

Essex Pension Fund Advisory Board	PAB 05
Date: 15 January 2020	

The Pension Regulator Code of Practice 14 Compliance

Report by the Interim Director for Essex Pension Fund

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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.