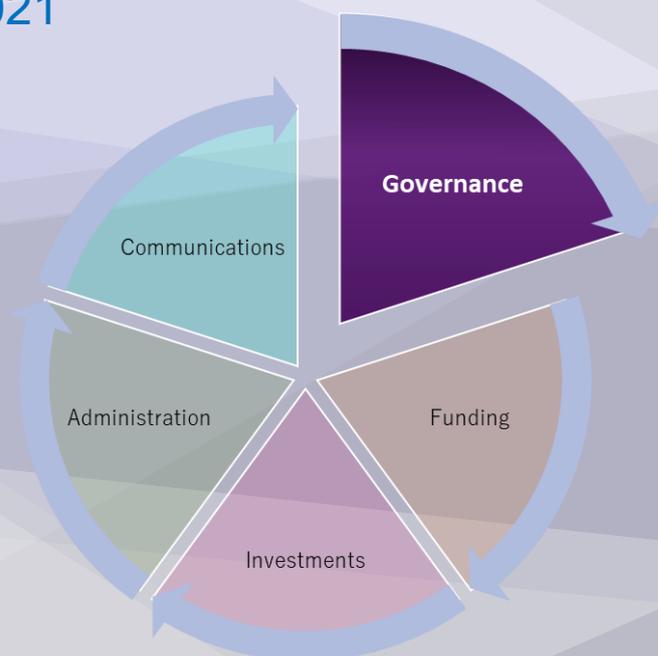


# Essex Pension Fund



## Essex Pension Fund Advisory Board Annual Report

June 2021



# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### Introduction

This is the sixth Annual Report of the Essex Pension Fund Advisory Board, covering the period from 1 April 2020 until 31 March 2021.

### Roles and Functions

The Essex Pension Fund Advisory Board (PAB) has been established as the Local Pensions Board for Essex in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the Local Government Pension Scheme (LGPS) Regulations 2013 (regulations 106 to 109).

The remit of the PAB includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS;
- to secure compliance with requirements imposed in relation to the LGPS by The Pensions Regulator (TPR).

The establishment of the PAB was approved by Essex County Council (ECC) in February 2015 with the following membership:

- 4 Employer representatives made up of ECC (1), Borough/City/District (1), Unitary (1), Other Employing Bodies (1);
- 4 Scheme Member representatives of which 1 has been nominated by the trade unions and the rest drawn from the total scheme membership;
- 1 Independent non-voting Chairman.

A web link to the papers detailing the establishment of the PAB can be found within the 04 March 2015 Essex Pension Fund Strategy Board (PSB) Meeting [Documents](#).

The PAB's full Terms of Reference (TOR's) is reviewed periodically as part of the Governance and Compliance Statement and was last reviewed by the PSB at their meeting in March 2021. The TOR's can be found within the [ECC Constitution](#).

The PAB met three times during the period covered by this report: on 23 September 2020; 16 December 2020 and 17 March 2021. Due to the COVID-19 Pandemic and no legislation being in place at the time to allow for meetings to take place virtually the meeting scheduled for 17 June 2020 was cancelled.

In addition to these meetings, PAB Members were invited to attend as Observers at:

- three meetings of the PSB (the Fund's s101 Committee) which took place in the mornings on 23 September 2020; 16 December 2020 and 17 March 2021.
- four meetings of the Investment Steering Committee (ISC) (the Fund's s101 sub-committee) which took place on 21 July 2020, 21 October 2020, 20 January 2021 and 24 March 2021.



# Essex Pension Fund Advisory Board

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### Membership

During the period covered by this report the PAB had 9 Members. They represented Employer and Scheme Member Representatives and an Independent Chairman.

The membership of the PAB as at 31 March 2021 was as follows:

Independent Chairman (1)	
Nicola Mark	Independent
Scheme Member Representatives (4)	
Andrew Coburn	Pensioner, Ex County Council, UNISON (Vice Chairman )
Debs Hurst	Active Member, Chelmsford College
Stuart Roberts	Active Member, Shenfield High Academy
James Sheehy (until 22 February 2021)	Active Member, Witham Town Council
Vacant Position (from 23 February 2021)	-
Employer Representatives (4)	
James Durrant	Essex Fire Authority
Councillor Shane Hebb	Thurrock Borough Council
Councillor Simon Walsh	Essex County Council
Councillor Terry Cutmore (until 02 April 2020)	Rochford District Council
Councillor Martin Bracken (from 11 June 2020)	Chelmsford City Council

### Attendance

Attendance at PAB meetings during 2020/21 was 81%.

### Conflicts of Interest

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A conflict is defined as “a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the pension board”. The Act is clear that actual membership of the LGPS is not in and of itself a conflict of interest, so would not preclude a Scheme Member from serving on the PAB.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

The Essex Pension Fund (“the Fund”) follows the Fund’s Conflict of Interest Policy in addition to ECC’s Code of Conduct for the management of potential conflicts in order to ensure that they do not become actual conflicts. All Members of the PAB are familiar with these policies.

In addition, declarations of interest are a standing item on all PAB agendas and any interests noted by Members are recorded so that action can be taken to exclude the conflicted individual from proceedings where necessary.

### PAB Member Training

The Public Service Pensions Act 2013<sup>1</sup> requires that members of Local Pensions Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a Local Pensions Board must be conversant with:

- the regulations of the LGPS, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme.

Local Pensions Board Members must also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed in other legislation.

The degree of knowledge and understanding required by Local Pensions Board Members is appropriate for the purposes of enabling the individual to properly exercise the functions of a Member of the Local Pensions Board.

### Degree of Knowledge and Understanding

Members of the Local Pensions Board are expected to be conversant with the rules of the LGPS and the policies of the Fund. “Being conversant with” implies a working knowledge of what is relevant to the subject under discussion. A PAB Member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with:

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by TPR; and
- any failure to meet the standards and expectations set out in any relevant [code of practice](#) issued by TPR.

<sup>1</sup> The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

# Essex Pension Fund Advisory Board

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### Areas of Knowledge and Understanding

The areas in which the PAB would be expected to be conversant include, but are not limited to:

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping);
- Risk assessment and management;
- Scheme booklets and other members communications;
- The role of Local Pensions Board Members and the Scheme Manager;
- Policies in relation to the exercise of discretions;
- Communications with Scheme Members and Employers;
- Key policy documents on administration, funding and investment.

### Knowledge and Skills Strategy

PSB, ISC and PAB Members, Scheme Member and Employer representatives are expected to maintain an appropriate level of knowledge and skills to perform their role effectively, and to meet the requirements of overriding legislation, statutory and professional guidance.

All Board/Committee Members receive appropriate training to fill any knowledge gaps identified and must seek to maintain their knowledge.

The Fund fully supports the use of the CIPFA Code of Practice on LGPS Knowledge and Skills, and its associated Frameworks, and TPR's Code of Practice, as well as understanding the need for appropriate knowledge and skills to allow professional status to be awarded for MiFID II purposes. The Fund adopts the principles and requirements of these, and will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

The approach of the Knowledge and Skills Strategy is summarised below:

- Training credits will be awarded to each PAB Member where training events (approved / recommended by the Fund) has been undertaken either in person or by virtual means;
- PAB Members are expected to complete relevant CIPFA and TPR modules applicable to their role;
- A Training Needs Analysis will be undertaken once every two-years to determine areas for further training and reviewed periodically;
- The approach to training is flexible, in order to recognise the ever-changing landscape of the LGPS;
- Training is delivered in a way that complements the activities set out in the Fund's Three-Year Business Plan.

This year the PAB has covered the following topics, of which appropriate training was provided within formal PAB meetings:

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date of meeting	Topics Covered
<p><b>23 September 2020</b></p>	PAB Terms of Reference
	PAB Annual Report
	Review of the Investment Strategy Statement (ISS) and the consultation process
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Actuarial Valuation;</li> <li>• Essex Pension Fund Three Year Business Plan 2020/21 to 2022/23;</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• Essex Pension Fund Policies (Conflict of Interest Policy, Governance Policy and Compliance Statement and Communication Policy);</li> <li>• Scheme Advisory Board (SAB) Good Governance Project;</li> <li>• Cessation Payment Plan;</li> <li>• Pooling;</li> <li>• The work of Internal Audit in relation to the Fund;</li> <li>• The work of External Audit in relation to the Fund; and</li> <li>• LGPS Regulatory Reform.</li> </ul>
<p><b>16 December 2020</b></p>	The Fund's Business Continuity Policy and Business Continuity Planning arrangements.
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Government Consultations (McCloud and 95k Cap);</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard, and Risk Management);</li> <li>• The work of External Audit in relation to the Fund;</li> <li>• 2020 Actuarial Interim Review;</li> <li>• Employer Ill Health &amp; Death in Service Policy); and</li> <li>• Pooling.</li> </ul>
	PAB Review of the Fund's Business Continuity Arrangements
	PAB Review of the Fund's Annual Surveys
<p><b>17 March 2021</b></p>	The Pensions Regulator - Code of Practice 14
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• Essex Pension Fund Policies and Publications (Essex Pension Fund Three - Year Business Plan and 2021/22 Budget, Governance Policy and Compliance Statement and Essex Pension Fund Business Continuity Policy and Plan);</li> </ul>

# Essex Pension Fund Advisory Board

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Date of meeting	Topics Covered
17 March 2021	<ul style="list-style-type: none"> <li>• LGPS and Other Pension Reform; and</li> <li>• Pooling.</li> </ul>
	Governance Review and Effectiveness Survey
	PAB Training Needs Analysis Feedback Session

In addition, the opportunity has been made available for Members of the PAB to attend training sessions outside of PAB meetings, including training sessions which have taken place within PSB or ISC meetings. A number of PAB Members also attended externally run events including:

- CIPFA LGPS Local Pensions Board Spring Seminar;
- CIPFA LGPS Local Pensions Board Autumn Seminar;
- CIPFA McCloud Implementation Workshop;
- LGPS Update;
- Aon Cyber Risk;
- LGA Fundamentals:
  - ◊ Governance and Oversight of the LGPS;
  - ◊ Investment Framework of the LGPS; and
  - ◊ The Legal Structure of the LGPS.

In addition, Fund Officers hosted a virtual Training Day for all Boards and Committee Members during November 2020 which covered:

- Fund Governance;
- History of the LGPS;
- Digitalisation - Member Online;
- Funding Facts;
- History of the Fund's Investment Portfolio; and
- Administration Facts and Figures.

Details of observing at PSB and ISC meetings and training events (internal and external) are recorded throughout the year.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### Outcomes and recommendations

Decisions about the running of the Fund are made by the PSB and ISC which are delegated to carry out that function by ECC in its capacity as the Administering Authority for the Fund.

The role of the PAB is to assist the Administering Authority to ensure compliance and to make recommendations to improve the efficient and effective administration and governance of the pensions function.

This year the PAB has fulfilled its role in the following ways:

Date	Area	Action
<b>All meetings</b>	Decisions of the PSB and the ISC	The PAB's meetings are based on the items considered at meetings of the PSB and the ISC.
<b>23 September 2020</b>	Notes of the Previous Meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	PAB Terms of Reference	<b>Resolved:</b> The Board noted the PAB Terms of Reference for inclusion within the ECC Constitution.
	Appointment of Vice Chairman	<b>Resolved:</b> The Secretariat invited Board Members to make nominations for the appointment of the Vice Chairman. Following a unanimous decision, Andrew Coburn was re-appointed as Vice Chairman.
	PAB Annual Report	<b>Resolved:</b> The Board noted the report.
	Investment Strategy Statement (ISS)	<b>Resolved:</b> The Board noted the content of the report as part of the Fund's stakeholder consultation process.
	PSB Meetings 04 March 2020 and 23 September 2020 - Scheme Advisory Board (SAB) Good	<b>Action:</b> Officers to reassess the Fund against the SAB Good Governance Phase II recommendations and bring back to a future Board meeting.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
23 September 2020	PSB Meetings 04 March 2020 and 23 September 2020 - Update on Pension Fund Activity	<p><b>Action:</b></p> <p>That a Task and Finish Group be set up to review the Fund's Annual Surveys, in particular the Employer Survey and communication around it and that a report be brought back to the 16 December 2020 meeting.</p> <p><b>Resolved:</b></p> <p>The Board noted the report, presentations and updates that were reviewed by the PSB.</p>
	Business Continuity Update	<p><b>Resolved:</b></p> <p>The Board noted the report and update.</p>
	Papers provided to the PAB	<p><b>Resolved:</b></p> <p>The Board noted the update in relation to papers provided to the PAB since their last meeting.</p>
	Schedule of Future Meetings and Events	<p><b>Resolved:</b></p> <p>The Board noted the update.</p>
16 December 2020	Notes of the previous meeting	<p><b>Resolved:</b></p> <p>The Board approved the Notes from the previous meeting and noted the updates provided.</p>
	PSB Meeting 16 December 2020	<p><b>Resolved:</b></p> <p>The Board noted the papers reviewed by the PSB.</p>
	PAB Review of the Fund's Business Continuity Arrangements	<p><b>Action:</b></p> <p>Business Continuity Plan (BCP) to incorporate the discussions including the penetration test conductor and the inclusion of a Communication Strategy.</p> <p><b>Resolved:</b></p> <p>After review of the Fund's Business Continuity Policy and Plan, the Board noted its development and next steps.</p>

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
16 December 2020	PAB review of the Fund's Annual Surveys	<b>Resolved:</b> The Board agreed to put forward to the PSB at their 17 March 2021 meeting its views that the Fund move away from the annual issue of Employer and Scheme Member surveys and implement a target based, event driven model asking fewer questions and utilising various methods (digital, paper, postcards etc).
	The Pensions Regulator Code of Practice	<b>Resolved:</b> The Board noted the report and update.
	Papers provided to the PAB	<b>Resolved:</b> The Board noted the update in relation to papers provided to the PAB since their last meeting.
	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the update.
17 March 2021	Notes of the previous meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	PSB Update	<b>Action:</b> On receipt of a resignation, it was agreed that Fund Officers on behalf of the Board would write to James Sheehy thanking him for his contribution and service to the Board. <b>Resolved:</b> The Board noted the papers reviewed by the PSB.
	Papers provided to the PAB	<b>Action:</b> It was agreed that Fund Officers would reach out to the seminar organisers to try and obtain a copy of the checklist used to measure Board Member performance and if successful would forward on to the Board. <b>Resolved:</b> The Board noted the content of the report in relation to papers provided to the PAB since their last meeting.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
17 March 2021	Governance Review and Effectiveness Survey	<b>Resolved:</b> Following an Interactive Training Session from the IGAA the Board noted the positive findings from the survey and that these findings, along with the outcome of the PSB Members own assessment of their effectiveness, would be analysed and reported to the Board at a future meeting.
	PAB - Training Needs Analysis Feedback Session	<b>Resolved:</b> The Board noted the update and next steps.
	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the content of the report.

### Review of the Fund's Business Continuity Arrangements:

At the September 2019 PSB meeting, the PAB were asked to assist Fund Officers in the review the Fund's Business Continuity Arrangements.

Following the ECC decision during 2019 to change to a new Business Continuity system, the Fund commenced the development of its own Business Continuity Policy. In addition the development of the Fund's standalone Business Continuity Plan which included Business Impact Assessments, Disaster Recovery Plans and a Testing Schedule.

The work continued throughout 2020 with regular updates being reported to the PAB. The PAB provided closing recommendations for the Policy and Plan at their December 2020 meeting and the final versions were presented to the PSB at their March 2021 meeting which were subsequently approved.

### Review of the Fund's Annual Surveys:

At the September 2020 PSB meeting, the PSB agreed to delegate the review of the approach to the Fund's Annual Surveys to the PAB. As a result it was suggested that a Task and Finish Group be created to include Fund Officers, the Independent Governance and Administration Adviser, the Other Employing Bodies Representative on the PSB and two PAB Members.

The PAB agreed the Membership of the Task and Finish Group at their September 2020 meeting. The Group then proceeded to meet on three occasions to carry out the review on: 01 October 2020, 03 November 2020 and 26 November 2020.

The Group reached consensus that the Fund should move to a more targeted approach with surveys being shorter and sent using various methods. This recommendation was accepted by the PSB at the March 2021 meeting.

# Essex Pension Fund Advisory Board

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Full agendas and notes for all PAB meetings can be found on the ECC website under the Committees section of Your Council, or by following the link below:

[Essex Pension Fund Advisory Board](#)

### Future Dates of Meetings

The PAB agreed to the following provisional meeting dates for 2021/22:

- 07 July 2021;
- 22 September 2021;
- 15 December 2021; and
- 23 March 2022.

*Nicola Mark, Independent Chairman*

*Andrew Coburn, Vice Chairman*

**Essex Pension Fund Advisory Board**  
**June 2021**