

Essex Pension Fund Strategy Board	PSB 06
Date: 04 March 2020	

Essex Pension Fund (EPF) Policies

Report by the Interim Director for Essex Pension Fund in consultation with the Independent Governance & Administration Adviser (IGAA)

Enquiries to Jody Evans on 0333 0138 489

1. Purpose of the Report

- 1.1 To provide the Board with the new Conflict of Interest Policy, revised Governance Policy and Compliance Statement and revised Communications Policy.

2. Recommendation

- 2.1 That the Board approve the:
 - Conflict of Interest Policy;
 - Governance Policy and Compliance Statement;
 - Communications Policy; and
 - to note the content of the report.

3. Background

Conflicts of Interest Policy

3.1 The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in Local Government Pension Scheme (LGPS) funds are contained in various elements of legislation and guidance, including:

- Section 5 of the Public Service Pensions Act 2013;
- Regulation 108 of the LGPS Regulations 2013;
- The Pensions Regulator's Code of Practice 14: Governance and Administration of Public Service Pension Schemes;
- Section 90A of the Pension Act 2004;
- CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance;
- Localism Act 2011; and
- The Seven Principles of Standards in Public Life.

3.2 The Pensions Regulator's Code of Practice says schemes should ensure that there is an agreed and documented conflict of interest policy and procedure and that they should keep this under regular review.

Governance Policy and Compliance Statement

3.3 Regulation 55 of the LGPS Regulations 2013 requires each Administering Authority to prepare, publish and maintain a governance policy and compliance statement setting out whether the Administering Authority delegates its functions, or part of its functions to a committee, a sub-committee or an officer of the authority, and if so:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying; and

- details of the terms, structure and operational procedures relating to the local pension board.

3.4 Each Administering Authority is required to:

- keep the statement under review;
- make such revisions as are appropriate following a material change;
- consult such persons as we consider appropriate; and
- publish any revised statement.

Communications Policy

3.5 Regulation 61 of the LGPS Regulations 2013 requires each Administering Authority to prepare, maintain and publish a written statement setting out its policy concerning communications with:

- members;
- representatives of members;
- prospective members; and
- scheme employers.

In particular the statement must set out its policy on:

- the provision of information and publicity about the Scheme to members, representatives of members and scheme employers;
- the format, frequency and method of distributing such information or publicity; and
- the promotion of the Scheme to prospective members and their employers.

3.6 The statement must be revised and published by the Administering Authority following a material change in their policy.

4. Review of the EPF Policies

Conflict of Interest Policy

4.1 Members and Officers have, and will continue, to comply with the Essex County Council (ECC) Code of Conduct.

4.2 However, one of the conclusions of the Pensions Regulator's deep dive report into the governance and administration arrangements of 10 LGPS funds was that "it is important that scheme managers recognise, and maintain, a

separation between the Fund and Local Authority to avoid an over-reliance on the Local Authority's policies and procedures."

- 4.3 In addition, the ECC's Code of Conduct does not encompass those Members who sit on the Board, Essex Pension Fund Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) who are not ECC Members or Officers.
- 4.4 Fund Officers, in consultation with the Independent Governance & Administration Adviser (IGAA) and the ECC Monitoring Officer, have produced the draft Conflict of Interest Policy at appendix A for approval by the Board.
- 4.5 The Pensions Regulator's Code of Practice says that conflict of interest policies should be kept under regular review.

Governance Policy and Compliance Statement

- 4.6 During the March 2019 PSB meeting, the Board agreed that the Terms of Reference (TOR) for each of the PSB, ISC and PAB would be reviewed for approval by Full Council on 8 October 2019.
- 4.7 In addition, the Board were advised that the revised TORs would be incorporated into the Fund's Governance Policy and Compliance Statement which in turn will be referred to within the Fund's Annual Report and Accounts.
- 4.8 Fund Officers, in consultation with the IGAA, have provided the draft Governance Policy and Compliance Statement at appendix B for approval by the Board.
- 4.9 Once approved, the Governance Policy and Compliance Statement will be published on the Fund's website.

Communications Policy

- 4.10 The Communications Policy was last reviewed by the Board in 2016.
- 4.11 With recent system developments such as Member self-service and Employer Online, a full review of the Communications Policy was needed to ensure it properly reflects how the Fund is currently communicating with stakeholders and how it plans to do so going forward.
- 4.12 Fund Officers, in consultation with the IGAA, have produced the draft Communications Policy at appendix C for approval by the Board.
- 4.13 Once approved, the Communications Policy will be published on the Fund's website.

5. Link to Essex Pension Fund Objectives

Conflict of Interest Policy

5.1 Developing and publishing a Conflict of Interest Policy will assist the Board in achieving the following Fund objectives:

- Ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's Codes of Practice; and
- Act with integrity and be accountable to our stakeholders.

Governance Policy and Compliance Statement

5.2 Reviewing and updating the Governance Policy and Compliance Statement will assist in the Board in achieving the following Fund objectives:

- Ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's Codes of Practice; and
- Act with integrity and be accountable to our stakeholders.

Communications Policy

5.3 Reviewing and updating the Communications Policy will assist in the Board in achieving the following Fund objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.
- Ensure our communications are simple, relevant and have impact.
- Deliver information in a way that suits all types of stakeholder.
- Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme

6. Risk Implications

6.1 Failure to develop and publish a Conflict of Interest Policy 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;
- Failure to recognise, disclose, monitor and prevent conflicts of interest; and
- Failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage.

6.2 Failure to review and update the Governance Policy and Compliance Statement 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; and
- Failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage.

6.3 Failure to review and update the Communications Policy could result in:

- A lack of clarity around the respective roles of the Fund and Employers leading to data issues and delays in collecting contributions and paying benefits to scheme members; and
- Failure to seek continual improvement in the Fund's communications leading to the Fund not meeting its communications objectives.

7. Communication Implications

7.1 The Conflict of Interest Policy, Governance Policy and Compliance Statement and Communications Policy will be published on the Fund's website.

7.2 Other than ongoing reporting to the PSB, there are no communication implications.

8. Finance and Resource Implications

8.1 None.

9. Background Papers

9.1 Communication Policy Report, EPB/11/16, 13 July 2016

9.2 Governance Policy and Compliance Statement & PAB review paper, PSB 06, 06 March 2019.

9.3 Terms of Reference Review, PSB 05, 03 July 2019.