of advice and information**

The Board will be supported in its role and responsibilities by the Independent Chairman and by EPF officers who will provide a secretariat role. In addition, Board members will receive the final reports, minutes and agendas relating to all PSB and ISC and may attend PSB and ISC meetings (including during exempt items).

Insofar as it relates to the role of the Board, the Board may also:

- (A) request and receive information and reports from the PSB, ISC or any other body or officer responsible for the management of the EPF,
- (B) examine decisions made or actions taken by the PSB, ISC or any other body or officer responsible for the management of the EPF,
- (C) may attend all or any part of a PSB or ISC meeting (including during exempt items) unless they are asked to leave as a result of a conflict of interest.

The Secretariat will provide such information as is requested that is available without unreasonable work or costs. Any requests for information and advice that have not been provided by the Secretariat are subject to the approval of the Director for Essex Pension Fund who will be required to consider positively all reasonable requests in relation to the role of the Pension Board whilst being mindful of value for money.

### **12. Administration**

The Chairman will agree an agenda with the Secretariat prior to each Board meeting. The agenda and any papers for the Board will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency. Draft records of each meeting including all actions, decisions and matters where the Board was unable to reach a decision will be recorded and normally circulated to all Board members within 12 working days

after the meeting. These draft records will be subject to formal agreement by the Chairman taking consideration of comments by Board members (which may be done electronically between meetings).

The records of the meetings may, at the discretion of the Chairman, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act.

The Board must comply with the General Data Protection Regulation and the Scheme Manager's data protection policy. It must also adhere to the Scheme Manager's requirements, controls and policies for Freedom of Information Act compliance.

### **13.Accountability**

The Board will collectively and individually be accountable to ECC, as the Scheme Manager to the EPF.

### **14.Review, Interpretation and Publication of Terms of Reference and Rules of Procedure**

These Terms of Reference and Rules of Procedure have been agreed by ECC. The Council will monitor and evaluate the operation of the Board and may review this Terms of Reference and Rules of Procedure from time to time.

These Terms of Reference and Rules of Procedure is incorporated into the Council's Constitution and published on the Council's website and may be amended by the same means as permitted for the Constitution. It will also form part of the EPF's Governance Policy and Compliance Statement which will be made available in accordance with the requirements of the LGPS Regulations.

### **15.Publication of Board information**

In accordance with the Public Service Pensions Act 2013, Essex County Council is required to publish information about the Board including:

- who the Board members are
- representation on the Board
- the role of the Board.

In accordance with good practice, ECC may publish other information relating to the Board as considered appropriate from time to time and which may include:

- the agendas and meeting records

- training and attendance logs
- an annual report on the work of the Board.

All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- on the EPF website – [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)
- on the ECC website – <http://www.essex.gov.uk>,
- within the EPF Annual Report and Accounts,
- within the EPF's Governance Policy and Compliance Statement.

Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.



<b>Essex Pension Fund Advisory Board</b>	<b>PAB 04</b>
<b>Date: 15 January 2020</b>	

## **Essex Pension Fund Advisory Board (PAB) Review**

Report by the Interim Director for Essex Pension Fund

Enquiries to Jody Evans on: 03330 138489

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### **1. Purpose of the Report**

- 1.1 To provide the Board with an update on the progress made on the review of the PAB.

### **2. Recommendations**

- 2.1 That the Board note the update.

### **3. Background**

- 3.1 The PAB is appointed by Essex County Council (ECC) as its Local Pensions Board in accordance with section 5 of the Public Service Pensions Act 2013 and Part 3 of the Local Government Pension Scheme Regulations 2013.
- 3.2 The Board shall consist of nine members and be constituted as follows:
- i. Four Employer representatives made up of one from each of the following groups of employers in the Fund:
    - Essex County Council (an elected member);
    - the District, City and Borough Councils of Essex (an elected member);
    - Southend-on-Sea and Thurrock Unitary Authorities (an elected member);
    - all Other Employers;
  - ii. four Scheme Member representatives of which one will be nominated by the trade unions and the rest drawn from the total scheme membership (active, deferred and pensioner members); and
  - iii. one independent Chairman.
- 3.3 In line with the setting up of the Local Pension Board within Essex, it was pre-agreed that a review would be carried out on the work of the Board after a period of 18 months. It was also agreed that a review would also take place during 19/20 due to the engagement of a new Independent Governance and Administration Advisor (IGAA).
- 3.4 Prior to the review, the Board were notified at their 5 February 2019 meeting that a resignation from a Scheme Member representative had led to a vacancy on the Board.
- 3.5 The Essex Pension Fund Strategy Board (PSB) were approached at their 19 December 2018 PSB meeting to approve a proposed recruitment process for the position to be filled.
- 3.6 The PSB did not support the recruitment campaign at that time as the Chairman of the PSB notified Members that the PAB would undergo a review during 2019 in

line with paragraph 3.3. Therefore, it was agreed to delay the recruitment of one Member, to enable the Fund to undertake a full recruitment exercise, where necessary, for the revised PAB Membership in consultation with the Fund's IGAA.

3.7 The Fund, in consultation and feedback from the Board and the IGAA, determined the elements of the PAB that should be reviewed which included:

- Terms of Reference;
- Membership; and
- Number and timing of meetings.

#### **4. PAB Terms of Reference**

4.1 The IGAA was requested by the Fund to review the Terms of Reference (TOR) for each Board/Committee including the PAB. Therefore the PSB were asked at their March 2019 meeting to approve the review in line with the timetable below:

<b>Board/Committee</b>	<b>Meeting Date</b>	<b>To agree</b>
PAB	June 2019	PAB TOR
ISC	June 2019	ISC TOR
PSB	July 2019	PAB, ISC & PSB TORs
Constitution Working Group	September 2019	PAB, ISC & PSB TORs
Full Council	October 2019	PAB, ISC & PSB TORs

4.2 The PAB TOR was approved by the PAB at their June 2019 meeting which was subsequently approved by the PSB at their July 2019 meeting, the Constitution Working Group at their September 2019 meeting and Full Council on the 8 October 2019. All TORs have since been published within the ECC Constitution on 22 October 2019.

#### **5. Membership**

5.1 The PSB approved the review of PAB Membership at their March 2019 meeting in line with the timetable below:

Date	Action	Owner
March/April 2019	To establish PAB Members intentions and determine where Members appointments need to be renewed	Fund Officers
April/May 2019	To agree panel to determine and carry out appointment process	Chairman & Fund Officers
May – July 2019	Carry out appointment process and confirm appointments to PAB	Agreed panel

- 5.2 After an initial delay in the process, due to local elections, Board Members were notified during June 2019 if their appointments could be renewed or applied for. Those who were required to reapply for their positions were notified of the proposed interview date.
- 5.3 The PSB were also notified that the review of the Independent Chairman would not commence until the revised TOR had been agreed by Full Council (October 2019).
- 5.4 The Fund continued to review the membership in two sections simultaneously.

#### Review of Scheme Members Representatives

- 5.5 As stated in paragraph 3.2 ii, four of the nine PAB Members should consist of four Scheme Member representatives of which one would be nominated by the trade unions and the rest drawn from the total Scheme membership (active, deferred and pensioner members).
- 5.6 One Scheme Member had tendered their resignation during December 2018 and another Scheme Member's 4-year term was coming to an end. Both held non trade union positions and therefore two Scheme Member representative positions were being recruited.
- 5.7 All Employers of the Fund were notified of the positions available via email on 21 June 2019 and were asked to notify Scheme Members of the vacancies on the Board. In addition, an advertisement went live on the Fund's website news page, along with ECC's intranet 'Your News' page and Flyers were put up on ECC Notice Boards around County Hall.

- 5.8 Nominations for Scheme Member representatives closed on 5 July 2019. Four nominations were received and reviewed by Fund Officers in consultation with the IGAA. All four applicants were invited to attend an interview on 24 July 2019.
- 5.9 The two successful candidates were appointed on 1 August 2019, carried out their induction training on 23 August 2019 and attended their first meeting on 25 September 2019.

#### Review of Other Employer Representatives

- 5.10 As stated in paragraph 3.2 i, four of the nine PAB Members should consist of four Employer representatives made up of one from each of the following groups of employers in the Fund:
- Essex County Council (an elected member);
  - the District, City and Borough Councils of Essex (an elected member);
  - Southend-on-Sea and Thurrock Unitary Authorities (an elected member);
  - all Other Employers.
- 5.11 The Other Employer representative's 4-year term was coming to an end and therefore this position was being recruited.
- 5.12 All Other Employers of the Fund (all Fund Employers other than County, Borough, City, District and Unitary Councils) were notified of the position available via email on 21 June 2019 and were invited to nominate representatives to sit as a Member of the Board.
- 5.13 Nominations for Other Employer representatives closed on 5 July 2019. One nomination was received and reviewed by Fund Officers in consultation with the IGAA. Therefore no voting for this position was required and the nominee, who was also the current incumbent of this position, was successfully re-appointed on 1 August 2019.

#### Review of the Independent Chairman

- 5.14 The review of the Independent Chairman commenced after the approval of the revised PAB TOR.
- 5.15 The Appointments Panel, Chairman of the PSB, PSB Scheme Member Representative and Fund Officers, met on 28 October 2019 to discuss the

approach and it was agreed to ask the current incumbent to extend their 4-year term to a maximum of 6-years in line with the revised PAB TOR. This was to provide the Fund with continuity due to the recent changes in Scheme Member representatives as well as changes within the Fund itself.

- 5.16 A verbal agreement to continue from the current incumbent was obtained in November 2019 and a letter has been drafted to the current Chairman of the PAB to formally offer the extension of appointment. This will be approved by the Chairman of the PSB.

## **6. Number and Timings of Meetings**

- 6.1 As part of the TOR review for the PAB, which states that the minimum number of meetings required would be two per calendar year. The review acknowledged that the Board could be more effective if they were to observe each PSB meeting and hold their own meeting after the PSB therefore increasing from three meetings to four per year.
- 6.2 The timings of the PSB have also been arranged to be in the mornings so the Board can continue their oversight of the PSB meetings and then conduct their own meeting in the same afternoon. This would then allow the Board to meet four times a year directly after the PSB allowing any Members of the PAB to continue to observe.

## **7. Next Steps**

- 7.1 Once the appointment of the Chairman has been confirmed, the PAB Review will be completed. However, the revised number and timings of meetings cannot be implemented until the start of the next municipal year.
- 7.2 The IGAA will commence a review of the effectiveness of the PAB during quarter 4 of the next financial year (2020/21).

## **8. Link to Essex Pension Fund Objectives**

- 8.1 Completing the review of the PAB will assist in the Board in achieving the following Fund objectives:
- Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice;

- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise; and
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.

## **9. Risk Implications**

9.1 Failure to implement the outcome of the PAB Review could result in:

- Non-compliance with regulations caused by lack of knowledge by staff, changes in government policy/LGPS reforms and systems not kept up-to-date leading to reputational damage and financial loss;
- A lack of expertise, insufficient knowledge and maintenance of the PSB, ISC and PAB arising out of high turnover and/or changes within the LGPS benefit structure, regulations and associated directives/deliverables; and
- Failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage.

## **10. Communication Implications**

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

## **11. Finance and Resource Implications**

11.1 Budgetary provision will need to be made for the payment of appropriate expenses and remuneration to applicable Board Members in line with the PAB TOR.

## **12. Background Papers**

12.1 PAB Vacancy, PSB 11, 18 December 2018.

12.2 PAB Vacancy, PAB 03, 5 February 2019.

12.3 Governance Compliance Statement & PAB Review, PSB 06, 6 March 2019.

12.4 PAB Membership Review, PAB 08, 5 June 2019.

12.5 Update on the PAB Review, PSB 07, 3 July 2019.

- 12.6 Update on the PAB Review, PSB 06, 11 September 2019.
- 12.7 Verbal update and slides presented to PAB on new membership at 25 September 2019 meeting.
- 12.8 PAB Quarterly Report, PSB 09, 18 December 2019 – verbal update provided on the appointment of the Independent Chairman.



<b>Essex Pension Fund Advisory Board</b>	<b>PAB 05</b>
<b>Date: 15 January 2020</b>	

## **The Pension Regulator Code of Practice 14 Compliance**

Report by the Interim Director for Essex Pension Fund

Enquiries to Jody Evans on 0333 0138 489

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### **1. Purpose of the Report**

- 1.1 To provide the Board with the results of the Fund's self-assessment compliance check against the Pension Regulator (tPR) Code of Practice 14 assessment tool for Public Service Pension Schemes.

### **2. Recommendation**

- 2.1 The Board to note report.

### **3. Background**

- 3.1 TPR state that it is important for Scheme Managers to assess how they are running their public service pension scheme so that they can identify any areas in need of improvement.
- 3.2 TPR expect all schemes to carry out a thorough review of their scheme against legal requirements and the guidance in Code of Practice 14 and acknowledge that this requirement is a significant piece of work.
- 3.3 TPR's Code of Practice 14 provides Scheme Managers and Pension Board Members with their key governance and administration duties, standards of conduct and practice that tPR expect in relation to those duties, and practical guidance on how they can comply. A guide to the Public Service Code is provided at Appendix A which contains information where to find the full version of Code 14.
- 3.5 To enable Scheme Managers to assess their level of compliance to the code, tPR have produced a tool which sets out some processes, tools and actions they expect to see in a well-run scheme.
- 3.6 The tool provides an indicative risk rating for the scheme in certain key areas, as well as guidance and links to further information. It also provides a template for the Scheme Manager to create a plan to address any issues identified and to help the Scheme Manager achieve best practice.

### **4. Assessment**

- 4.1 Fund Officers utilised the Assessment Tool and have attached the Results at Appendix B along with an Action Plan at Appendix C of this report.
- 4.2 In summary:
  - the Fund have two Amber scores (75% compliance) with two areas of improvement identified within governing your scheme;
  - the Fund have 100% compliance with one area of improvement identified within managing risk and issues; and
  - the Fund have 100% compliance with one area of improvement identified within administration.

### **5. Governing your Scheme**

- 5.1 Eight questions were asked within this section with 25% (two) requiring further development.

- 5.2 The Fund have a LGPS Knowledge and Skills Training Strategy and monitor Members training against the strategy and plan using a training log. This is updated on a quarterly basis. In addition to this, Members are encouraged to attend various conferences and seminars throughout the year.
- 5.3 However, one area requiring further improvement is the individual training needs analysis of individual Boards/Committee Members.
- 5.4 The current strategy is in the process of being reviewed by Fund Officers in consultation with the Independent Governance & Administration Advisor (IGAA) and will look to include individual training needs analysis of each Member of the Boards/Committee.
- 5.5 In addition, the other area identified requiring further improvement relates to the Conflict of Interest Policy which is due to be approved by the Essex Pension Fund Strategy Board (PSB) at their 4 March 2020 meeting.

## **6. Managing Risk and Issues**

- 6.1 Six questions were asked within this section. Although the Fund have achieved 100% compliance, Fund Officers have highlighted further improvement within this area to develop a Fund Policy to identify, assess and report breaches of the law. Currently the Fund utilises the policy and process owned by the Administering Authority and therefore the Fund does not have its own Policy in place in relation to this.
- 6.2 This is in the process of being reviewed by the Fund's Officers in consultation with the IGAA.

## **7. Administration**

- 7.1 Eight questions were asked within this section. Although the Fund have achieved 100% compliance, Fund Officers have highlighted further improvement within this area to complete the Fund's Data Improvement Plan.
- 7.2 The Systems Manager carries out an annual data cleansing exercise that is carried out at year end. In addition to this, the Fund have been maintaining a data improvement plan since October 2018 to ensure 'Common Data' is clean to a 95% target.
- 7.3 TPR have recently issued templates to enable Fund's to develop their scheme specific data reporting. The Fund are currently building these reports into the Pensions Administration System to enable this to be measured and reported to tPR.

## **8. Link to Essex Pension Fund Objectives**

8.1 Conducting a self-assessment against tPR Code of Practice 14 will assist the Board in achieving the following Fund objectives:

- Act with integrity and be accountable to our stakeholders;
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise; and
- Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.

## **9. Risk Implications**

9.1 Failure to comply with tPR Code of Practice 14 could result in:

- Failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage;
- A lack of expertise, insufficient knowledge and maintenance of the PSB, ISC and PAB arising out of high turnover and/or changes within the LGPS benefit structure, regulations and associated directives/deliverables; and
- Non-compliance with regulations caused by lack of knowledge by staff, changes in government policy/LGPS reforms and systems not kept up-to-date leading to reputational damage and financial loss.

## **10. Communication Implications**

10.1 Other than ongoing reporting to the Board, there are no communications implications.

## **11. Finance and Resources Implications**

11.1 None.

## **12. Background Papers**

12.1 The Pensions Regulator: Code 14: Governance and administration of public service pension schemes.

# The essential guide to the public service code

Information  
for scheme  
managers and  
pension board  
members

**Code of practice no. 14 – Governance and administration of public service pension schemes** helps you understand how to approach the administration and governance of a public service scheme. The full version of the code can be viewed at [www.tpr.gov.uk/code14](http://www.tpr.gov.uk/code14).

This essential guide provides an overview of the code and gives details of where to go to find out more. It can help you use the code but is obviously not exhaustive and it's not a substitute for reading the full code – which we expect all those involved with public service schemes to do.

## What is a code of practice?

Codes help the people who run pension schemes fulfil their legal duties. They aren't statements of the law, but they outline an approach that schemes can take to complying with the law. The courts have to take account of codes when considering whether legal requirements have been met, and we may refer to them when we exercise our powers.

**Code of practice no. 14 – Governance and administration of public service pension schemes** (the public service code) was laid before Parliament in January 2015.

## The public service code

This code provides scheme managers and pension board members with a summary of their key governance and administration duties, standards of conduct and practice we expect in relation to those duties, and practical guidance on how they can comply.

# Governance

## Knowledge and understanding

It's crucial that the people responsible for public service schemes know how to govern them as efficiently and effectively as possible. At the most basic level, pension board members need to understand how the scheme works so that they can effectively assist the scheme manager. However, there is a specific requirement for pension board members to have knowledge and understanding of the following areas:

- the scheme rules, eg eligibility for the scheme and scheme benefits
- documented administration policies, eg risk assessments/management, reporting breaches, keeping records and the responsibilities of the scheme manager, the pension board and individual pension board members, and
- the law relating to pensions eg relevant law that applies to their scheme.

There are also other areas that need to be understood if a scheme is to be governed well.

Schemes should keep track of training and other learning activities undertaken by board members and there should be someone responsible for ensuring that a training programme is developed and implemented. This should include preparing a list of the documents that pension board members need to be familiar with.

Pension board members should invest time in their learning and development and regularly undertake a personal training needs analysis to review their skills and knowledge.

Our e-learning programme can help meet the needs of pension board members, whether or not they have access to other learning.

## Conflicts of interest

It's important to be aware of any potential conflicts of interest on a pension board. A conflict of interest occurs when an individual has another interest which is likely to prejudice the way they carry out their role as a pension board member.

The scheme manager of a public service scheme must be satisfied that no pension board member has a conflict of interest. Schemes should have an agreed and documented policy which includes identifying, monitoring and managing potential conflicts of interest.

## Representation on pension boards

Having a variety of people and representation on the pension board should help to ensure that pension board discussions or decisions take into account the views and interests of those involved in the scheme.

Pension boards must have an equal number of employer and member representatives. It is also important for schemes to consider the mix of skills and experience needed on their pension boards so that they operate effectively.

See the chapter of the code entitled 'Governing your scheme' for more detailed information about knowledge and understanding, conflicts of interest and representation on pension boards.

# Risk

## Internal controls

Good internal controls are crucial. These are the arrangements, systems and procedures that the scheme has in place for scheme administration and management, overseeing that administration and management, and the security of scheme assets. Scheme managers must establish and operate controls which are adequate for ensuring that the scheme is administered and managed in line with the scheme rules.

Internal controls can help protect schemes from risks which could be detrimental to the scheme and the members if they are not addressed.

Schemes should ensure that sufficient time and attention is spent identifying, evaluating and managing risks. This includes developing and monitoring the controls that they use to keep these risks in check.



All schemes should carry out a risk assessment. Start by:

- setting out the objectives of the scheme
- identifying the activities that are carried out in the course of running the scheme, and
- pinpointing the main risks that could mean that the objectives and activities aren't met or delivered.

Not all risks are equal. Consider how likely they are to occur and the impact that they could have when deciding an order of priority for managing risks. Schemes should focus on risks where the likelihood and impact of one materialising is high.

Once risks are identified and assessed, they should be recorded in a risk register and reviewed regularly. For each risk there should be one or more internal controls to address it. See the chapter of the code entitled 'Managing risks' for more detailed information.

## Administration

### Keeping records

Complete, accurate and up-to-date records are key to the effective administration of a public service scheme. Good records make it easier to communicate, allocate contributions and pay benefits to the right people at the right time, without making costly mistakes. Scheme managers must keep the records set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.

To ensure that the appropriate records are kept, they should be discussed and reviewed regularly. If there are problems with scheme records, there should be a plan to resolve them. Doing this early can save significant expense later.

It's important to regularly evaluate the accuracy of member records and that the scheme receives timely and accurate member updates from participating employers.

Schemes should review records at least annually, which should include an assessment of the accuracy and completeness of the information held. If a scheme outsources the management of records there must be effective controls in place to ensure the integrity of those records.

## Maintaining contributions

Receiving accurate contributions on time is very important. Contributions that are late or go unpaid may need to be reported to us.

Where member contributions are deducted from their pay, the amount deducted must be paid to the scheme by the 19th day of the month following the deduction (or by the 22nd day if paid electronically).

Employer contributions must be paid to the scheme in line with any requirements in the scheme regulations.

A public service scheme should have an effective process to identify and resolve payment failures with the employer. If scheme managers think that a payment failure is likely to be of material significance to us then it must be reported to us.

## Providing information to members

The information communicated to members will affect the decisions they make about their pension. This, in turn, can have a major bearing on the value of their pension.

Communications to members should be clear and easy to understand. They should avoid jargon and recognise that many members may not be familiar with financial words and phrases.

A range of methods to provide general information to members can be used, including post and email, although in some cases a particular method must be used, and in others a specific procedure must be followed before providing information electronically.

There is some specific information which must be provided to members (or prospective members), like basic scheme details when they join and annual statements showing the value of their benefits. Other information, for example about transfer credits or the constitution of the scheme, must be provided upon request from members (or others) (unless an exemption applies).

See the chapter of the code entitled 'Administration' for more detailed information on record-keeping, maintaining contributions and providing members with information.

# Resolving issues

Whether it relates to a breach of the law or a complaint from a member, issues that arise in public service schemes should be dealt with promptly and effectively.

## Internal disputes

Schemes must have an internal dispute resolution procedure (IDRP) to help resolve issues raised by members and others with an interest in the scheme. The IDRP can have one or two stages and decisions must be made and communicated within a reasonable period of the issue being raised under IDRP. The IDRP must state how someone can apply to have a pension dispute resolved (including any time limits), the details which must be included, and how and by when decisions are to be reached.

Members and others who make a complaint must be given information about The Pensions Advisory Service when the complaint is received, and the Pensions Ombudsman, when the decision is given, who may be able to help them.

## Reporting breaches of the law

It's important that breaches of the law are identified and assessed quickly, and reported if necessary. Scheme managers and pension board members (amongst others) must report breaches which they consider likely to be of material significance to us, so there should be effective procedures to enable them to identify and assess breaches. These should include giving those involved with public service schemes the opportunity to raise concerns, consider risks, and where necessary submit a report within an appropriate timescale. Do not wait for someone else to report.

We have an online service called **Exchange** where reports can be made. If they don't use **Exchange**, schemes should report to us by post, email or fax. We will not disclose information reported to us except where we are required to do so by a court and we'll take all reasonable steps to maintain reporter confidentiality.

See the chapter of the code entitled 'Resolving disputes' for more detailed information about the dispute and breach procedures that should be in place.

This document relates to Code of practice no. 14 – Governance and administration of public service pension schemes, which has been laid before Parliament and the Northern Ireland Assembly. The code is currently subject to Parliamentary and Assembly procedure and has no legal effect until it is brought into force by order. This document should be read in the light of this.

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### **An essential guide to the public service code**

Information for scheme managers and pension board members

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Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR’s 2015 survey into the Governance and Administration of Public Service Schemes.

A summary of your results



## Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	<p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails.</p> <p>You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>	

Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	<p>Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.</p>	
Useful Links:	<a href="#">Code of Practice 14: Publishing information about schemes</a> <a href="#">Website: Publishing scheme information</a>	

### Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Your Answer:	Yes	Green
Feedback:	<p>Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place.</p> <p>You should keep your processes under regular review to ensure they remain effective and fit for purpose.</p>	
Useful Links:	<a href="#">Code of Practice 14: Knowledge and understanding required by pension board members</a>	

### Question 4 - Do you use the following for your pension board?

#### a) Training Plans

Your Answer:	Yes	Green
Feedback:	<p>Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development.</p> <p>Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information is in our code and our quick guide to personal development.</p>	

b) Individual training needs analysis		
Your Answer:	No	Amber
Feedback:	<p>Board members must have the required knowledge and understanding so they can perform their role properly. The training needed to acquire the degree of knowledge and understanding required may vary according to each member’s role and expertise. As such, training needs may be personal to the individual and you should consider the use of individual training needs analysis.</p> <p>You can use our tool ‘Assessing your Learning Needs’ to get you started. Further information can also be found in our code and our quick guide to personal development.</p>	
c) Training log		
Your Answer:	Yes	Green
Feedback:	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements.</p> <p>You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
Useful Links:	<a href="#">Code of Practice 14: Knowledge and understanding required by pension board members</a> <a href="#">Quick guide to personal development</a> <a href="#">Template: Assessing your Learning Needs</a>	



**Question 5 - Do you have a conflicts policy and procedure for pension board members?**

Your Answer:	In development	Amber
Feedback:	<p>Conflicts of interest in pension board members are prohibited.</p> <p>You should consider putting in place conflicts policies and procedures, which include identifying, monitoring and managing any interests that have the potential to become conflicts. Nine in ten public service schemes have put such processes in place.</p> <p>Further information is in our code.</p>	
Useful Links:	<a href="#">Code of Practice 14: Conflicts of interest and representation</a>	

**Question 6 - Do you have a register of interests (or equivalent)?**

Your Answer:	Yes	Green
Feedback:	<p>A register is a simple and effective way of recording and monitoring interests.</p> <p>Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.</p>	
Useful Links:	<a href="#">Code of Practice 14: Conflicts of interest and representation</a>	

## Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code provides practical guidance on risk management to consider in your review.</p>	
Useful Links:	<a href="#">Code of Practice 14: Managing risks</a> <a href="#">Checklist: Internal Controls</a>	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	Green
Feedback:	<p>You should review risks regularly. Three in five public service schemes assess risks at least every quarter.</p> <p>The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.</p>	
Useful Links:	<a href="#">Code of Practice 14: Managing risks</a> <a href="#">Example Risk Register</a>	

### Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Your Answer:	Yes	Green
Feedback:	<p>You should review the effectiveness of your internal controls regularly, including those of your outsourced service providers.</p> <p>You should ensure that you receive sufficient assurance from providers on the services they provide – it should be sufficiently detailed and comprehensive for you to properly assess the effectiveness of their internal controls. Our code provides further guidance on internal controls.</p>	
Useful Links:	<a href="#">Code of Practice 14: Managing risks</a>	

### Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	Yes	Green
Feedback:	<p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered.</p> <p>You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements.</p> <p>You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>	
Useful Links:	<a href="#">Code of Practice 14: Managing risks</a>	

**Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?**

Your Answer:	Yes	Green
Feedback:	<p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do.</p> <p>You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code.</p>	
Useful Links:	<a href="#">Code of Practice 14: Internal dispute resolution</a>	

**Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?**

Your Answer:	Yes	Green
Feedback:	<p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed.</p> <p>If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code details information you should include in a report.</p>	
Useful Links:	<a href="#">Code of Practice 14: Reporting breaches of the law</a>	

## Results - Administration

### Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

Your Answer:	Yes	Green
Feedback:	<p>You must provide us with certain information and keep this information up to date, and complete a scheme return when asked.</p> <p>To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.</p>	
Useful Links:	<a href="#">Website: Reporting requirements</a> <a href="#">Exchange</a>	

### Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Your Answer:	Yes	Green
Feedback:	<p>Processes should cover all membership types and you should review your these regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and on our website.</p>	
Useful Links:	<a href="#">Code of Practice 14: Scheme record-keeping</a> <a href="#">Website: Types of records to keep</a>	

### Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	Yes	Green
Feedback:	<p>Receiving good data from your employer(s) is key to your ability to maintain accurate scheme records. Though nine in ten public service schemes require employers to provide timely, accurate and complete data, schemes have reported that a significant proportion of employers do not provide this as a matter of course. This can create significant record-keeping issues, even in single employer schemes.</p> <p>You should work with employers to ensure that scheme and employer processes are effective and fit for purpose. Our guide to issuing annual benefit statements highlights examples of best practice for communicating and working with employers.</p>	
Useful Links:	<a href="#">Code of Practice 14: Scheme record-keeping</a> <a href="#">Quick guide to issuing annual benefit statements</a>	

### Question 4 - When did you last carry out a data review exercise?

Your Answer:	Within the last year	Green
Feedback:	<p>You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform.</p> <p>Further information on record-keeping can be found in our code and on our website.</p>	
Useful Links:	<a href="#">Code of Practice 14: Scheme record-keeping</a> <a href="#">Website: Types of records to keep</a>	

**Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?**

Your Answer:	Yes	Green
Feedback:	Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.	

**Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?**

Your Answer:	Yes	Green
Feedback:	You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and our Managing contributions checklist.	
Useful Links:	<a href="#">Code of practice 14: Maintaining contributions</a> <a href="#">Checklist: Managing contributions</a>	

### Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

Your Answer:	Yes	Green
Feedback:	<p>You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members.</p> <p>Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements.</p>	
Useful Links:	<a href="#">Quick guide to issuing annual benefit statements</a>	

### Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?

Your Answer:	Yes	Green
Feedback:	<p>You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>	



## Action plan

### Using this action plan

You can use this section to set out the actions you are planning to take to address any risks identified in your results report, or actions you will take to help you achieve best practice.

You should review progress against this plan regularly. To help you do so, you can put in a review date against each action.

## Action plan - Governing your scheme

### Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?

Your Answer:	Yes	
Scheme Action Plan:	The Terms of Reference for the Essex Pension Fund Advisory Board (PAB) including roles and responsibilities has been reviewed and approved by ECC Full Council on 8 October 2019 and subsequently published within the ECC Constitution.	
Review Date:	Oct-20	

### Question 2 - Have you published information about the pension board and ensured it is kept up to date?

Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	
Scheme Action Plan:	The last Governance Compliance Statement was published within the Fund's 2018/19 Annual Report and Accounts. The revised Governance Policy and Compliance Statement is due to be approved by the Essex Pension Fund Strategy Board (PSB) on 4 March 2020.	
Review Date:	Mar-21	

**Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?**

Your Answer:	Yes	
Scheme Action Plan:	The Fund have a LGPS Knowledge and Skills Training Strategy and monitor Members training against the strategy and plan using a training log. In addition to this, Members are encouraged to attend various conferences and seminars throughout the year.	
Review Date:	Mar-20	

**Question 4 - Do you use the following for your pension board?**

**a) Training Plans**

Your Answer:	Yes	
Scheme Action Plan:	The Fund have a LGPS Knowledge and Skills Training Strategy and monitor Members training against the strategy and plan using a training log. In addition to this, Members are encouraged to attend various conferences and seminars throughout the year.	
Review Date:	Mar-20	

**b) Individual training needs analysis**

Your Answer:	No	
Scheme Action Plan:	The current strategy is in the process of being reviewed by Fund Officers in consultation with the Independent Governance & Administration Advisor (IGAA) and will look to include individual training needs analysis of each Member of the Boards/Committee.	
Review Date:	Mar-20	

**c) Training log**

Your Answer:	Yes	
Scheme Action Plan:	The Fund have a LGPS Knowledge and Skills Training Strategy and monitor Members training against the strategy and plan using a training log. In addition to this, Members are encouraged to attend various conferences and seminars throughout the year.	
Review Date:	Mar-20	

Question 5 - Do you have a conflicts policy and procedure for pension board members?		
Your Answer:	In development	
Scheme Action Plan:	The Fund have developed a Conflicts of Interest Policy in consultation with the IGAA and is due to be approved by the PSB on 4 March 2020.	
Review Date:	Mar-21	

Do you have a register of interests (or equivalent)?		
Your Answer:	Yes	
Scheme Action Plan:	This is maintained by the Fund's Compliance Team and is updated after each PSB, ISC and PAB meeting.	
Review Date:	Ongoing	

## Action plan - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	
Scheme Action Plan:	The Fund have a Risk Register which is maintained and updated as a continuous process. EPF Officers liaise with the Compliance Team to highlight any new risks as and when required. Risk are continually monitored and assessed by the Management Team but formally on a monthly basis at their MT Meeting.	
Review Date:	Ongoing	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	
Scheme Action Plan:	The Fund have a Risk Register which is maintained and updated as a continuous process. EPF Officers liaise with the Compliance Team to highlight any new risks as and when required. Risk are continually monitored and assessed by the Management Team but formally on a monthly basis at their MT Meeting.	
Review Date:	Ongoing	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?		
Your Answer:	Yes	
Scheme Action Plan:	Fund Officers liaise with all 3rd party suppliers to ensure their mitigation actions are captured within the Fund's Risk Register.	
Review Date:	Ongoing	

**Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?**

Your Answer:	Yes	
Scheme Action Plan:	A contract with CIVICA is monitored by the Systems Manager and Compliance Manager to ensure compliance against KPIs and the required Service Levels.	
Review Date:	Ongoing	

**Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?**

Your Answer:	Yes	
Scheme Action Plan:	This is published on the Fund's Website and on all Retirement Letters.	
Review Date:	Ongoing	

**Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?**

Your Answer:	Yes	
Scheme Action Plan:	Currently the Fund utilise the policy and process owned by the Administering Authority and therefore the Fund does not have its own Policy in place in relation to this. This is in the process of being reviewed by the Fund's Officers in consultation with the IGAA.	
Review Date:	Mar-20	

## Action plan - Administration

### Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

Your Answer:	Yes	
Scheme Action Plan:	The Technical Hub Manager and Compliance Manager ensure all TPR returns are completed by the deadlines provided.	
Review Date:	Ongoing	

### Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Your Answer:	Yes	
Scheme Action Plan:	Regular monitoring is conducted by the Systems Team and any issues identified are communicated to the Management Team for action.	
Review Date:	Ongoing	

### Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	Yes	
Scheme Action Plan:	The Employer Team, Systems Team and Technical Hub Team ensure communications with Employers is utilised to the full. The Administration Strategy is the key document for communication between the Fund and its Employers detailing what is required and when.	
Review Date:	Ongoing	

**Question 4 - When did you last carry out a data review exercise?**

Your Answer:	Within the last year	
Scheme Action Plan:	The Systems Team carry out regular reviews on the data held within UPM (Pension Administration Software provided by CIVICA).	
Review Date:	Ongoing	

**Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?**

Your Answer:	Yes	
Scheme Action Plan:	The Fund have an annual data cleansing exercise that is carried out at year end. In addition to this, the Fund have been maintaining a data improvement plan since October 2018 to ensure 'Common Data' is clean to a 95% target. TPR have recently issued templates to enable Fund's to develop their scheme specific data reporting. The Fund are currently building these reports into	
Review Date:	Ongoing	

**Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?**

Your Answer:	Yes	
Scheme Action Plan:	This is managed through the Employer Team, Systems Team and Technical Hub Team through the Administration Strategy.	
Review Date:	Ongoing	

**Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?**

Your Answer:	Yes	
Scheme Action Plan:	This is reviewed annually to capture lessons learnt from the issuing of ABS.	
Review Date:	Annually	

**Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?**

Your Answer:	Yes	
Scheme Action Plan:	The Fund have a communcaitions policy which is published on the Fund's website. However, a review has just been undertaken and a revised Communication Policy will be approved by the PSB on 4 March 2020.	
Review Date:	Mar-21	



<b>Essex Pension Fund Advisory Board</b>	<b>PAB 06</b>
<b>Date: 15 January 2020</b>	

## **Business Continuity Update**

Report by the Compliance Manager

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Enquiries to Amanda Crawford on 0333 0138 489

### **1. Purpose of the Report**

- 1.1 To provide the Board with an update on the review of the Fund's Business Continuity Plan.

### **2. Recommendation**

- 2.1 The Board to note the progress and update.

### **3. Background**

- 3.1 Essex Pension Fund (EPF) form part of Essex County Council's (ECC) Business Continuity Plan. This was developed, recorded and maintained on a regular basis utilising an ECC led system, Shadow Planner.
- 3.2 ECC announced during 2019 that Shadow Planner would cease to exist by the end of August 2019 and its replacement would not be in place until early 2020.
- 3.3 EPF Officers undertook to download all EPF led Business Continuity information, including disaster recovery, to enable the information to be updated offline.
- 3.4 Since review of the information held within Shadow Planner, EPF Officers have liaised with EPF Managers, the Emergency Planning and Resilience team along with the Business Continuity Champion for ECC to ensure a holistic review is undertaken to capture all dependencies.

### **4. Progress to date**

- 4.1 Upon review of the EPF Business Continuity Plan, Officers have worked through:
  - critical tasks and their critical leads;
  - loss of ECC systems;
  - buildings and access;
  - staffing;
  - loss of Telephony and Email; and
  - loss of Pension Admin System (CIVICA).
- 4.2 Within these areas, EPF Officers have documented and updated the call cascade information as well as acceptable timeframes for issues to be resolved using the ECC's Business Impact Assessment criteria.

### **5. Next Steps**

- 5.1 EPF Officers are working to resolve a small number of issues identified. An example is the requirement to obtain two additional Smart Cards to enable sufficient cover to submit BACS payments to the Fund's Pensioners should any eventuality occur.
- 5.2 Once all issues have been resolved, a complete and comprehensive EPF Business Continuity Plan will be held and maintained offline until the new ECC

Business Continuity System has been launched. In addition, EPF Officers will ensure three types of copies are held at all times: one electronic version on the new ECC system (Continuity 2); one Excel spreadsheet on the shared drive; and a hard copy for the Interim Director and each Deputy along with the Fund's Business Continuity Champion.

- 5.3 A hard copy of the plan will be provided to the Board at a future meeting for comment.

## **6. Link to Essex Pension Fund Objectives**

- 6.1 Maintaining and updating a complete and comprehensive Business Continuity Plan will assist the Fund in achieving the following objectives:

- Understand and monitor risk and compliance; and
- Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need.

## **7. Risk Implications**

- 7.1 Failure to maintain and update a complete and comprehensive Business Continuity Plan could result in:

- Failure to undertake business as usual service due to events outside of EPF control resulting in loss of service provision; and
- Failure to administer scheme correctly in line with all relevant Regulations and policies owing to circumstances such as, but not limited to:
  - lack of regulatory clarity;
  - system issues;
  - insufficient resources.

## **8. Communication Implications**

- 8.1 Other than ongoing reporting to the Board, there are no communications implications.

## **9. Finance and Resources Implications**

- 9.1 None.

## **10. Background Papers**

- 10.1 PAB Minutes for the 25 September 2019 meeting.





Main Points to note:

- Agenda Item 4 - PSB Member Recruitment
- Agenda Item 7 - Valuation Update
- Agenda Item 8 - Update on Pension Fund Activity

Essex Pension Fund Advisory Board (PAB)

Meeting of 25 September 2019 - Notes and Slides emailed 2 January 2020

Other

TPR publication of LGPS Cohort Report - emailed 30 September 2019

Annual Governance Conference 23 & 24 January 2020 - emailed 13 November 2019

Responsible Investment Workshop 25 October 2019 - slides emailed 13 December 2019

Responsible Investment Priorities – Control Group - emailed 19 December 2019

CIPFA Training for LPB - emailed 20 December 2019

**2. Recommendation**

- 2.1 That the Board should note above.