



Essex County Council

## Essex Pension Fund Strategy Board

10:00	Wednesday, 06 July 2022	Committee Room 2 County Hall, Chelmsford, CM1 1QH
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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.**

**14        Funding**

**14a       Employer Update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**14b       Multi Academy Trust Liability Transfer**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**15        Pooling Update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**16        Urgent Exempt Business**

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.

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 01</b>
<b>Date: 06 July 2022</b>	

## **Essex Pension Fund Strategy Board (PSB) Membership, Apologies and Declarations of Interest**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

**This Report is for noting**

### **Executive Summary**

**Report Type: Governance**

From the 2022 Local Authority elections, we have one Membership change to the Board. Councillor S George has replaced Cllr M Dent to represent Southend-on-Sea City Council.

No apologies have been received at the time of writing the report. In addition, all Member Declarations of Interest have been updated for the new Municipal Year.

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

- 1.1 To present Membership, Apologies and Declarations of Interest for the 06 July 2022 PSB.

## **2. Recommendation**

- 2.1 That the Board should note:
  - Membership as shown overleaf;
  - Apologies and substitutions; and
  - Declarations of Interest to be made by Members in accordance with the Members' Code of Conduct and the Essex Pension Fund's Conflict of Interest Policy.

### **3. Membership**

(Quorum: 4)

11 members consisting of:

- seven Members of the Council;
- one Member representing District, City and Borough Councils in Essex;
- one Member representing Unitary Councils in Essex;
- one Member representing Scheme Members nominated by Unison; and
- one Member representing Other Employing Bodies nominated by the Employer Forum.

#### **Membership**

#### **Representing**

Councillor S Barker

Essex County Council (Chairman)

Councillor M Platt

Essex County Council (Vice Chairman)

Councillor A Goggin

Essex County Council

Councillor A Hedley

Essex County Council

Councillor M Hoy

Essex County Council

Councillor D King

Essex County Council

Councillor C Souter

Essex County Council

Councillor S George

Southend-on-Sea City Council

Rachel Hadley

Other Employing Bodies

Councillor C Riley

Castle Point Borough Council

Sandra Child

Scheme Members

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 02</b>
<b>Date: 06 July 2022</b>	

## **Confirmation of the Appointment of the Essex Pension Fund Strategy Board (PSB) Chairman and Vice Chairman**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

**This Report is for noting**

### **Executive Summary**

**Report Type: Governance**

This report is to confirm the Chairman and Vice Chairman arrangements for the PSB as agreed at the 10 May 2022 Full Council Annual Meeting and the 15 June 2022 Investment Steering Committee (ISC) meeting.

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

- 1.1 To note the appointment of the PSB Chairman and Vice Chairman of the Essex Pension Fund.
- 1.2 To note the Fund's representative on the ACCESS Joint Committee (JC).

## **2. Recommendation**

- 2.1 That the Board note:
  - the appointment of Councillor Susan Barker as Chairman of the PSB as agreed at the Essex County Council (ECC) Full Council meeting held on 10 May 2022;
  - the appointment of Councillor Mark Platt as Vice Chairman of the PSB as agreed at the Investment Steering Committee (ISC) meeting held on 15 June 2022; and

- that the Chairman act as the Fund's representative on the ACCESS JC and that, in their absence, the Vice Chairman act as the Fund's representative as agreed at the ISC meeting held on 15 June 2022.



### **3. Background**

- 3.1 Each year, the County Council hold their Annual Meeting to appoint and/or reconfirm ECC's Committee Memberships and Chairmen appointments. This year's Annual Meeting was held on 10 May 2022.
- 3.2 Under the PSB Terms of Reference the Chairman and Vice Chairman of the PSB will also act as Chairman and Vice Chairman for the ISC respectively.
- 3.3 Confirmation of the Chairman appointment is then reaffirmed at their respective first meetings. In addition, at the first meeting of either the PSB or ISC the Vice Chairman is also elected.

### **4. Confirmation of the Chairman and Vice Chairman**

- 4.1 At the 10 May 2022 ECC Full Council meeting, Councillor Susan Barker was re-appointed as the Chairman of the PSB for the Essex Pension Fund.
- 4.2 At the ISC's meeting held on 15 June 2022, the Committee:
  - reaffirmed Councillor Susan Barker as the Chairman of the PSB and ISC;
  - they voted that Councillor Mark Platt be the Vice Chairman for both the PSB and ISC; and
  - agreed that the Chairman act as the Fund's representative on the ACCESS JC and in their absence, the Vice Chairman act as the Fund's representative.



## Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB), held in Committee Room 1 at 10:00am on 18 March 2022

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

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

#### Membership

##### Present:

#### Essex County Council

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr M Durham	Conservative Substitute Member (attending on behalf of Cllr Souter)
Cllr A Goggin	
Cllr A Hedley	
Cllr D King	(left 11:45pm)

#### Scheme Member Representative

Sandra Child	(UNISON)
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#### Other Employing Bodies Representative

Rachel Hadley	Chelmer Housing Partnership
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The following Officers and Advisers were also present in support of the meeting:

Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Sara Maxey	Employer Manager
Daniel Chessell	Retirement Manager
Ajai Ajith	Compliance Analyst
Rebecca Cresswell	Lead Employer Analyst (Observer)
Karen McWilliam	Independent Governance & Administration Adviser (IGAA), Aon (left 11:52am)

It was also noted that Cllr C Souter and Cllr C Riley attended via Zoom as Observers of the meeting and as a consequence were unable to vote on decisions if required.

The following Officers were present via Zoom:

Jody Evans	Director for Essex Pension Fund
Helen Pennock	Compliance Analyst

Marcia Wong Compliance Officer

The following Essex Pension Fund Advisory Board (PAB) Member was present as an Observer:

Nicola Mark Independent Chairman

The following PAB Members were present remotely via Zoom as Observers of the meeting:

Andrew Coburn	Scheme Member Representative (UNISON)
Debs Hurst	Scheme Member Representative
Christopher Downes	Scheme Member Representative

Members noted that the meeting would be recorded to assist with the production of the Minutes for the meeting.

### **Opening Remarks**

The Chairman welcomed the Board, Observers and IGAA to the meeting.

### **Apologies for Absence**

It was noted that Cllr M Dent and Cllr M Hoy along with PAB Members Cllr M Bracken, James Durrant and Stuart Roberts had sent their apologies.

### **Declarations of Interest**

Declarations were received from:

Cllr S Barker declared she was in receipt of an Essex LGPS pension and is a Substitute Member on the Audit, Governance and Standards Committee. In addition, her son was also a member of the Essex Pension Fund and works as a Sustainability Manager for Essex County Council;

Cllr M Platt is a Deputy Cabinet Member and is Vice Chairman of the Audit, Governance and Standards Committee;

Cllr M Durham declared that he was a Deputy Cabinet Member; is a Member of Maldon District Council and is a Governor of Essex Partnership University NHS Foundation Trust (EPUT);

Cllr A Goggin declared that his wife and sister are in receipt of an Essex LGPS Pension;

Cllr A Hedley declared that he was in receipt of an Aviva Group Pension and is the Chairman of the Audit, Governance and Standards Committee;

Cllr D King declared that he is also a Member of the Audit, Governance and Standards Committee;

Rachel Hadley declared she was the HR Director of Chelmer Housing Partnership (an Employer of the Fund); and

Cllr C Riley and Sandra Child declared they were in receipt of an Essex LGPS pension.

**Resolved:**

The Board noted the report.

**2. Minutes of PSB meeting held on 15 December 2021**

The Minutes of the meeting of the PSB held on 15 December 2021 were approved as a correct record and signed by the Chairman.

The Chairman brought to the attention the Matters Arising and it was noted that:

- the Chairman of the PSB had written to the Chairman of the Audit, Governance and Standards Committee (Audit Committee) on 06 January 2022 setting out the Fund's support for the utilisation of the Public Sector Audit Appointments Limited (PSAA), the national procurement scheme to appoint the Fund's External Auditor for 2023/24 to 2027/28. This was presented to the Audit Committee on 31 January 2022 where it was agreed that the recommendation be taken to Full Council. It was subsequently approved at the 10 February 2022 Full Council meeting;
- a further update would be provided at Agenda item 3 in relation 2020/21 External Audit; and
- it was confirmed that the Administration Strategy and YouTube training video had been sent out for consultation to Scheme Employers on 24 January 2022. An update along with the final Strategy was provided at Agenda Item 5 for the Board's approval.

Members were informed that the remaining matters arising would be dealt with throughout the Agenda Pack.

**3. External Audit 2020/21: Audit Completion Report Year Ending 31 March 2021**

The Investment Manager informed the Board that the Fund was now in receipt of a revised draft Pension Fund Audit Completion Report which was due to be presented to the upcoming Audit Committee on 21 March 2022 along with Essex County Council's Audit Completion Report. It was explained that little had changed with its content and as previously advised, no significant issues had been identified and an unmodified audit opinion was still anticipated.

It was noted that due to an outstanding matter with the County's Audit the Auditors were still not in a position to confirm when they will be in a position for the County's and Pension Fund's Financial Statements to be signed off.

In addition, it was noted that BDO was not in a position to present their Audit Planning Report for the Year Ending March 2022 to the forthcoming Audit Committee meeting. This is now expected to go to the June 2022 meeting.

**Resolved:**

The Board noted the content of the Report.

**4. Update on Pension Fund Activity: Quarterly Update Report**

The Compliance Manager provided the Board with the Scorecard position as of 31 December 2021 and an update on progress in relation to the 2021/22 Business Plan, Risk Register and Budget as at 09 March 2022.

Of the forty-five areas of activities highlighted in the Business Plan, the Board noted that forty-two of these had now been completed and of the remaining three activities, one was not applicable and the remaining two would be completed by 31 March 2022.

Members acknowledged the efforts of everyone involved with the Fund in achieving completion of the forty-two activities to date.

Three movements were noted within the Fund's Scorecard, two improvements, and one decline. The successful recruitment process to appoint Christopher Downes as the new Scheme Member representative on the PAB had resulted in a red measure turn green. Whilst a red measure was recorded for the quarter as a result of a 67% attendance rate at the PAB's 15 December 2021 meeting. The final movement from amber to green related to the increase in number of positive Member Survey responses in regard to 'understanding the information'.

The exception report also detailed the continued red measure as of 31 December 2021 relating to the External Audit position which previously been discussed at Agenda Item 3.

Members agreed that going forward annual measures that were amber need not be reported quarterly until they were remeasured. It was also agreed those measures that were amber and unchanged from the previous meeting need not be reported unless any movements had been recorded within the quarter.

It was further explained that two movements had been recorded within the Risk Register noting that one risk had been upgraded as a result of the heightened likelihood of a Cyber related incident and one downgraded due to more certainty around Local Government Pension Scheme (LGPS) reform and its implications on the Fund. It was also confirmed that no new risks have been identified.

Members noted that the Fund was forecasting a 14% underspend against the agreed 2021/22 Budget. This was largely driven by the length of time to recruit new Fund staff.

**Resolved:**

The Board noted the latest Pension Fund Activity Report.

**5. Essex Pension Fund Policies & Publications**

**5a. Three-Year Business Plan and 2022/23 Budget**

The Board received a report in regard to the Fund's Three-Year Business Plan which detailed the Fund's priorities from 2022/23 to 2024/25.

Members were made aware of the new Business Plan activities that were programmed to commence during 2022/23. These included:

- the implementation of the Fund's Stakeholder Engagement Strategy;
- the PAB Annual Workplan;
- the 2022 Actuarial Triennial Valuation;
- further work to be carried out in regard to Responsible Investment and the Fund's Investment Strategy; and
- work relating to the LGPS Reform.

It was highlighted that the PAB Annual Workplan was developed as a consequence of the discussions at the last Board meeting in regard to the work that could be undertaken by the PAB to assist the Board in its Business Plan areas of activity and as a direct outcome of the PAB Governance Effectiveness Review.

In addition, Members considered the proposed Budget of £5.77m to support the Fund's 2022/23 activities as detailed in the Business Plan.

**Resolved:**

The Board **approved** the:

- Essex Pension Fund Three Year Business Plan for 2022/23 to 2024/25;
- the PAB Annual Workplan; and
- Essex Pension Fund Budget for 2022/23 of £5.77m as detailed in the Business Plan.

**5b. Stakeholder Engagement Strategy**

Members received a report from the Investment Manager in relation to the development of the Fund's Stakeholder Engagement Strategy. It was explained that the Strategy formalises how the Fund engages with its many types of Stakeholders building around a core set of values and behaviours and sets out the Fund's Resolution Process.

It was noted that the Strategy was not developed as part of a regulatory requirement and the Fund was not aware of any other Local Government Pension Scheme having such a standalone Strategy but was a way the Fund could demonstrate how it wishes to continue to strive for excellence and be innovative. To this end, it was explained that all Essex Pension Fund Officers had contributed to its creation via the outputs of a recent Staff Away Day.

Board Members expressed their delight with the Strategy, supporting the Strategy's Values Statement.

**Resolved:**

The Board **approved** the Essex Pension Fund Stakeholder Engagement Strategy and noted the content of the report.

**5c. Administration Strategy**

It was noted that following the Board's approval, the Draft Administration Strategy had been issued out for a four-week consultation to Scheme Employers closing 25 February 2022. As per the Board's suggestion, the YouTube Administration training video was issued alongside the consultation resulting in a total of sixty views.

Four comments were received from Employers resulting in two minor revisions.

In addition, it was noted that the Chairman had requested Fund Officers to make three further minor amendments to include:

- "or other suitable person" at paragraph 3.1.2 (page 167 of the Agenda pack);
- "or other date as set by Government" at 1.6 of table (page 173 of the Agenda pack); and
- "Compensated Added Years" added to the acronym CAYs (page 184 of the Agenda pack).

Members observed the longer legal timeframes set for key administration tasks to that of the Fund's own set targets. Fund Officers confirmed that the Fund currently measures itself favourably against the Chartered Institute of Public Finance and Accountancy benchmark which provides administrative benchmark averages across the whole of the LGPS.

**Resolved:**

The Board **approved** the Essex Pension Fund Administration Strategy and noted the content of the report.



## **6. Local Government Pension Scheme (LGPS) Reform**

### **6a. National Pensions Dashboard**

The Board received a report from the Fund's IGAA in respect of the National Pensions Dashboard and the recently issued consultation.

It was explained that the Dashboard was a Government initiative in which people will be able to view all their individual pension entitlements in one place and has been on the Fund's radar for the last couple of years. The IGAA provided Members with further clarity and the suggested timeline of the project which was detailed in Appendix B of the report.

Members registered the Fund's support of the Local Government Association's (LGA) draft response to the National Pensions Dashboard consultation issued by The Department for Work and Pensions (DWP), echoing that the implementation timeframe suggested by DWP was not practical for LGPS Funds.

#### **Resolved:**

The Board noted the update and the content of the report.

### **6b. McCloud Update**

The Employer Manager presented the Board with an update in regard to the McCloud timeline.

Members were informed that the Bill had been laid before Parliament during January 2022 and received Royal Assent on 16 March 2022. It was explained that the expected timeline for the next steps were:

- Summer 2022 - Remedy Regulations;
- August 2022 - Guidance consultation;
- Winter 2022/23 - Final Guidance; and
- Remedy effective from October 2023.

It was also noted that Officers had already undertaken preparatory work in relation to this, however, until the Guidance was issued the changes that would need to be undertaken regarding the Fund's systems would remain unknown.

#### **Resolved:**

The Board noted the update.

## **7. Quarterly Update Report**

### **7a. Investment Steering Committee (ISC) Quarterly Report**

The Investment Manager provided the Board with a report detailing the ISC activity since the previous Board meeting.

It was confirmed that the ISC had met on one occasion, 23 February 2022. The main focus of the meeting was the Fund's progress against the Responsible Investment (RI) Project Plan which included the outcome of the Engagement Meetings with the Fund's Property and Infrastructure managers. The progress and next steps regarding the Fund's draft 2020 Financial Reporting Council (FRC) UK Stewardship Code Submission was also discussed.

In addition, the Committee received a training presentation from the Institutional Investment Consultant on impact investing. It was agreed that Officers and Advisers would ascertain initially the potential to invest more impactfully within the Fund's existing mandates. It was also noted that there was an appetite following more detailed analysis to agree a monetary amount that could be directed to more impactful investment over the medium term.

The other main areas of business discussed were:

- the approval of the Treasury Management Strategy;
- the development and approval of the Investment Engagement Strategy; and
- the agreed approach and next steps in regard to aligning the Fund's index tracking mandate to its RI Policy and Priorities.

#### **Resolved:**

The Board noted the content of the Report.

### **7b. Essex Pension Fund Advisory Board (PAB)**

#### **7b(i). Quarterly Report**

An update was provided on the PAB activity since the last Board meeting. It was confirmed that the PAB had met on one occasion on 15 December 2021.

During that meeting, the PAB discussed the business of the PSB meeting of 15 December 2021 raising no concerns.

The main areas of business discussed were:

- the outcome of their Governance Effectiveness Review;
- a review of the Fund's 100% compliance against The Pensions Regulator (TPR) Code of Practice 14; and
- the 'hot topic' presentation on Guaranteed Minimum Pension (GMP).

**Resolved:**

The Board noted the content of the report.

**7b(ii). PAB Scheme Member Representation**

The Compliance Manager provided the Board with a report which highlighted that an existing PAB Scheme Member representative's four-year Term of Appointment was due to cease in May 2022. Members were advised that Officers had spoken to the incumbent, Debs Hurst, who confirmed that she would like to continue in her role.

Therefore, it was recommended that the Term of Appointment for Debs Hurst be extended for a further two years in line with the PAB's Term of Reference.

**Resolved:**

The Board **agreed** to extend the current Term of Appointment for Debs Hurst up to six years in line with the PAB's Term of Reference and noted the content of the report.

**8. Essex Pension Fund Advisory Board Governance Effectiveness Review - Outcome**

The Board received a joint report from the Compliance Manager and IGAA in regard to the outcome of the PAB Governance Effectiveness Review. The IGAA informed the Board that the results of the review were overwhelmingly positive and that no significant issues were identified.

It was explained that the PAB discussed the results of their review at their December meeting where a discussion around succession planning for the PAB took place. At this meeting it was agreed that a recommendation be made to the PSB that a pamphlet be developed to set out the expectations around the role of PAB Members, the level of commitment and the level of support provided by Fund Officers to assist them in their role.

It was also highlighted that this had been detailed in the PAB Annual Workplan which was approved at Agenda item 5a.

**Resolved:**

The Board **agreed** the PAB, in consultation with Fund Officers, develop a pamphlet in regard to the expectations around the role of PAB Members as described within the PAB Annual Workplan.

The Board noted the content of the report and the summary of the PAB Governance Effectiveness Review.

## 9. Proposed 2022 Actuarial Valuation Timetable

Following a request at their December meeting, Members received a presentation from the Employer Manager on the proposed timetable for the 2022 Actuarial Triennial Valuation.

The Board were provided with a step-by-step timeline of key milestones which will conclude with the final sign off from the Valuation and Funding Strategy Statement at the March 2023 Board meeting.

It was confirmed that this timetable would be shared with Scheme Employers.

Members were also advised of a Pre-Valuation Webinar to be hosted by Fund Actuary, Barnett Waddingham on 29 March 2022 at 10am. It was confirmed that Officers would provide further details following the meeting.

### **Resolved:**

The Board noted the update.

## 10. Schedule of Future Meetings and Events

The Board received a report from the Compliance Manager detailing the planned Board meetings for the next municipal year and that the training days would be confirmed in due course.

### Essex Pension Fund Strategy Board

06 July 2022	10am - 1pm
21 September 2022	10am - 1pm
07 December 2022	10am - 1pm
22 March 2023	10am - 1pm

In addition, a proposed schedule of future meetings for the 2023/24 municipal year was also presented for the Board's consideration:

### Essex Pension Fund Strategy Board

05 July 2023	10am - 1pm
20 September 2023	10am - 1pm
13 December 2023	10am - 1pm
20 March 2024	10am - 1pm

It was also confirmed that the PAB will continue to meet on the same day as the PSB, with a start time of 2pm.

### **Resolved:**

The Board **agreed** the proposed PSB meeting dates for 2023/24 and noted the content of the report.

## 11. Urgent Part One Business

The Chairman informed the Board that she had been notified recently of the outcome of the Fund's two Internal Audits noting both had received Good Assurance (the highest level) with again, no recommendations made.

It was also explained that these reports would be presented to the Audit Committee at their June 2022 meeting and in turn to the Board at its July 2022 meeting.

The Chairman informed Members that the meeting would reconvene at 11:05am following a short adjournment.

The meeting was adjourned at 10:59am

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The Board reconvened at 11:08am

### 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.

## 12. Essex Pension Fund Draft Cyber Policy

The Board received a report from the Compliance Manager summarising the Draft Cyber Policy that had been developed by Officers in consultation with the IGAA in line with the guidance issued by TPR.

Members were made aware that this Policy should not be treated as a standalone document but in conjunction with the Fund's Policy for Recording and Reporting Breaches of the Law and the Business Continuity Policy.

A discussion on various elements of Cyber Risk took place including the sensitivity around publishing the Fund's Cyber Risks and the development of third party, Host Authority and Scheme Employer Cyber Risk questionnaires.

**Resolved:**

The Board **approved** the Draft Cyber Policy and noted the content of the report.

**13. Review of Additional Voluntary Contributions (AVC's) Arrangements**

The Board received a report which detailed the findings of the independent review undertaken by Barnett Waddingham of the Fund's Additional Voluntary Contributions (AVC) providers. The review acknowledged that there were no new providers in the market and as such recommended that no changes be made to the Fund's current providers. A copy of the review was supplied at Appendix A of the report.

The Board noted that only 0.2% of Fund Membership held AVC's.

Members enquired as to whether an advertisement of AVC's could be developed within the Member Online portal which Officers confirmed would be explored.

**Resolved:**

The Board **agreed** no changes be made to the current AVC arrangement.

**14. Employer Risk Review**

Members received a report from the Employer Manager detailing the outcome of the Employer Risk Analysis undertaken by Fund Officers.

Of the 700 plus Fund Employers, two potential at-risk Employers were identified who were without security or guarantor, it was explained this was due to the historical admission to the Fund of the Community Admission Bodies. It was noted that there was no significant impact on the Fund due to the size of these Employer's liabilities.

The Board were also advised that a summary report would be included within the Employer Update at future meetings.

**Resolved:**

The Board noted the content of the report.

**15. Pooling Update**

The Investment Manager provided the Board with an update from the last ACCESS Joint Committee (AJC) meeting which was presented at the 23 February 2022 Investment Steering Committee (ISC) and in particular had implications for the Fund.

It was noted:

- that the ISC agreed the ACCESS Authorities S151 Officers' recommendation to accept 2022/23 ACCESS Budget totalling £1.366m, £124k per Authority, to support the 2022/23 Business Plan;
- that the AJC had agreed that two sub-funds be set up in the Emerging Markets (EM) equity space as a consequence the ISC agreed that a formal EM equity proposal be brought to a future meeting; and
- the successful launch of ACCESS's M&G Alpha Opportunities Fund on 01 December 2021 and that the Fund had transitioned its assets successfully to the sub fund and had since made two further subscriptions.

**Resolved:**

The Board noted the update.

The Chairman asked Karen McWilliam, IGAA, to leave the meeting in order for the next agenda item to be discussed.

Karen McWilliam left the meeting at 11:52am

**16. Independent Governance & Administration Adviser (IGAA) Contract Review**

The Board received a report from the Compliance Manager detailing the outcome of the first IGAA Contract Review which had taken place 08 February 2022.

It was explained that this was the first assessment carried out and provided a baseline on which to assess the IGAA's performance on an annual basis going forward. The opportunity was taken to formalise the approach based on that used for the Competition and Markets Authority (CMA) Objectives annual review of the Fund's Institutional Investment Consultants (Hymans Robertson).

The baseline was discussed with Chairman and Vice Chairman of the Board and Independent Chairman of the PAB prior to the Review.

**Resolved:**

The Board noted:

- the Assessment, as set out in Appendix A of the report, of the objectives of the Fund's IGAA, Aon;
- Fund Officers to periodically monitor and review Aon's progress and establish next steps as and when applicable;
- a formal assessment to be undertaken in 12 months' time with Aon, and the outcome to be reported back to the PSB in Q4 2022/23; and
- the content of the Report.

**17. Urgent Exempt Business**

There was none.


**Closing Remarks**

There being no further business, the meeting closed at 11:58am.

**Chairman  
06 July 2022**

DRAFT



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 04</b>	
<b>Date: 06 July 2022</b>		

## Essex Pension Fund Strategy Board (PSB) Terms of Reference

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

### This Report is for noting

### Executive Summary

**Report Type: Governance**

This report is to set out the Terms of Reference for the PSB.

Members were invited to attend a Governance Training session on 14 June 2022 in preparation for this Agenda Item to be noted.

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

1.1 To note the Board's Terms of Reference (TOR).

## **2. Recommendation**

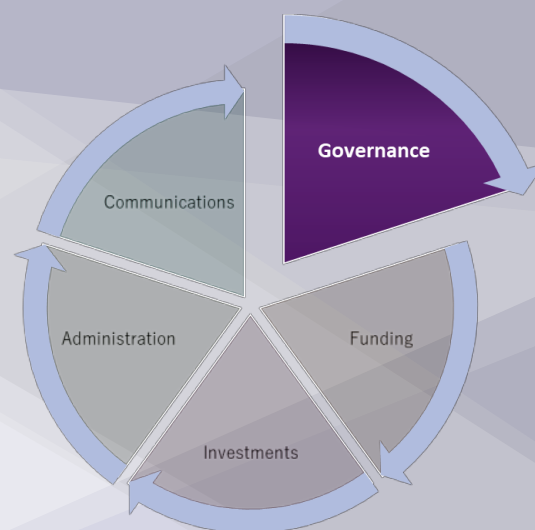
2.1 After review of the Board's TOR by Fund Officers, it is recommended that no changes to the TOR are required and the TOR as set out in Appendix A to this report, are noted.



# Essex Pension Fund

## Pension Strategy Board Terms of Reference

July 2022



# Essex Pension Fund

## Strategy Board

### Membership

There are 11 Members of the Essex Pension Fund Strategy Board (PSB) including:

All Voting* Members	How Nominated or Appointed	Term of Office
7 Members of the Council	Appointed by the Council	1 year as appointed at the annual meeting of the Council or as changed from time to time by the Constitution
1 Member Councillor representing Borough, City and District Councils in Essex	Nominated by Essex Borough and District Leaders/Chief Executives	4 years from the relevant Borough, City and District Council elections
1 Member Councillor representing Southend-on-Sea City and Thurrock Unitary Councils	Nominated jointly by and from either Southend-on-Sea and Thurrock Councils	4 years from the relevant City and Unitary Council elections
1 Member representing other Employing Bodies	Nominated by other employers at the employer forum or such other process as agreed by the Chairman and the Director for the Fund and must be in the employment of or hold office in relation to a Fund Employer	6 years from date of appointment
1 Member representing Scheme Members	Nominated by Unison and must be a member of the Fund	6 years from date of appointment

\*voting is subject to other provisions within this document.

### Quorum

A meeting of the PSB shall only be quorate when:

- i) At least 4 members are present, and
- ii) At least 3 of the members present are Essex County Council members.

# Essex Pension Fund

## Strategy Board

### Term of Office

The Term of Office may be extended by up to six months if considered necessary for the purpose for the appointment process, for example, due to the timing of local authority elections, with the agreement of the Director for Essex Pension Fund.

Any PSB Member may be re-appointed for further terms following the appropriate appointment process.

A Member may resign by giving notice to the Director for Essex Pension Fund and shall cease to be qualified to be a member of the PSB if they cease to hold the office or employment which qualifies them for the role.

### Role and Function

The PSB will exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as Administering Authority of the Essex Pension Fund except where they have been specifically delegated by the Council to another Committee or to an Officer. Its principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund Members. In doing so, the PSB will take account of advice from the Director for Essex Pension Fund and the Fund's professional Advisers.

The role of the PSB will include the following specific functions:

- (i) to monitor and oversee the work of the Fund Investment Steering Committee (ISC) through its quarterly reports;
- (ii) to ensure the proper administration of the Fund, including compliance with the LGPS and other legislation, ensuring that it delivers best value and compliance with statutory and non-statutory best practice guidance where considered appropriate;
- (iii) to determine, review and monitor the Fund's aims, objectives, strategies, compliance statements and procedures relating to the funding strategy, including approving its Funding Strategy Statement;
- (iv) to make arrangements for the actuarial valuation, ongoing monitoring of liabilities and to undertake any asset/liability and other relevant studies as required;
- (v) to determine, review and monitor the Fund's policy in regard to Employer admission and cessation arrangements;
- (vi) to determine, review and monitor the Fund's other aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund, including but not limited to administration, communications and governance;
- (vii) to determine how the various Administering Authority discretions are operated for the Fund;
- (viii) to agree Administering Authority responses to consultations by Central Government, professional and other bodies;

# Essex Pension Fund

## Strategy Board

- (ix) to consider any views expressed by employing organisations and staff representatives;
  - (x) to both appoint and terminate the appointment of the Fund's advisers, including actuaries, governance advisers and specialist lawyers (where required) and periodically to review those arrangements;
  - (xi) to agree the Fund's business plans and monitor progress against them;
  - (xii) to consider the Fund's financial statements and to approve an Annual Report on the activities of the Fund in line with legislation and guidance; and
  - (xiii) to agree a Knowledge and Skills Strategy and ensure its requirements are adhered to.
- No matters relating to Essex County Council's responsibilities as an Employer participating in the Essex Pension Fund are delegated to the PSB.

### Officers

The PSB may delegate a range of its functions to one or more officers of the Administering Authority. The PSB will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the PSB. Any delegations the PSB makes to Officers should be notified to the Council's Monitoring Officer.

### Chairman

- (i) Only members of Essex County Council may be the Chairman and Vice-Chairman.
- (ii) The Chairman will be elected by the County Council at the annual meeting.
- (iii) The Vice-Chairman will be elected annually by members of Essex County Council at the PSB.

### Training

The Essex Pension Fund has a dedicated Knowledge and Skills Strategy which applies to all members of the Board and which includes the expectation to attend regular training sessions in order they may maintain an appropriate level of knowledge and skills to perform their role effectively.

### Essex Pension Fund Advisory Board

Members of the Essex Pension Fund Advisory Board (PAB) are permitted to attend the PSB, including during any items of private business. Comments may also be made by these persons subject to permission to speak being granted by the Chairman. In accordance with the Fund's Conflicts of Interest Policy, a member of the PAB may be asked to leave the room during an item where they have a potential conflict of interest.

NB: Minor wording and layout may be different to the Constitution whilst awaiting an updated publication

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 05</b>
<b>Date: 06 July 2022</b>	

## **Annual Report to Essex County Council**

Report by the Director for Essex Pension Fund

Enquiries to Jody Evans on 03330 138489

**This Report is for noting**

### **Executive Summary**

#### **Report Type: Governance**

Under the Essex Pension Fund Strategy Board's (PSB) Terms of Reference, the PSB are required to submit an Annual Report to Full Council of the work undertaken each year. The 2021/22 Annual Report, at Appendix A, has been approved by the Chairman and Vice Chairman of the PSB and will be presented to Full Council on 12 July 2022.

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

- 1.1 To present to the Essex Pension Fund Strategy Board (PSB) the Fund's 2021/22 Annual Report to Essex County Council.

## **2. Recommendation**

- 2.1 To note the attached report.

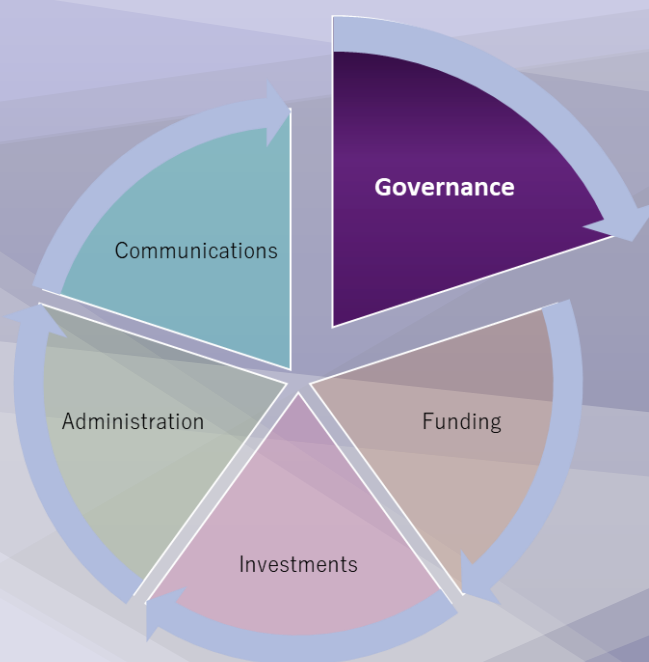




# Essex Pension Fund

## Annual Report 2021/22

July 2022



# Essex Pension Fund

## Annual Report 2021/22

### 1. Introduction

This is the thirteenth annual Report of the Essex Pension Fund Boards, covering the period from 01 April 2021 until 31 March 2022.

### 2. Roles and Functions

Essex County Council's (ECC) functions as the Administering Authority are delegated to the Essex Pension Fund Strategy Board (PSB), the Essex Pension Fund Investment Steering Committee (ISC) and its Officers.



The Terms of Reference (TOR) for the PSB, ISC and Essex Pension Fund Advisory Board (PAB) are reviewed periodically as part of the Governance Policy and Compliance Statement and were last reviewed by the PSB at their meeting in July 2021. The TORs can be found within the [ECC Constitution](#).

#### Essex Pension Fund Strategy Board

The PSB was established by Essex County Council in May 2008 to ensure that the Pension Scheme complied with the best practice principles for governance as required by the amended Local Government Pension Scheme (LGPS) Regulations 1997.

The PSB met four times during the period covered by this report: 07 July 2021; 22 September 2021; 15 December 2021; and 18 March 2022.

#### Membership

During the period covered by this report the PSB had eleven Members. They represented ECC, the other local authorities in Essex (including Unitary Councils), Scheme Members and Other Employing Bodies (i.e. those which are not already specifically represented on the PSB).

The membership of the PSB as at 31 March 2022 was as follows:

##### Essex County Council (7)

Councillor Susan Barker	Chairman
Councillor Mark Platt	Vice Chairman
Councillor Alan Goggin	
Councillor Anthony Hedley	
Councillor Michael Hoy	
Councillor David King	
Councillor Clive Souter	

# Essex Pension Fund

## Annual Report 2021/22

### District/City/Borough Councils in Essex (1)

Councillor Colin Riley

Castle Point Borough Council

### Unitary Councils in Essex (1)

Councillor Matt Dent

Southend-on-Sea Borough Council (*now City Council*)

### Scheme Members (nominated by UNISON) (1)

Mrs Sandra Child

### Other Employing Bodies (1)

Mrs Rachel Hadley

Chelmer Housing Partnership

#### Attendance

Attendance at PSB meetings during 2021/22 was **86%** against a target of **80%**.

### Investment Steering Committee (ISC)

The ISC is a sub-Committee of the PSB and its Membership is drawn from the PSB made up of 7 ECC voting Members, 1 Employer representative (non-voting member) and 1 Scheme Member representative (non-voting member).

The ISC reviews the Essex Pension Fund's ("the Fund") management of investments including, but not limited to, the approval of the Investment Strategy Statement.

#### Attendance

Attendance at ISC meetings during 2021/22 was **89%** against a target of **80%**.

### Essex Pension Fund Advisory Board (PAB)

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 LGPS Regulations 2013.

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; and
- to secure compliance with requirements imposed in relation to the LGPS by The Pensions Regulator (TPR).

# Essex Pension Fund

## Annual Report 2021/22

### 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 2022 was as follows:

#### Independent Chairman (1)

Nicola Mark	Independent Chairman
-------------	----------------------

#### 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

Vacant Position (up to 19 October 2021)

Christopher Downes (from 19 October 2021)	Essex County Council
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#### Employer Representatives (4)

James Durrant	Essex Police, Fire and Crime Commissioner Fire and Rescue Authority
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Councillor S Walsh (Up to 06 May 2021)

Councillor L Barber (from 25 May 2021)	Essex County Council
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Councillor S Hebb (Up to 09 June 2021)

Councillor J Duffin (from 09 June 2021)	Thurrock Unitary Council
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Councillor Martin Bracken

Chelmsford City Council
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### Attendance

Attendance at PAB meetings during 2021/22 was **79%** against a target of **80%**.

### 3. Dimensions of the Fund

The value of the Fund as stated with the Fund's unaudited Draft Annual Report and Accounts, as at 31 March 2022, was **£9.6bn** which has reached an all time high when compared to the value reported last year at 31 March 2021 as **£8.7bn**. This shows an increase of **£900m**.

The total value of pensions paid during 2021/22 was **£225m** together with other benefits totalling £41m.

The Fund's 12 month investment performance was in line with its benchmark, with over the three

# Essex Pension Fund

## Annual Report 2021/22

years outperforming the benchmark by **1.5%**.

The total number of beneficiaries are as follows:

	2021	2022
<b>Contributors</b>	54,568	56,505
<b>Deferred Members</b>	68,914	69,777
<b>Pensioners</b>	46,210	48,070
<b>Total</b>	<b>169,692</b>	<b>174,351</b>

The PSB exercises on behalf of the Council the management of the Pension Fund whose membership comes from **743** separate Employing Bodies, including:

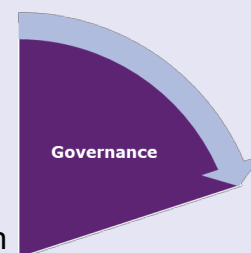
- Essex County Council;
- Scheduled Bodies, which are Local Authorities/Academies and similar bodies who are automatically entitled to be members of the Fund; and
- Admitted Bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted Bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

### 4. Work of the PSB and the ISC

The following key issues were considered by the PSB/ISC between 01 April 2021 and 31 March 2022:

#### Governance

As the pandemic continued, restrictions were still in place for most of the year. The Fund had to adapt once again as the legislation to allow online meetings ended at the start of 2021/22. Face to face meetings were once again held but to ensure social distancing was maintained, a hybrid approach was implemented to enable PAB Members to fulfil their oversight role by attending the PSB and ISC meetings online via Zoom as Observers. In addition, their own meetings continued online throughout the year.



Changes in Membership of the PSB and ISC were imposed as a result of the 2021 County Elections. New Members were provided with Induction Training, supported by a Training Needs Analysis which was complimented by an Individual Training Plan. With the PSB and ISC focussing on their training needs, the PSB endorsed the utilisation of the LGPS Online Learning Academy (LOLA) to assist with the completion of their Two-Year Training Plan.

Fund Officers developed two new Policies during the year: Cyber Policy which is fundamental to

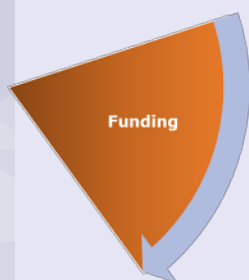
# Essex Pension Fund

## Annual Report 2021/22

the management of the Fund's risk management process of cyber related incidents; and the Stakeholder Engagement Strategy which details how the Fund engages with all Stakeholders. Both of these Policies were approved by the PSB at their March 2022 meeting.

In addition, the Fund's Independent Governance & Administration Adviser (IGAA) carried out a Governance Effectiveness Review of the Boards and Committee with no actions for improvement identified.

### Funding



At the start of the year the PSB approved the Employer Flexibilities Policies within the Funding Strategy Statement (FSS), which were developed to assist Employers that may wish to exit the Scheme but find it unaffordable. These policies enable a manageable exit by spreading amounts due. Since its approval, one Employer has enacted the Policy.



In August the Government Actuary's Department (GAD) issued their Section 13 of the Public Services Act 2013 Report (S13) on the 2019 Actuarial Valuation it noted that no issues were identified. The Fund achieved 'green flags' on all measures set which were disclosed within the GAD's Summary Report.

In addition, the results of the 2021 Interim Actuarial Valuation were received. The Fund had bounced back from its prior year pandemic impact which has been demonstrated in the table below.

Valuation Date	Assets £'000	Liabilities £'000	Surplus/ Deficit £'000	Funding Level %
31 March 19	6,711,392	6,971,143	-205,751	97%
31 March 20	6,900,714	7,173,612	-272,898	96.2%
31 March 21	8,413,097	8,516,876	-103,779	99%

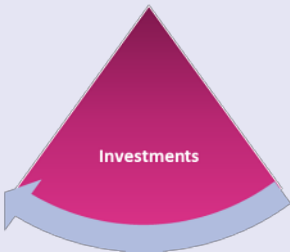
The Fund have also developed their own Employer Risk Analysis with **743** active Employers in the Fund and the recent pressures on businesses, more frequent monitoring is a prudent approach to identify and address any financial issues early and demonstrates good governance going forward.

# Essex Pension Fund

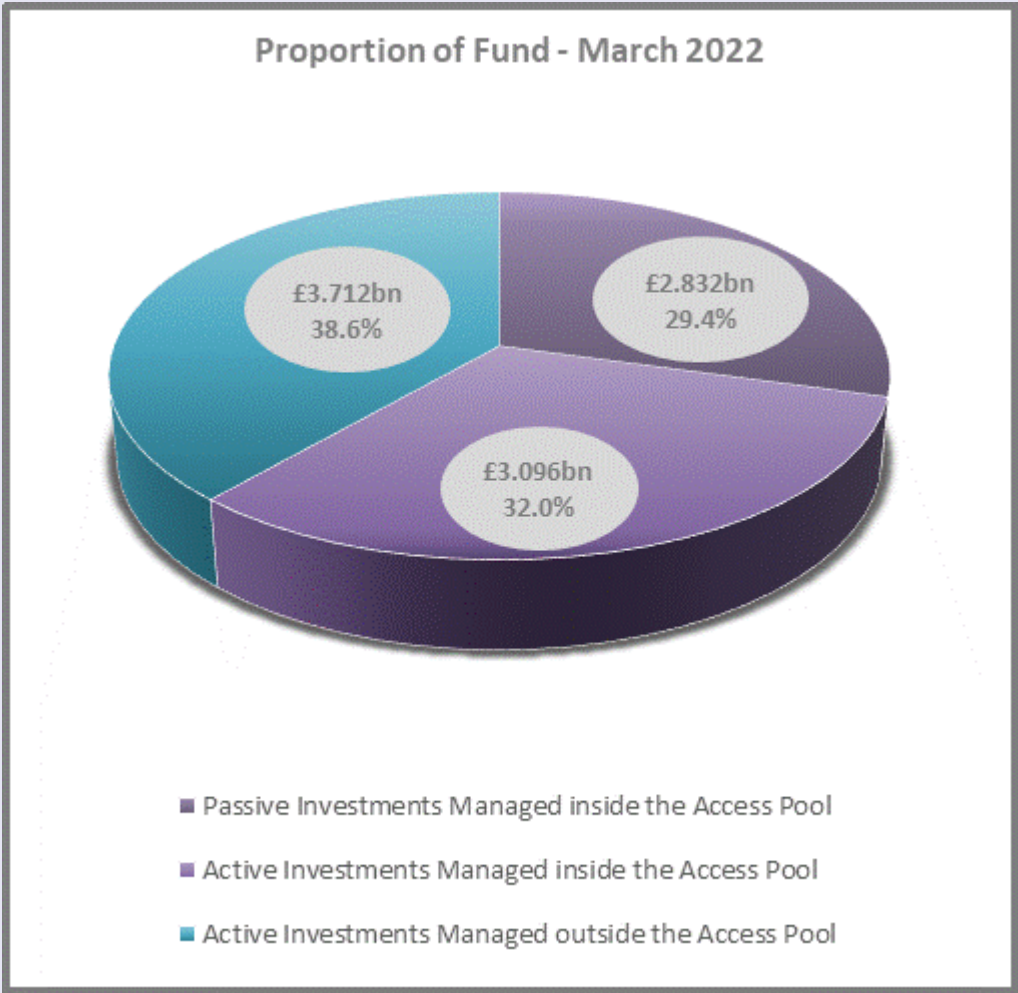
## Annual Report 2021/22

### Asset Pooling

Alongside the ten other Funds within the ACCESS Pool, Essex continues to progress the pooling of its investment management arrangements. A further 4 sub funds were launched by ACCESS's Pool Operator during the year 2021/22.



The proportion of the Fund's assets in and outside of the Pool are as follows:



### Investment Strategy and Responsible Investment

The ISC has continued to further diversify the Fund's Investments which has assisted in the growth and stabilisation of the funding level.



# Essex Pension Fund

## Annual Report 2021/22

The continued implementation has seen the Funds investment in sustainable timber and renewable energy increased from **6.1%** as at 31 March 2021 to **9.7%** as at 31 March 2022. Direct Investment in fossil fuels has also continued to steadily decrease from **0.05%** as at 31 March 2021 to **0.02%** as at 31 March 2022. The ISC have also made decisions to further disinvest in fossil fuels which will be implemented through the coming year.

The ISC continued to dedicate substantial time and commitment to the subject of Responsible Investment (RI). To this end an RI Project Plan was developed with progress reported to each Committee meeting which included the development of the Fund's Financial Reporting Council (FRC) UK 2020 Stewardship Code submission and the related work within the project regarding Task Force for Climate Related Financial Disclosures (TCFD). Climate Metrics have been agreed by the ISC along with a commitment to impact investing being investigated.



RI ratings on all investment managers have been developed. In addition, dedicated RI engagement meetings were held with each manager to better understand their Environmental, Social and Governance (ESG) policies and practices. These have supported the development of the Investment Engagement Strategy which was approved by the ISC at their February 2022 meeting which was included as evidence within the Fund's submission to the FRC UK Stewardship Code.

### Administration



The Fund's Administration Strategy had been revised which detailed a key change to the Annual Returns process where the Fund introduced a Monthly Return process. The Annual Returns process is where Employers provide their Scheme Members information to the Fund on an annual basis. This has moved to Monthly Returns to enable more accurate and timely data to be collected resulting in more accurate and timely calculations of Scheme Members pensions benefits.

The Strategy was consulted with Fund Employers supported by an Administration Strategy YouTube Video (which has been viewed by sixty six Employers) which was approved by the PSB at their March 2022 meeting.

All PSB, ISC and PAB Members were invited to attend the annual Back to Basics Training Day where a presentational video was presented to explain the impact and long term advantages of Monthly Returns.



# Essex Pension Fund

## Annual Report 2021/22

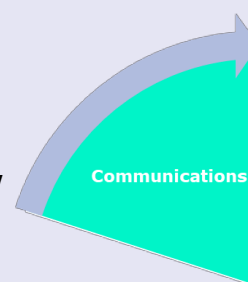
The Administration Team have continued to provide guidance, expert knowledge and help to Scheme Members, Scheme Employers and other stakeholders. During the period of uncertainty caused by the pandemic the team remained focused on providing stakeholders with an excellent level of service. The team continued to attend the office during lockdown making themselves available to help and support stakeholders at a particularly difficult time. The Fund introduced new ways of communicating with Scheme Members by offering virtual face to face appointments with the team's pension experts, fast tracking the roll out of the Fund's digital platforms (Member Online and Employer Online) giving Scheme Members the opportunity of updating and changing personal data on their own pension records and even retiring themselves online without the need of contacting the team. Whilst allowing Scheme Employers to quickly and easily review and update their staff members details.

The Fund continues to grow, both in terms of Scheme Members and Employers, delivering a full range of services to over 174,000 Fund Members, paying £22million to over 48,000 Pensioners. The utilisation statistics of both platforms are detailed below:

Year End	Members invited to Register for Member Online	Members utilising Member online	Employers register and utilising Employer Online
31 March 2020	67,000 (50% of Membership)	22,000 (take up rate of 32%)	280
31 March 2021	87,000 (65% of Membership)	30,000 (take up rate of 34%)	330

### Communications

The Fund's website ([www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)) was updated in 2021 to ensure compliance with the latest accessibility and security requirements. The website was refreshed and the Fund is investigating the launch of a new website.



After the approval from the PSB to move to a more targeted approach to the Fund's Surveys during 2020/21, the responses received during the course of 2021/22 have been extremely positive from both Scheme Members and Employers with a 30% increase in response rate.

In addition, as part of the annual Back to Basics Training Day for PSB, ISC and PAB Members, a Training video was issued regarding the Fund's Communications Policy to prepare them for the review of the Policy during 2022/23.

# Essex Pension Fund

## Annual Report 2021/22

### Other Areas considered were:

#### Investments

- Investment Manager Monitoring:
  - ◊ Annual Performance Review;
  - ◊ Traffic Light Rating Reports;
  - ◊ CEM Benchmarking Value for Money Review;
  - ◊ Annual Investment Scorecard; and
  - ◊ Investment Tables;
- Strategic Implementation:
  - ◊ Investment Strategy Implementation Tracker;
  - ◊ Portfolio Rebalancing;
  - ◊ Infrastructure Review;
  - ◊ Direct Lending Mandate; and
  - ◊ Investment Strategy Decision Framework;
- Independent Investment Adviser (IIA) Future Perspective;
- IIA Procurement;
- Capital Markets Outlook;
- ISC Quarterly Report to the PSB;
- Global Custodian Services Arrangements;
- Review of Index Tracking Approaches;
- Aligning Index Tracking Solution to RI Beliefs;
- Institutional Consultant Review of Competition and Markets Authority (CMA) Strategic Objectives; and
- ACCESS Joint Committee Pooling Updates.

#### Funding

- 2021 Actuarial Interim Funding Review;
- Proposed 2022 Actuarial Triennial Valuation Timetable;
- Employer Updates;
- Employer Risk Review; and
- Amendments to the Funding Strategy Statement (FSS).

#### Administration & Communication:

- Bitesize Training - LGPS landscape;
- LGPS Regulatory Reform including;
  - ◊ McCloud Timeline Updates;
  - ◊ Pensions dashboard;
- AVC Provider Review;
- HM Treasury Consultations including;
  - ◊ SCAPE Discount rate methodology; and
  - ◊ Cost Control mechanism; and
- The Pensions Regulator (TPR) Consultation Response.

#### Governance:

- Terms of Reference for PSB, ISC and PAB;
- PSB Annual Report to Full Council;
- PAB Quarterly Report to PSB;
- PAB Annual Report;
- External Audit programme of Work;
- Internal Audit Report 2020/21;
- PAB Scheme Member and Independent Chairman Recruitment;
- EPF Three-Year Business Plan and 2022/23 Budget;
- Essex Pension Fund Printing and Posting Procurement;
- Draft Annual Accounts;
- Updates on Pension Fund Activity including;
  - ◊ Business Plan;
  - ◊ Risk Register;
  - ◊ Budget; and
  - ◊ Scorecard;
- Outcome of Individual Training Needs Analysis;
- Update on Training Plans;
- TPR Code of Practice 14; and
- Independent Governance & Administration Adviser (IGAA) Contract Review.

# Essex Pension Fund

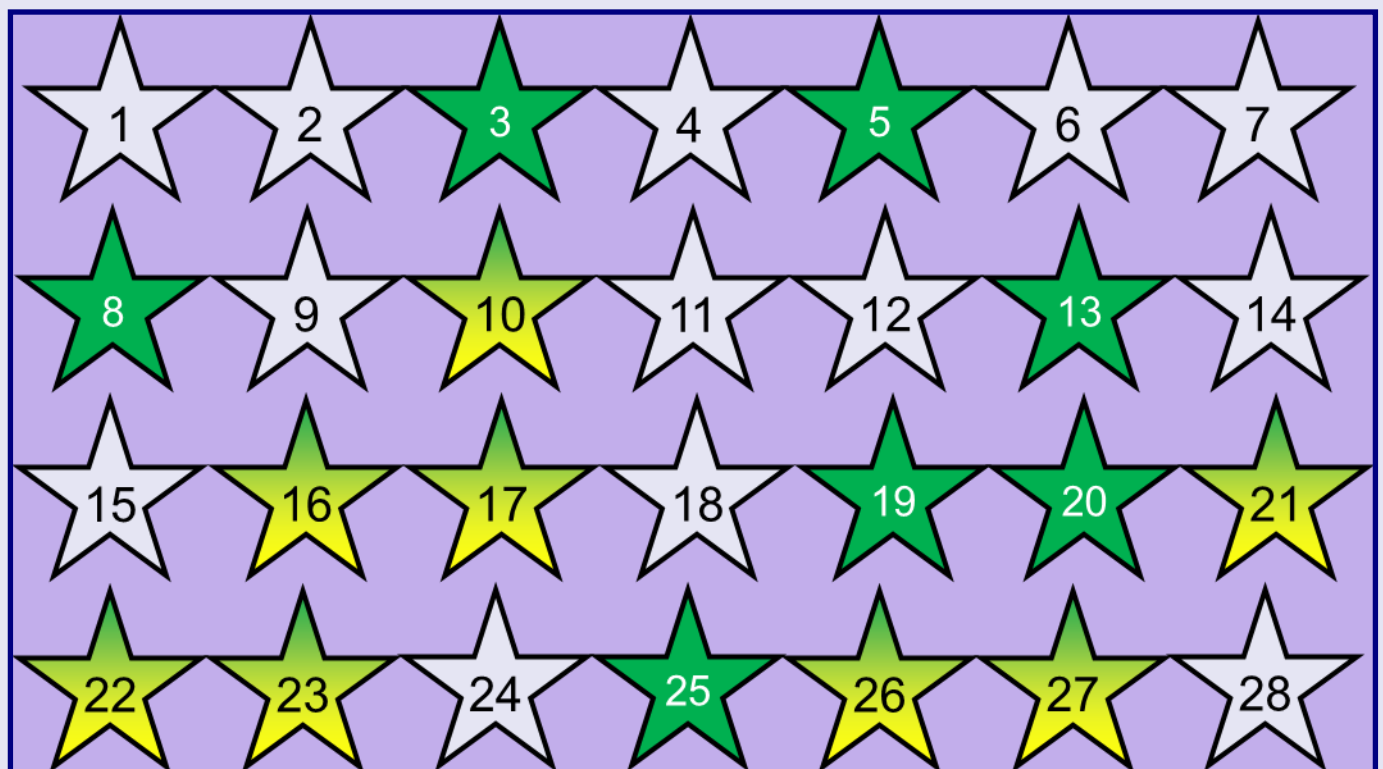
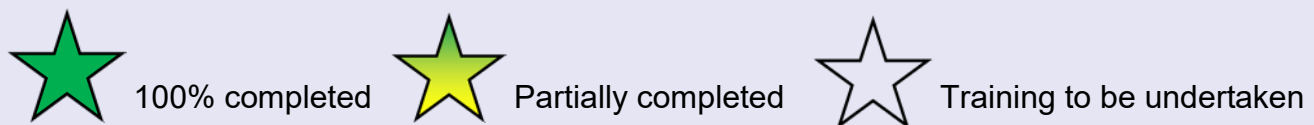
## Annual Report 2021/22

### Members Training

Members are dedicated to their training and development which enables them to continue the effective fulfilment of their roles.

The Fund continues to support 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 PSB also approved the utilisation of the LGPS Online Learning Academy (LOLA) which went live on 10 December 2021 to assist the completion of the Two-Year Training Plan. The Training Plan is made up of 28 key areas that Board/Committee Members have agreed to undertake training in and the progress up to 31 March 2022 has been illustrated below:



7 areas of Training have been completed, 8 have been partially completed and 13 are still to be completed.

# Essex Pension Fund

## Annual Report 2021/22

Furthermore, PSB, ISC and PAB Members undertake a Training Needs Analysis once every two-years to determine the areas for further training.

This is supported by a Training Needs Analysis meeting with the Director for Essex Pension Fund and the production of an Individual Training Plan. Fund Officers ensure that training is delivered in a way that compliments the activities set out in the Fund's Three-Year Business Plan.



Cllr Susan Barker

Chairman of the PSB and of the ISC

Vice Chairman of ACCESS Joint Committee  
Essex County Council

Essex Pension Fund



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 06</b>
<b>Date: 06 July 2022</b>	

## **Update on Pension Fund Activity: Quarterly Update Report**

Report by the Compliance Manager

Enquiries to Amanda Crawford 03330 321763

### **This Report is for noting**

### **Executive Summary**

#### **Report Type: Governance**

The Quarterly Update Report is provided at Appendix A.

Business Plan – of **46** priorities, **1** activity has been completed to date with **30** in progress and **15** not yet due to commence as at 30 June 2022.

Budget – a Budget update will be available at the next meeting.

Scorecard – as at 31 March 2022, two movements have been recorded within the Exception Report relating to Governance Scorecard measures.

Risk – as at 30 June 2022, eight movements have been recorded due to the full review of all risks, assessments and associated controls carried out by Fund Officers. Details of these movements have been provided within Appendix A. In addition, no new risks have been identified.

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

1.1 To provide the Board with the latest Pension Fund Activity Report on:

- progress against 2022/23 Business Plan;
- Scorecard as at March 2022; and
- Risk Management.

## **2. Recommendations**

- 2.1 That the Board note the latest Pension Fund Activity Report.

### 3. Latest Position

- 3.1 The latest Pension Fund Activity Report at Appendix A outlines progress to date against the Fund's 2022/23 Business Plan, Scorecard and Risk Management.

### 4. Key Developments to note

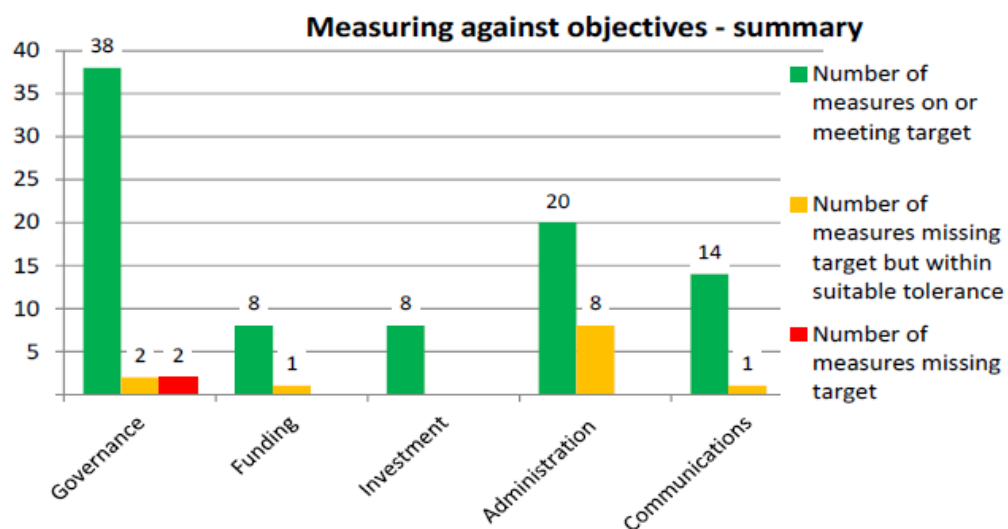
#### Business Plan

- 4.1 The Business Plan update can be found in Section A to this report. A summary of progress to date is shown in the table below:

Function	Total	Complete	In Progress	Not due to start
Governance	10	1	5	4
Funding	7	0	6	1
Investments	14	0	7	7
Admin	7	0	5	2
Comms	8	0	7	1
Total	46	1	30	15

#### Scorecard

- 4.2 The Scorecard Exception report can be found at Section B to this report.



- 4.3 As agreed at the 18 March 2022 meeting, any measures resulting in an amber or red score with no movement since the last quarter will no longer appear on the exception report. However, a summary has been provided below for information.

#### Governance Exceptions

- 4.4 The two ambers within the Governance Section are in regard to Investment Steering Committee (ISC) meeting attendance and the number of Risks at their target score. These were both green previously and are detailed within the Exception Report.
- 4.5 The two reds within the Governance Section are in regard to the outstanding 2020/21 External Audit and PAB Attendance at meetings. The former measure will continue to be red for the foreseeable future until BDO are in a position to sign off the Accounts. The latter measure has worsened from 67% to 56% during the last quarter.

#### Funding Exceptions

- 4.6 One amber within the Funding Section is in regard to the potential unrecoverable deficit which is unchanged since the last meeting.

#### Administration Exceptions

- 4.7 The eight ambers within the Administration Section are all Annual Measures and will not be updated until September 2022. Therefore, there is no change since the last meeting.

#### Communications Exceptions

- 4.8 One amber within the Communication Section is in regard to one Annual Measure relating to the Annual Benefit Statement (ABS) Survey which is unchanged since the last meeting, and it will not be reviewed until September 2022.



## Risk Management

- 4.9 The Fund's Risk Register is monitored and updated on a regular basis as part of business as usual. As part of this year's full review, Fund Officers, in consultation with the ECC Risk Advisor, have reviewed all risks, mitigations and assessments. This included the introduction of a risk title, before mitigation score and a risk category in line with the ECC Risk Management Toolkit.
- 4.10 The changes have been described within the Risk Management report provided at Section C to this report.
- 4.11 In addition, no new risks have been identified during this period.

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

- 5.1 Monitoring Pension Fund activity via the Business Plan, Risks and Scorecard assists the Fund in achieving all of its objectives, and in particular to:
- provide a high-quality service whilst maintaining value for money;
  - understand and monitor risk and compliance; and
  - continually measure and monitor success against our objectives.

## **6. Risk Implications**

- 6.1 Key risks are identified at Section C within the Risk Management section of the report.

## **7. Communication Implications**

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

## **8. Finance and Resources Implications**

- 8.1 To deliver the activities outlined in the Business Plan for 2022/23 a Budget of £5.77m has been approved which includes an operational internal budget of £3.74m and a budget allocation for third party provider support/advice of £2.03m. This will be periodically kept under review.

## **9. Background Papers**

- 9.1 Update on Pension Fund Activity, PSB 04, 18 March 2022.
- 9.2 Update on Pension Fund Activity, PSB 04, 15 December 2021.
- 9.3 Update on Pension Fund Activity, PSB 04, 22 September 2021.

# Essex Pension Fund

## Update on Pension Fund Activity

### Agenda Item 06



Contents:

Section A: Business Plan Progress Update

Section B: Scorecard Update

Section C: Risk Management

# Essex Pension Fund

## Section A

# 2022/23 Business Plan Progress Update

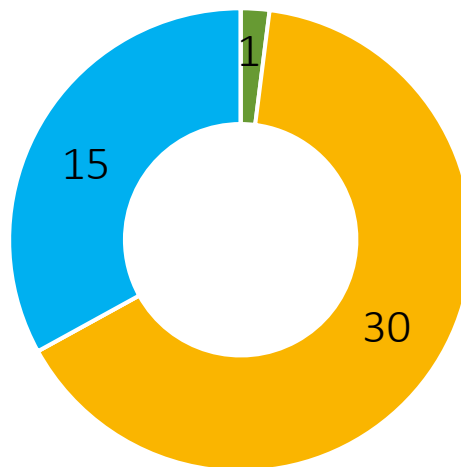
As at 30 June 2022

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# Strategic BAU & Key Priorities

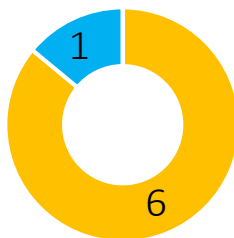
Essex Pension Fund



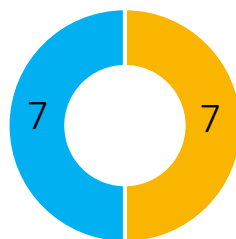
Of 46 Priorities

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

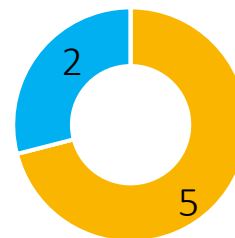
Funding



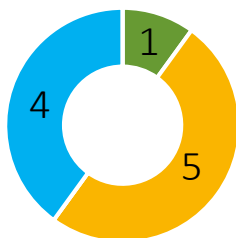
Investments



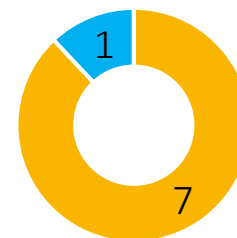
Administration



Governance

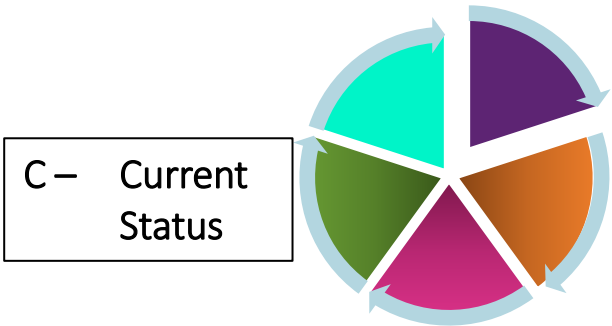


Communications

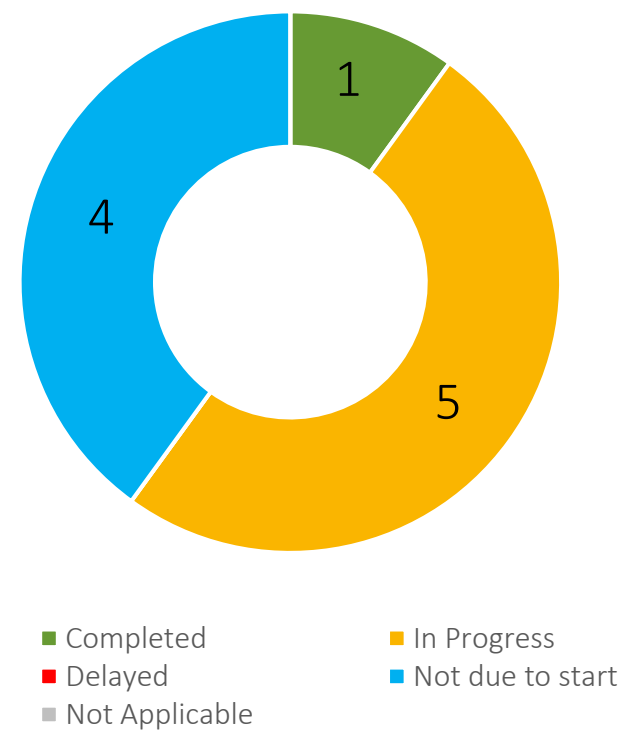


# 1. Progress - Governance

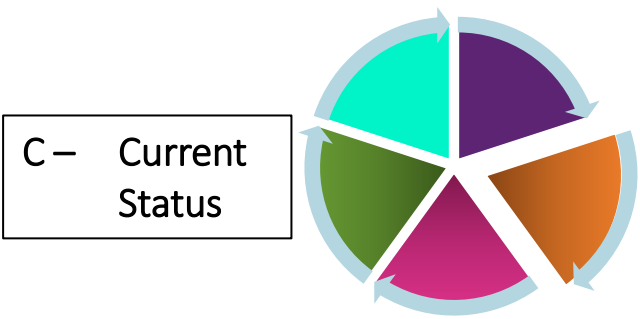
Strategic BAU & Key Priorities	C
1. Agree 2023/24 Business Plan & Budget	In Progress
2. Annual review of PSB/ISC/PAB Terms of Reference	Completed
3. Review of Conflict of Interest Policy	In Progress
4. Business Continuity Plan (including Cyber security) and Testing	In Progress
5. Annual Statement of Accounts including compliance with CIPFA requirements	In Progress
6. Implementation of Stakeholder Engagement Strategy	In Progress
7. PAB Annual Workplan	In Progress
8. PSB and PAB Member Appointments	In Progress
9. Fund’s Strategic Objectives	In Progress
10. LGPS Reform / Consultations / Changes to the Scheme	In Progress



Strategic BAU & Key Priorities

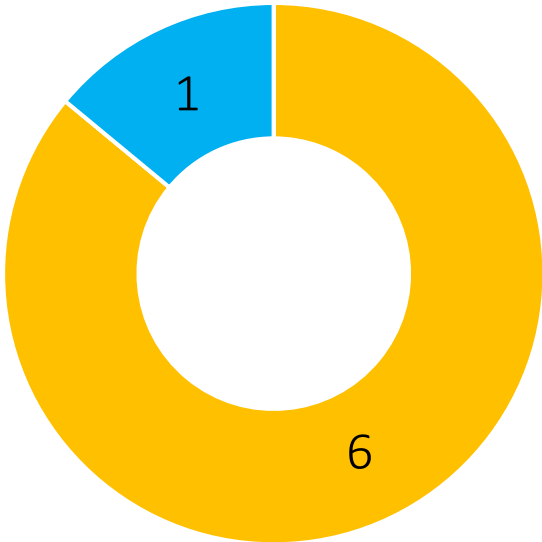


# 2. Progress - Funding



Strategic BAU & Key Priorities	C
1. Review of Funding Strategy Statement	
2. Actuarial Valuation (including review of assumptions)	
3. Employer Risk Exercise	
4. Longevity Analysis of Fund	
5. Employing Authority discretions and delegations	
6. McCloud Preparation/Implementation	
7. Employer Training Webinars	

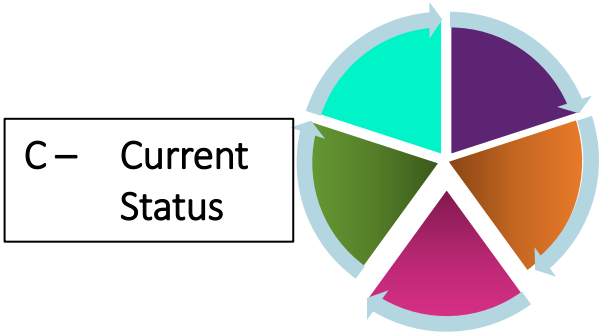
Strategic BAU & Key Priorities



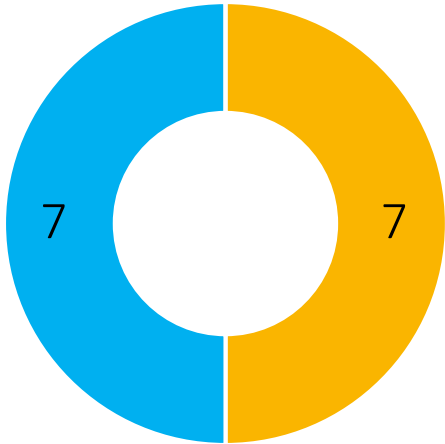
- Completed
- Delayed
- Not Applicable
- In Progress
- Not due to start

# 3. Progress - Investments

Strategic BAU & Key Priorities	C
1. Annual Reporting on Responsible Investment (RI)	
2. Implementation of Investment Managers Engagement Strategy	
3. Annual review of Treasury Management Strategy	
4. Review of Strategic Asset Allocation	
5. Ongoing ACCESS collaboration	
6. Quarterly Individual Manager review (on an exceptional basis)	
7. Annual review of CEM Benchmarking/Cost Transparency	
8. Annual Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code	
9. Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy	
10. Implementation of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))	
11. Exploration of PLSA Responsible Investment Quality Mark (RIQM)	
12. Exploration and development of Voting Policies	
13. Annual Institutional Investment Consultant – CMA review	
14. External RI Adviser Exploration	



Strategic BAU & Key Priorities



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



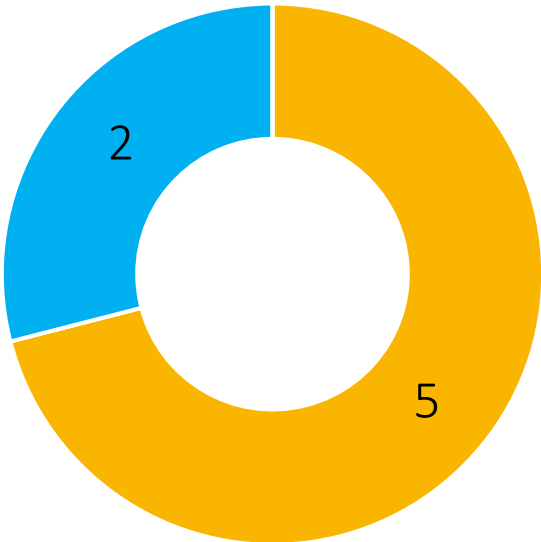
# 4. Progress - Administration

C – Current Status



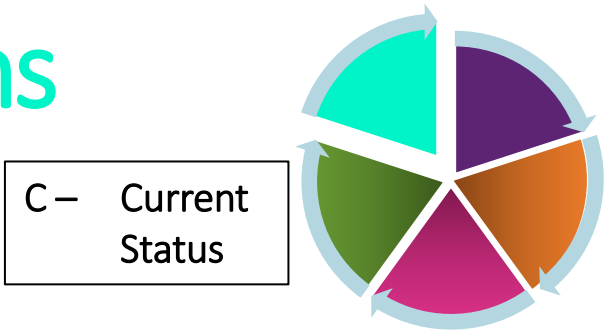
Strategic BAU & Key Priorities	C
1. Exploration of a Data Retention Policy	In Progress
2. LGPS Reform / Changes to Scheme / Planning for Administration changes	In Progress
3. Implementation of Pensions Single payments	Not due to start
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online	In Progress
5. Review of Administering Authority Discretions	Not due to start
6. McCloud Preparation/Implementation	In Progress
7. Implementation of Monthly Returns Digital Transformation	In Progress

Strategic BAU & Key Priorities



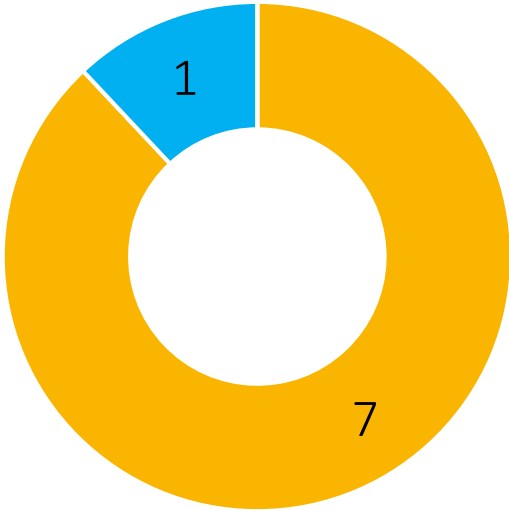
- Completed
- Delayed
- Not Applicable
- In Progress
- Not due to start

# 5. Progress - Communications



Strategic BAU & Key Priorities

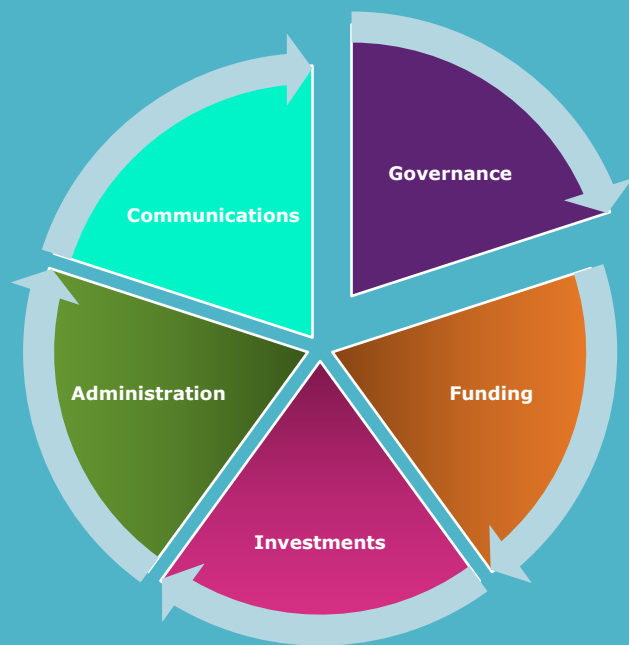
Strategic BAU & Key Priorities	C
1. Review of Communications Policy	
2. Implementation of Stakeholder Engagement Strategy	
3. LGPS Reform / Communications of: Consultations / Changes to the Scheme	
4. Greater Digitalisation of the Fund including the exploration of Electronic Communications	
5. McCloud Implications	
6. Explore new Website Options	
7. Annual Benefit Statements	
8. Review of Fund Surveys	



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

# Commentary

## 1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2023/24 Business Plan & Budget		2022/23 Business Plan & Budget was agreed at the 18 March 2022 PSB meeting. The 2023/24 Business Plan & Budget process will commence in Q4 2022/23.
2. Annual review of PSB/ISC/PAB Terms of Reference		Complete. ISC Terms of Reference presented to the Committee at their 15 June 2022 meeting. PSB and PAB Terms of Reference to be presented at their 06 July 2022 meetings.
3. Review of Conflict of Interest Policy		Due to commence during Q2 2022/23.
4. Business Continuity Plan (including Cyber security) and Testing		Ongoing. Testing is conducted periodically throughout the year with changes made to the Plan where necessary.
5. Annual Statement of Accounts including compliance with CIPFA requirements		In progress.
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Strategic BAU & Key Priorities		Commentary
6. Implementation of Stakeholder Engagement Strategy		In progress. Continuous implementation throughout 2022/23.
7. PAB Annual Workplan		In progress. Update provided at the PAB's 06 July 2022 meeting.
8. PSB and PAB Member Appointments		Due to commence in Q2 2022/23.
9. Fund's Strategic Objectives		If applicable, will be reviewed in Q4 2022/23.
10. LGPS Reform / Consultations / Changes to the Scheme		Ongoing. Continuous development and implementation throughout the year.
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# Commentary

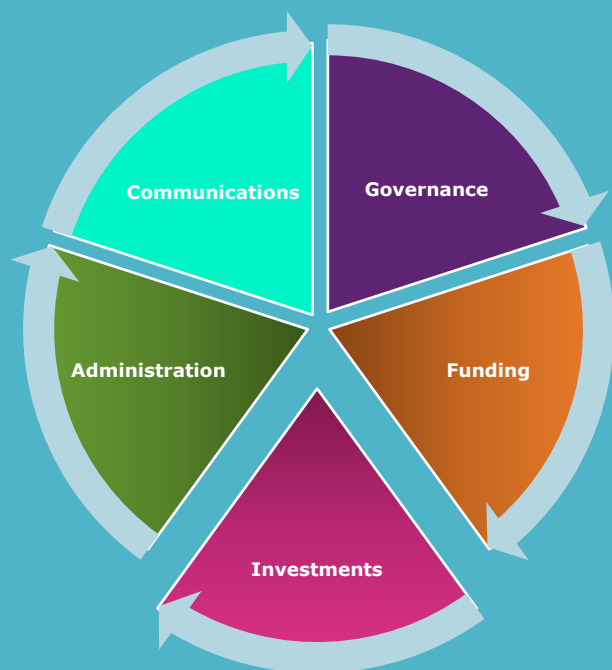
## 2. Funding



Strategic BAU & Key Priorities		Commentary
1. Review of Funding Strategy Statement		Due to commence in Q3.
2. Actuarial Valuation (including review of assumptions)		In progress. Update provided as part of this Agenda Pack.
3. Employer Risk Exercise		Ongoing. An update has been provided as part of this Agenda Pack.
4. Longevity Analysis of Fund		In progress. In line with the 2022 Triennial Valuation.
5. Employing Authority discretions and delegations		Ongoing.
6. McCloud Preparation/Implementation		Ongoing.
7. Employer Training Webinars		Ongoing.
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# Commentary

## 3. Investments



Strategic BAU & Key Priorities		Commentary
1. Annual Reporting on Responsible Investment (RI)		Due to commence in Q3 2022/23.
2. Implementation of Investment Managers Engagement Strategy		Ongoing. Continuous throughout 2022/23.
3. Annual review of Treasury Management Strategy		Due to commence in Q3 2022/23.
4. Review of Strategic Asset Allocation		This is conducted on a Biannual basis. The first review took place at the ISC meeting held on 15 June 2022.
5. Ongoing ACCESS collaboration		Ongoing. Updates are reported at each ISC meeting and the AJC is attendance by Fund Officers and the ISC Chairman.
6. Quarterly Individual Manager review (on an exceptional basis)		Routinely reported to ISC at each meeting.
7. Annual CEM Benchmarking/Cost Transparency		Due to commence in Q2 (July) 2022/23.



Strategic BAU & Key Priorities		Commentary
8. Annual Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code		In progress. Initial submission issued in April 2022 – outcome expected late Summer.
9. Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy		Ongoing. Continuous throughout 2022/23.
10. Implementation of Climate Change Policy Objectives and Metrics (TCFD)		Due to commence Q3 2022/23.
11. PLSA Responsible Investment Quality Mark (RIQM)		Exploration to commence in Q2 2022/23.
12. Exploration and development of Voting Policies		Exploration to commence in Q3/Q4 2022/23.
13. Annual Institutional Investment Consultant – CMA review		Due to commence in Q3 2022/23.
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14. External RI Adviser Exploration		Ongoing.

# Commentary

## 4. Administration



Strategic BAU & Key Priorities		Commentary
1. Exploration of a Data Retention Policy		In progress.
2. LGPS Reform / Changes to Scheme / Planning for Administration changes		Ongoing. Continuous development and implementation throughout the year.
3. Implementation of Pensions Single payments		Due to commence once BACS cloud solution fully embedded throughout ECC.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Ongoing. Continuous development and implementation throughout the year.
5. Review of Administering Authority Discretions		Due to commence Q2/Q3 2022/23.
6. McCloud Preparation/Implementation		Ongoing. Continuous development and implementation throughout the year.
7. Implementation of Monthly Returns Digital Transformation		Ongoing. Continuous implementation throughout the year.
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# Commentary

## 5. Communications



Strategic BAU & Key Priorities		Commentary
1. Review of Communications Policy		In progress.
2. Implementation of Stakeholder Engagement Strategy		In progress. Continuous implementation throughout 2022/23.
3. LGPS Reform / Communications of: Consultations / Changes to the Scheme		Ongoing. Continuous development and implementation throughout the year.
4. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Ongoing. Continuous implementation throughout the year.
5. McCloud Implications		Ongoing. Continuous development and implementation throughout the year.
6. Explore new Website Options		Exploration to commence in Q3 2022/23.
7. Annual Benefit Statements		In progress. Deferred ABS issued end by 31 May 2022 deadline. Active ABS data collection in progress.
8. Review of Fund Surveys		In progress. Presentation at July 2022 PAB meeting as part of the PAB Annual Workplan.

# Essex Pension Fund

## Section B

2021/22

# Scorecard Update

01 January 2022 - 31 March 2022

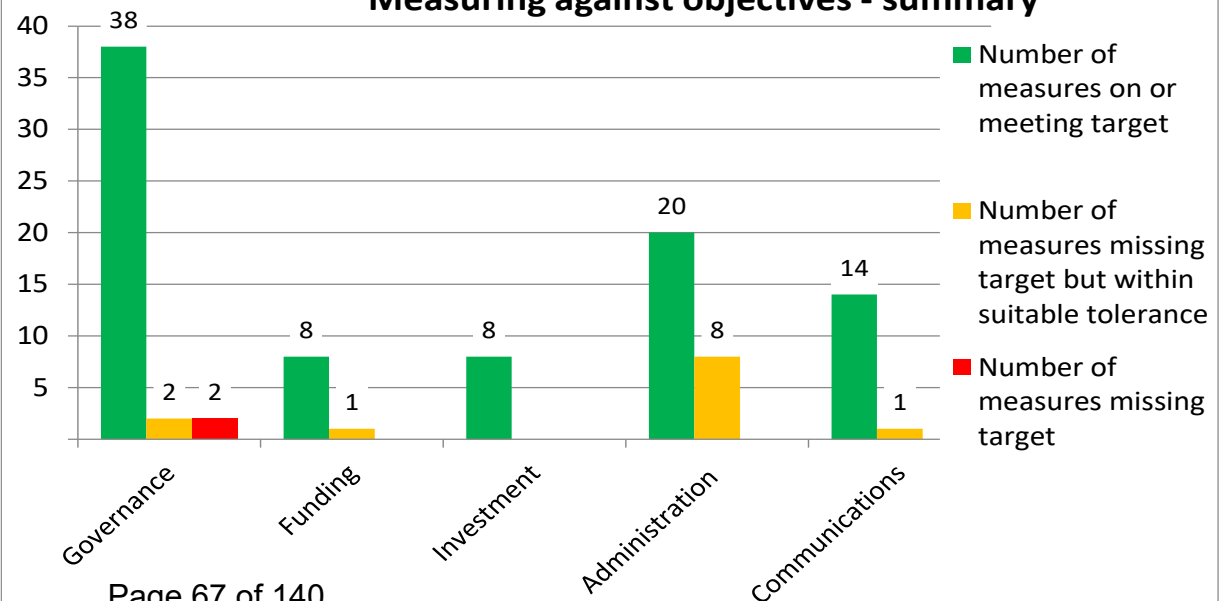


# Current Status

Progress towards meeting EPF objectives



Measuring against objectives - summary



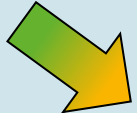

# Movements since previous Scorecard




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

# Exceptions - Governance



Measure	Target	Score as at 31 December 2021	Score as at 31 March 2022	Detail	Trend
1.3.9. % attendance at meetings by ISC	80%	94%	78%	<p>One ISC meeting took place during this Scorecard period on 23 February 2022. 94% was reported to the 18 March PSB.</p> <p>The total attendance rate for 2021/22 was 89%.</p>	
1.3.11. % attendance at meetings by PAB	80%	67%	56%	<p>One PAB meeting took place in this Scorecard period on 18 March 2022 where only five PAB Members could attend. 67% was reported to the 18 March 2022 PSB.</p> <p>The total attendance rate for 2021/22 was 79%.</p> <p>06 July 2022 PAB meeting will be held in-person and 100% attendance is expected.</p>	
1.5.8. Effectiveness review of the Boards/Committee carried out	Yes		Yes	<p>IGAA completed the Effectiveness Review and reported final findings to the 18 March 2022 PSB.</p> <p>No recommendations were made.</p>	New

Measure	Target	Score as at 31 December 2021	Score as at 31 March 2022	Detail	Trend
1.6.1. % of risks currently equal to or better than total target risk rating	90%	91%	89%	Two movements were recorded up to quarter end 31 March 2022. One upgraded due to the increased likelihood of a Cyber related incident; and one downgraded due to the recent developments regarding the wider LGPS implications which was reported to the 18 March 2022 PSB. In addition, no new risks were identified.	

# Essex Pension Fund

## Section C

# 2022/23 Risk Management Update



30 June 2022

# Essex Pension Fund

Current  
Status

Probability

Almost  
Certain  
(4)

Likely  
(3)

Possible  
(2)

Unlikely  
(1)

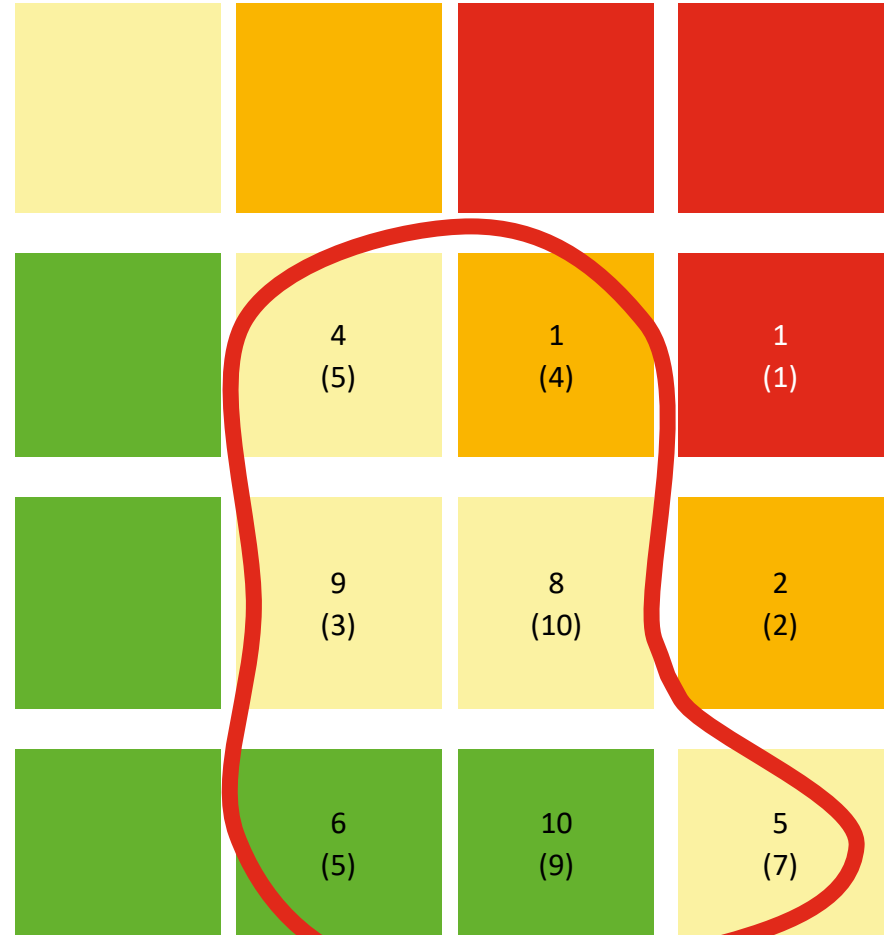
Minor  
(1)

Moderate  
(2)

Major  
(3)

Critical  
(4)

Impact





# Re-Assessments

# Re- Assessments from formal review by Fund Officers

Risk Title	Previous Assessment	Revised Assessment / Target Score as at 30 June 2022
G9. Business Continuity	6 (Yellow)	4 (Yellow)
G10. Risk Management	4 (Yellow)	2 (Green)
G11. Pension Fund Activity	4 (Yellow)	3 (Green)
I1. Investment Return	9 (Amber)	4 (Yellow)
F4. Employer Risk Analysis	6 (Yellow)	4 (Yellow)
F5. Employer Affordability	6 (Yellow)	4 (Yellow)
F6. Admission Agreements	9 (Amber)	4 (Yellow)
Page 74 of 140		
F9. Cost Management	9 (Amber)	4 (Yellow)

# Assessments - BAU

# Assessments

## BAU

Risk	Reported at 18 March 2022 PSB	As at 30 June 2022
<p><b>G3. Board/Committee Member knowledge and Expertise</b></p> <p>Due to a lack of expertise, insufficient knowledge and maintenance of the Essex Pension Fund Strategy Board (PSB), Essex Pension Fund Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) arising out of high turnover and/or changes within the Local Government Pension Scheme (LGPS) benefit structure, regulations and associated directives/deliverables increase the risk of a poor decision and policymaking resulting in unprofitable investments and funding</p>	<p>6 (Yellow)</p> <p>The impact was increased at the December 2021 PSB meeting from 2 to 3 due to the Fund's Advisers (Aon, Barnett Waddingham, Hymans Robertson) having the potential to reach retirement at similar periods. There is a risk the Fund could lose years of knowledge and expertise that the Advisers have gained over time with the Fund all at once. Fund Officers continued investigation of the likelihood and impact of this risk materialising not just with Advisers but Fund Officers, Boards and Committee too. This has been added to the mitigations of this risk.</p>	<p>6 (Yellow)</p> <p>Discussion are still being held with Fund Officers and Advisers. Level of risk to stay the same until all discussions have been held.</p>

# Assessments

## BAU

Risk	Reported at 18 March 2022 PSB	As at 30 June 2022
<b>G4. Staff Knowledge and Expertise</b> There is a risk that the failure of Officers to maintain sufficient levels of competence and/or resource to discharge their duties could lead to retention of inefficient staff, therefore, relying on key officers impacting on the wellbeing of staff and a reduced work rate for the Fund	6 (Yellow) Refer to G3 overleaf.	6 (Yellow) Refer to G3 overleaf.
<b>G13. Cyber Risk</b> Due to cybercrime activities impacting on integrity, there is a risk of inability to carry out day-to-day business functions, which would result in reputational damage and financial loss	12 (Red) Geo Political instability, staff have been advised to be more vigilant when receiving emails to minimise this risk materialising.	12 (Red) This risk remains the same due to the continued risk under the current Geo Political climate.
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# Exceptions — Not at Target Score



# Exceptions - Governance

Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<p><b>G3. Board/Committee Member Knowledge and Expertise</b></p> <p>Due to a lack of expertise, insufficient knowledge and maintenance of the Essex Pension Fund Strategy Board (PSB), Essex Pension Fund Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) arising out of high turnover and/or changes within the Local Government Pension Scheme (LGPS) benefit structure, regulations and associated directives/deliverables increase the risk of a poor decision and policymaking resulting in unprofitable investments and funding</p>	6	6	<ol style="list-style-type: none"><li>1. Knowledge and Skills Strategy for Board/Committee Members and Group/Individual Training Plans are in place and are reviewed periodically.</li><li>2. PSB/ISC/PAB Members have to complete specific Chartered Institute of Public Finance &amp; Accountancy (CIPFA) modules and The Pensions Regulator (TPR) within a two-year cycle which is included within the LGPS Online Learning Academy (LOLA).</li><li>3. Induction training for new Members within 3 months of appointment along with a Training Needs Analysis (TNA) carried out within 6 months of appointment enabling their Individual Training Plan to be developed.</li><li>4. Training Plans are reviewed/adapted to reflect changes within LGPS.</li></ol>	4

# Exceptions - Governance



Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<b>G3. Board/Committee Member Knowledge and Expertise</b> Continued.....	6	6	5. Essex Pension Fund (EPF) use Advisers, e.g. Independent Governance & Administration Adviser (IGAA), to provide relevant information and recommendations.  6. Progress made against the training plans is recorded and monitored.  7. Mechanisms are in place to recruit vacancies as they arise. Elections are monitored by the Compliance Team.  8. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations to enable succession planning.	4





# Exceptions - Governance

Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<b>G4. Staff Knowledge and Expertise</b> There is a risk that the failure of Officers to maintain sufficient levels of competence and/or resource to discharge their duties could lead to retention of inefficient staff, therefore, relying on key officers impacting on the wellbeing of staff and a reduced work rate for the Fund	6	6	<ol style="list-style-type: none"><li>1. Essex Pension Fund (EPF) Development Plans are in place through My Performance on the My Learning Portal.</li><li>2. EPF staff attend training events, engage with peer groups, and work towards the Chartered Institute of Public Finance &amp; Accountancy (CIPFA) Knowledge and Skills Framework as part of the LGPS Online Learning Academy (LOLA). Training offered by LGA that is role specific is also encouraged.</li><li>3. EPF staff training is recorded and monitored.</li><li>4. Teams ensure Standing Operating Procedures (SOPs) are produced to cover key processes.</li><li>5. EPF utilises external consultants and independent Advisers to help in the short term to assist.</li></ol>	3

# Exceptions - Governance



Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
G4. Staff Knowledge and Expertise Continued.....	6	6	6. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations to enable succession planning.	3

# Exceptions - Governance



Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<b>G13. Cyber Risk</b> Due to cybercrime activities impacting on integrity, there is a risk of inability to carry out day-to-day business functions, which would result in reputational damage and financial loss	12	12	<ol style="list-style-type: none"> <li>1. Essex Pension Fund have a Cyber Policy in place and guidance within the Policy is shared with Essex Pension Fund Staff along with the Members of the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board and the Fund's Advisers.</li> <li>2. Essex Pension Fund have a Business Continuity Policy and Plan in place, which is tested periodically.</li> <li>3. Essex Pension Fund have a Policy for the Recording and Reporting of Breaches of the Law which is linked to the Cyber Policy for the reporting of Cyber related incidents.</li> </ol>	4

# Exceptions - Governance



Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13. Cyber Risk Continued.....	12	12	<p>4. Mitigations have collated from Essex County Council (ECC) as the Host Authority along with the Fund's third party providers including Advisers and Investments Managers, Global Custodian and ACCESS which are periodically reviewed.</p> <p>5. Fund Officers are in the process of developing third party, Host Authority and Employer questionnaires to ascertain further controls these stakeholders have in place.</p>	4



# Exceptions - Governance

Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<p><b>G14. Regulatory Changes</b></p> <p>The Fund may have insufficient resources and inadequate governance arrangements to implement the changes required by LGPS Regulations, and other relevant legislation, including The Pension Regulator's Code of Practice which could lead to the Fund not fulfilling its strategic objectives resulting in financial loss and reputational damage</p> <p>Known changes include: McCloud, Cost Cap, £95k Cap, Goodwin, Academisation, Cost Management Review, SCAPE Rate Changes, GMP Equalisation, Pension Dashboards</p>	9	9	<ol style="list-style-type: none"> <li>1. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS.</li> <li>2. EPF monitor the current and new regulations and correspondence from Department for Levelling Up, Housing and Communities (DLUHC) and Local Government Association (LGA).</li> <li>3. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds.</li> <li>4. EPF utilise the expertise of their Independent Administration and Governance Adviser (IGAA)</li> <li>5. Additional Resources are requested from the Head of Paid Service to enable the Fund to continue to meet its obligations as and when required.</li> </ol>	4

# Exceptions - Governance



Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
G14. Regulatory Changes Continued.....	9	9	6. A McCloud project team was set up in autumn 2019 to ensure requirements are being actioned and communicated with Employers. The Fund will continue to communicate with Employers, and updates on the latest developments will be provided throughout the year.	4



# Exceptions - Administration


Risk Details	18 Mar Rating	Current Rating	Controls / Mitigations	Target Score
<b>A3. Data Management</b> Failure to maintain proper records leading to inadequate data resulting in failure to pay the correct pensions to the right people at the right time.	6	6	<ol style="list-style-type: none"><li>1. Data cleansing exercises take place at least annually or as and when required. Common and Scheme Specific data checks are carried out.</li><li>2. Essex Pension Fund (EPF) ensure the System is tested regularly to ensure compliance with regulations.</li><li>3. Robust checking and validation of data takes place in calculations and receipt of information from employers.</li><li>4. EPF ensures staff are adequately trained by developing and implementing training plans along with encouraging staff to undertake professional qualifications.</li><li>5. Payroll is conducted earlier than required to allow issues to be rectified prior to payment.</li></ol>	3



# Exceptions - Administration

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
<b>A3. Data Management</b> Continued.....	6	6	<ul style="list-style-type: none"><li>6. Liaise with Essex County Council (ECC) Supplier and Service team to ensure ECC BACS system is secure, reliable and up-to-date with required software on an ongoing basis. There is reliance on ECC BACS software solution to ensure payroll is completed at the required point in time.</li><li>7. EPF conducts monthly and year-end data cleansing.</li><li>8. EPF has its own General Ledger on 'My Oracle' separate from ECC.</li></ul>	3



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 07</b>	
<b>Date: 06 July 2022</b>		

## Internal Audit Annual Report 2021/22

Report by Paula Clowes - Head of Assurance

Enquiries to Sarah Harris - Strategic Audit Manager

**This Report is for noting**

### **Executive Summary**

#### **Report Type: Governance**

The Fund has achieved 'Good Assurance' on both ECC Internal Audits conducted for 2021/22. It should also be noted that no recommendations were made on either audit for the fourth consecutive year.

In addition, the 2022/23 Audit Planning Report was presented to the 21 March 2022 Audit, Governance and Standards Committee meeting.

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

- 1.1 The Essex Pension Fund Board's Terms of Reference include the monitoring of administration of the Essex Pension Fund. It is therefore appropriate for the Board to receive reports from Internal Audit regarding the control environment of the Pension Fund and Administration.
- 1.2 This report provides a summary of Internal Audit's 2021/22 activity in relation to the Pension Fund and proposals for 2022/23.

## **2. Recommendations**

- 2.1 Pension Board Members are requested to note:

- the outcomes of the 2021/22 internal audit reports;
- the outcome of the 2021/22 National Fraud Initiative; and
- the planned audits of the Pension Fund for 2022/23.

### 3. Background

- 3.1 ECC is the Administering Authority for the Pension Fund and as such the Pensions Administration and Pension Funding and Investments represent major systems in terms of financial control and reporting of the Council's activities.

### 4. 2021/22 Internal Audit Reviews

- 4.1 We undertook two reviews in accordance with the agreed Internal Audit and Counter Fraud Plan:
- Essex Pension Fund - Administration (Appendix A) – Good Assurance; and
  - Essex Pension Fund - Funding and Investments (Appendix B) – Good Assurance.
- 4.2 Both reviews received a '**Good Assurance**' opinion which means that at the time of our review there was a sound system of internal control. *It should be noted that this is the highest level of assurance.*
- 4.3 These opinions were unchanged from the 2017/18 to 2021/22 opinions which were also assessed as 'Good Assurance'. For the fourth consecutive year, no recommendations were identified.

### 5. National Fraud Initiative (NFI)

- 5.1 The NFI is the matching of electronically held data between public and private sector bodies to prevent and detect fraud and error. This includes police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies.
- 5.2 Responsibility for NFI lies with the Cabinet Office. Data continues to be submitted on a monthly basis. The NFI data matching exercise of specifically pensions-related data recently identified overpayments of £40,956.82 during 2021/22 of which at this stage £24,570.68 has so far been recovered. In addition, there are several cases still under review.

## **6. 2022/23 Internal Audit Coverage**

6.1 On 21 March 2022, the ECC Audit, Governance and Standards Committee approved the Internal Audit and Counter Fraud Plan for 2022/23. The Plan contains the following activity relating to Pensions:

- CS1 and CS2 - Essex Pension Fund – Administration and Funding & Investments; and
- National Fraud Initiative.

6.2 A meeting between the Fund and Internal Audit is due to take place to discuss scope and appropriate timings for the two Audit Reviews above.

6.3 The total charge to the Pensions Fund for this activity will be £22,500.

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

7.1 Audit work assists the Fund in achieving a number of its objectives, including:

- ensuring the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- act with integrity and be accountable to our stakeholders;
- understand and monitor risk and compliance; and
- provide a high-quality service whilst maintaining value for money.

## **8. Risk Implications**

8.1 Audit work is a means of both identifying and mitigating risk.

## **9. Communication Implications**

9.1 Other than ongoing reporting to the Board and ECC's Audit Governance and Standards Committee, there are no communications implications.

## **10. Finance and Resources Implications**

- 10.1 As highlighted at 6.3 the charge to the Fund in 2022/23 will be £22,500 (£22,500: 2021/22).

## **11. Background Papers**

- 11.1 Essex Pension Fund – Administration Final Internal Audit Report 2021/22 (Appendix A).
- 11.2 Essex Pension Fund – Funding and Investments Final Internal Audit Report 2021/22 (Appendix B).
- 11.3 Internal Audit and Counter Fraud Plan for 2022/23, Agenda item 05 AGS/06/22, 21 March 2022, ECC Audit, Governance and Standards Committee.



# Essex Pension Fund – Administration Final Internal Audit Report

Audit Plan Ref: FT2 21/22

**Audit Opinion:**  
Good Assurance

**Date Issued:** 14 March 2022

**Function:** Corporate Services

**Audit Sponsor:** Jody Evans, Director, Essex Pension Fund


**Distribution List:** **Nicole Wood**, Executive Director for Corporate Services; **Jody Evans**; **Sam Andrews**, Investment Manager; **Sara Maxey**, Employer Manager; **Amanda Crawford**, Compliance Manager; **Kelly Armstrong**, Contact and Customer Manager; **Daniel Chessell**, Retirement Manager; **Chris Pickford**, Pensions Systems Manager; **Holly Gipson**, Pensioner and Payroll Manager; **Cllr. Barker**, Chair of Essex Pension Fund Strategy Board and Investment Steering Committee; **Barry Pryke**, External Audit



# 1. Executive Summary





Assurance Opinion	No	Limited	Satisfactory	Good
				✓

Number of Issues	Critical	Major	Moderate	Low
	0	0	0	0

Audit Objective	Key Messages	Direction of Travel
<p>The audit's objective was to evaluate the arrangements in place to manage to reasonable levels, the potentially significant risk events and consequences relating to administering the Pension Fund and making pension payments.</p>	<p>The review assessed compliance with policies over key processes including adding new scheme members, transfers in/out, deferments, admitting new retirees onto the Payroll system, registration of deaths, payment of death grants, lump sum payments, amendments to members' information, payments, annual benefit statements, checking and authorisation controls. Sample testing and walkthroughs were performed, and documentary evidence was reviewed to support calculations, authorisation and separation of duties.</p>	<p>The Assurance Opinion remains at "Good", meaning that there continues to be sound systems of internal control in place. No actions have been raised in this report.</p> 
<p><b>Scope of the Review and Limitations</b></p>	<p>Management override of controls and the risk of fraud or error was also considered, and no issues were identified. All tasks are carried out on the Universal Pensions Management (UPM) system. The effect of working from home was considered whilst assessing the control environment and testing of controls to ascertain if this had any negative impact on administration activities, however no issues were identified.</p>	
<p>The impact of change in working practices due to Covid-19 was considered throughout. The review covered 2021/22 only and did not assess the management and controls around the Essex Pension Fund (EPF) bank reconciliation. This area is covered within the reconciliations section of the Key Financial Systems audit.</p>	<p>ECC's Corporate System 'TCS' (Financial Ledger system) moved over to 'My Oracle' in October 2021 which caused slight delay in completing the October General Ledger to UPM reconciliations, however audit testing confirmed that no delays were encountered since then.</p> <p>The impact of the McCloud court case and expected retrospective changes to benefits, requires significant additional information from employers relating to their employees/scheme members to enact the judgement. Evidence was available to support that work was underway to enable timely collation of information to help ensure compliance with any prospective legislative changes.</p>	



## 2. Explanation of Assurance and Risk Priority Levels

Assurance level		Assessment Rationale	
Good		There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Actions will normally only be of Low risk rating. Any Moderate actions would need to be mitigated by significant strengths elsewhere.	
Satisfactory		Whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk.	
Limited		There are significant weaknesses in key areas of the system of control, which put the system/process objectives at risk. Improvement in the design and/or operational effectiveness of the control environment is necessary to gain assurance that risks are being managed to an acceptable level, and core objectives will be achieved.	
No		The system of internal control has serious weaknesses and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.	
Risk Priority Level		Definition	
Corporate	Critical	 Red	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, for example, reputational damage, significant financial loss (through fraud, error or poor value for money), intervention by external agencies and / or lack of compliance with statutory regulations. <b>Remedial action is required immediately</b>
Service	Major	 Amber	Audit findings indicate a serious weakness or breakdown in the control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. <b>Remedial action is required urgently</b>
	Moderate	 Yellow	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. <b>Prompt specific action should be taken</b>
	Low	 Green	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. <b>Remedial action is suggested</b>

### 3. Further Information

**Management Responsibility:** It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit (IA) work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. IA endeavour to plan work so they have a reasonable expectation of detecting significant control weaknesses and, if detected, IA and Counter Fraud (CF) will carry out additional work directed towards identification of consequent fraud or other irregularities. However, IA procedures alone do not guarantee that fraud will be detected.

**Following the Final Report:** It is the owner's responsibility to ensure the agreed actions are implemented within agreed timescales and to update Pentana on a timely basis.

IA are regularly required to provide updates on the status of recommendations to the Audit Governance and Standards Committee, to the Corporate Governance Steering Board and to Functional Leadership Teams. We also receive ad-hoc requests for updates e.g. from the relevant Cabinet Member.

IA use the updates provided by Action Owners on Pentana for this purpose, so it is essential that progress is recorded regularly and accurately and when an action becomes overdue that a revised date to indicate when the action will be implemented is provided.

#### **Audit Sponsor Responsibility:**

- Approve the draft terms of reference to confirm their understanding and agreement of the risks, scope and nature of the review.
- Inform appropriate staff associated with the process under review about the nature of the review and what is required of them. Facilitate timely access to staff, records and systems.
- Approve and/or complete the Action Plan in the Draft Report and return to the Internal Audit Team within 15 working days to enable the Final Report to be issued promptly.
- Have oversight to ensure all agreed actions are implemented within the agreed timescales as recorded in the Action Plan in the Final Report.

Head of Assurance	Paula Clowes
Audit Manager	Sarah Harris / Stuart Coogan
Auditor	Murad Khan
Fieldwork Completed	February 2022
Draft Report Issued	1 March 2022
Management Comments Requested by	22 March 2022
Management Comments Received	11 March 2022
Final Report	14 March 2022

# Essex Pension Fund – Funding and Investment Final Internal Audit Report

Audit Plan Ref: FT3 21/22

**Audit Opinion:**  
Good Assurance

**Date Issued:** 14 March 2022

**Function:** Corporate Services


**Audit Sponsor:** Jody Evans, Director, Essex Pension Fund

**Distribution List:** **Nicole Wood**, Executive Director for Corporate Services; **Jody Evans**; **Sam Andrews**, Investment Manager; **Sara Maxey**, Employer Manager; **Amanda Crawford**, Compliance Manager; **Kelly Armstrong**, Contact and Customer Manager; **Daniel Chessell**, Retirement Manager; **Chris Pickford**, Pensions Systems Manager; **Holly Gipson**, Pensioner and Payroll Manager; **Cllr. Barker**, Chair of Essex Pension Fund Strategy Board and Investment Steering Committee; **Barry Pryke**, External Audit





# 1. Executive Summary

Assurance Opinion	No	Limited	Satisfactory	Good
				✓

Number of Issues	Critical	Major	Moderate	Low
	0	0	0	0

Audit Objective	Key Messages	Direction of Travel
<p>This audit reviewed whether there are adequately designed controls in place and operating consistently, to enable prescribed processes to be followed in relation to Essex Pension Fund's funding, investment and governance, thus helping to ensure effective decision making, security of funds' assets and minimisation of error/fraud.</p> <p><b>Scope &amp; Limitations</b></p> <p>The impact of change in working practices due to Covid-19 was considered throughout. The review only covered investments and funding activity in the previous 12 months and did not assess any of the arrangements or activity of the ACCESS pool or the ACCESS Support Unit (ASU). The ASU has been subject to a separate review in 2021 and also received Good Assurance.</p>	<p>Evidence was available to support that investments were made in approved classes by Fund Managers and the income from investments was monitored, received and recorded on a timely basis. All transactions sampled (relating to the movement of funds) were appropriately authorised.</p> <p>There was confirmed to be quarterly reporting to Investment Steering Committee (ISC), Pension Fund Advisory Board (PAB) and Pension Fund Strategy Board (PSB). Members of these groups were provided with regular and appropriate training to help support them in their roles. The Fund also receives expert advice from Independent Investment Advisors and Investment Managers, with the Fund's risks being regularly reviewed and reported to PSB. All key policies relating to the management and operations of the Fund were confirmed to be available and approved by the relevant Committee/Board. Evidence was also obtained to support ongoing monitoring and management of employer contributions.</p> <p>The impact of the McCloud court case and the expected retrospective changes to benefits, requiring benefits to be recalculated/increased, was also ascertained. Evidence was provided to verify that the Fund had continued to implement timely measures to deal with the additional workload. Additional staff had been onboarded to manage the increased level of administrative work.</p> <p>Essex County Council's (ECC's) accounting system TCS was replaced by My Oracle in October 2021. The impact of this change on the control environment and processes carried out by the Funding and Investment Team were considered whilst carrying out the review and no issues were identified.</p>	<p>The Assurance Opinion remains at "Good", meaning that there continues to be sound systems of internal control in place. No actions have been raised in this report.</p> 

## 2. Explanation of Assurance and Risk Priority Levels

Assurance level		Assessment Rationale	
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Management Comments Received	11 March 2022
Final Report	14 March 2022

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 08</b>	
<b>Date: 06 July 2022</b>		

## **Update on Essex Pension Fund Draft Accounts 2021/22 and External Audit**

Report by the Investment Manager

Enquiries to Samantha Andrews 03330 138501

**This Report is for noting**

### **Executive Summary**

#### **Report Type: Governance**

The statutory timeline to produce Draft Statement of Accounts for 2021/22 for inspection is 31 July 2022 with final audited and approved accounts by 30 September 2022. However, the Government recently consulted on a proposal to extend the latter deadline to 30 November 2022.

The 2021/22 external audit is expected to commence in mid-August with the County audit to follow late September. Due to the outstanding issue with the County's Accounts the Fund is still not in a position to get 2020/21 Accounts signed off.

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

- 1.1 To provide Members with a summary of the process for the publication of the Pension Fund's Financial Statements for 2021/22.
- 1.2 To provide an update on the status of the external audit for both 2020/21 and 2021/22.

## **2. Recommendation**

- 2.1 That the Board should note the content of the report.

### **3. Background**

- 3.1 The Pension Fund's Financial Statements are currently required to be included within the Annual Accounts of Essex County Council (ECC).
- 3.2 Each year the County Council's Audit, Governance and Standards Committee (the Audit Committee) is required to consider and approve the Accounts after the external audit has been completed.

### **4. Publication Timetable**

- 4.1 The County Council and Pension Fund are currently statutory required to present its annual draft accounts for external audit by 31 July and publish its final audited and approved accounts by 30 September each year.
- 4.2 However, the Government has recently consulted on extending the timeline for publication of audited accounts for 2021/22 from 30 September to 30 November 2022 in an attempt to relieve the current national issue with completing external audits. At the time of writing, the outcome of this consultation is still unknown.
- 4.3 The Fund is also required to publish a separate Annual Report and Accounts by 01 December. This will be submitted to the Chairman of the Board nearer the time for approval. A copy of the approved Annual Report will then be uploaded to the Essex Pension Fund website. In the absence of the audit opinion the draft Report and Accounts will be published.

### **5. Draft Accounts 2021/22**

- 5.1 The Pension Fund have successfully closed the accounts in accordance with the Funds year-end closure timetable.
- 5.2 The draft County Council Statement of Accounts for 2021/22 (incorporating draft Pension Fund financial statements) is expected to be submitted to the Audit Committee on 25 July 2022.



- 5.3 In accordance with the statutory requirements, the Executive Director for Corporate Services will then certify the draft (unaudited) County Council Statement of Accounts for 2021/22 (incorporating the draft Pension Fund financial statements) by 31 July and present the Accounts to the external auditor.
- 5.4 The Fund is subject to a separate external audit. Colleagues from BDO have yet to issue their Audit Planning Report. This is now expected to be considered at the September Audit Committee. BDO have, however, communicated that they have provisionally pencilled in the Pension Fund Audit to commence 15 August and for the County audit a month later.
- 5.5 In normal circumstances BDO would be expected to present their audit findings to the 28 November 2022 Audit Committee meeting, subject to Government changing the audited publishing deadline as referred to in 4.2 of this report. At which stage, Members following consideration of the external auditor's findings would be asked to approve the Statement of Accounts and the final Annual Governance Statement for publication.
- 5.6 However, the timing of this year's audit is likely to impact on whether BDO will be in a position to report the results of the County Council's and Pension Fund audit work to the November Audit Committee. In addition, the extended timeframe for the audit may impact the Fund's delivery of the 2022 Triennial Valuation.

## **6. Status of 2020/21 External Audit**

- 6.1 BDO presented drafts of the 2020/21 Audit Completions Reports for the Council and Essex Pension Fund to the Audit Committee on 21 March 2022.
- 6.2 It was noted that BDO had substantially completed the Pension Fund audit and are expected to issue an unqualified opinion. In regard to the County's audit, it was noted that the auditor had raised a concern around the accounting for infrastructure assets. This issue has become a national issue and presents a risk for all local authorities going forward if the issues are not resolved.

- 6.3 Chartered Institute Public Finance Accountancy (CIPFA) agreed to assist with the resolution and recently issued a consultation which sought views on proposals to amend the Accounting Code. At the time of writing, the outcome of the consultation is still awaited. As a consequence, Officers are still unable to give an indication as to when this matter will be resolved.

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

- 7.1 Audit work assists the Fund in achieving a number of its objectives, including:
- ensuring the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - act with integrity and be accountable to our stakeholders;
  - understand and monitor risk and compliance; and
  - provide a high-quality service whilst maintaining value for money.

## **8. Risk Implications**

- 8.1 Audit work is a means of both identifying and mitigating risk.
- 8.2 The delay in the Pension Fund audit may impact the delivery of the 2022 Actuarial Valuation.

## **9. Communication Implications**

- 9.1 Other than ongoing reporting to the Board and ECC's Audit, Governance and Standards Committee, there are no communications implications.

## **10. Finance and Resources Implications**

- 10.1 At the time of publication of this Agenda Pack, the Audit Planning report had not been received and therefore the projected costs for External Audit for 2021/22 are currently unknown but are expected to be in line with previous years.

## **11. Background Papers**

- 11.1 The Local Government Pension Scheme (Administration) Regulations 2008.
- 11.2 The Accounts and Audit Regulations 2015.
- 11.3 Closure of Accounts 2021/22, AGS/10/22 Agenda item 9, Audit Governance and Standards Committee, 21 March 2022.
- 11.4 2020/21 Audit Completion Report for the Essex Pension Fund, AGS/11/22 Agenda item 10, Audit Governance and Standards Committee, 21 March 2022.



**Investment Steering Committee (ISC) Quarterly Report**

Report by the Investment Manager

Enquiries to Samantha Andrews on 03330 138501

**This Report is for noting**

**Executive Summary**

**Report Type: Investments**

The ISC have met on one occasion since the last Essex Pension Fund Strategy Board (the Board) meeting on 15 June 2022.

The meeting was split into two meetings to allow the Committee to focus on the strategic decisions in the morning and the normal quarterly business in the afternoon.

At the February 2022 meeting, the ISC agreed the Investment Strategy Decision Framework which documents and outlines an approach to enable the ISC to make clear, structured, context based strategic decisions for the Fund.

<b>Pillar 1</b>	<b>Pillar 2</b>	<b>Pillar 3</b>
<b>Implementing and maintaining the existing strategic targets</b>	<b>Evolving existing allocations</b>	<b>Exploring changes to existing or new mandates</b>

The strategic decisions at the June morning meeting were based around the three pillars described above and included: reviewing alternative assets allocations and further top up commitments; finalising the Fund's ESG index tracking solution; reviewing bond and emerging market strategies available via the ACCESS Pool and the final step to disinvesting from Marathon global equity mandate.

## **Executive Summary (cont.)**

In addition the ISC reviewed its approach to implementing its long-term strategic targets and a Framework for integrating its Responsible Investment (RI) Approach within its Strategic Decision-Making Framework.

The focus of the afternoon's meeting was the outcome of the Annual Investment Monitoring of the Fund's Managers, the Investment Scorecard and CEM benchmarking assessment and the update in regard to the Fund's Responsible Project Plan.

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

- 1.1 To provide a report on the ISC activity since the last Board meeting.

### **2. Recommendations**

- 2.1 The Board note the content of the report.

### 3. Background

- 3.1 In accordance with its Terms of Reference, the ISC is required to submit quarterly reports on its activities to the Board.
- 3.2 Since the Board's last meeting the ISC have met on one occasion, 15 June 2022.

### 4. Report of the meeting of ISC on 15 June 2022

- 4.1 The ISC held two meetings on 15 June 2022, the morning a Strategic meeting and the afternoon meeting to review the investment monitoring reports as part of normal business.
- 4.2 The Committee were made aware of Cllr Susan Barker's re-appointment of Chairman of ISC as agreed at Full Council on 10 May 2022. As a consequence, the ISC **agreed** the ISC Chairman be the Fund's representative on the ACCESS Joint Committee (AJC) and in her absence the Vice Chairman would deputise.
- 4.3 Members nominated, voted, and **agreed** Cllr Mark Platt be re-appointed as the Vice Chairman of the ISC.
- 4.4 Members were presented with their Terms of Reference (TOR) this being the first meeting of the municipal year. A Governance Training session was offered on 14 June 2022 to all ISC Members to enable the TOR to be noted. In addition, Members were made aware that amendments may be required to AJC TOR pending agreed changes to the Inter-Authority Agreement (IAA).
- 4.5 The strategic meeting was split into three sections aligning to the three pillars of the Fund's recently agreed Investment Strategy Decision Framework.
- 4.6 Pillar 1 reviewed the current strategic implementation process. It was **agreed** that a long-term target Framework approach replace the previous stage-based process going forward.
- 4.7 Following a review to the current allocations in private equity, infrastructure and timber, recommendations to top up and maintain strategic allocations were made and **approval** was given by the ISC to:

- increase the annual top-up to Hamilton Lane (private equity);
  - proceed with the commitment to Partners Group Global Infrastructure 2022 once launched (infrastructure); and
  - make a further commitment to Stafford Capital Partners and invite them to next ISC meeting to present their new Carbon Offset Opportunities Fund (timber).
- 4.8 Pillar 2 reviewed existing allocations. To this end, the Committee was presented with options to take forward the UBS ESG index tracking approach as agreed at the previous ISC meeting. It was explained that Officers and Advisers (O&A) had reviewed the guidelines of the UBS proposed solution. It was noted the solution recommended the ESG fund track the EU climate transition benchmark which is aligned to the Paris Agreement thus focuses on successfully navigating the transition to a low carbon economy.
- 4.9 It would also be hedged back to sterling and benchmarked against the FTSE Developed Markets Index to seek to deliver returns in line with developed equity markets. The approach being consistent with that agreed at the 23 February 2022 meeting Members therefore **agreed** to adopt the UBS ESG index tracking equity fund.
- 4.10 Following a discussion of the various options it was also **agreed** that the entire equity index tracking portfolio currently invested in separate regional indexes be moved to the new ESG global option so that the Fund's RI Priorities and Beliefs can be fully incorporated. A final review of the solution would then be carried out by the O&A and would report back to a future ISC on the outcome.
- 4.11 Pillar 3 explored changes to existing and new mandates and were held around impact investing, disinvestments and potential new mandates.
- 4.12 Hymans Robertson proposed the RI Framework be integrated into the overall Strategy Framework which was **approved** by the Committee.
- 4.13 A review was undertaken of the bond allocation and the options open to the Fund in regard to strategies that were currently launched within the ACCESS Pool and those strategies that were currently in the process of being launched by Link Fund Solutions on behalf of ACCESS. A suitable strategy was identified



and presented to Members who **agreed** subject to due diligence by the O&A 5.5% allocation be made.

- 4.14 In addition, the final disinvestment proposal for the remaining Marathon assets was **agreed** with the residual proceeds being reinvested to ACCESS's Baillie Gifford Long-Term Growth Fund.
- 4.15 The final part of the Strategic meeting saw the proposal to allocate a 50/50 split to the ACCESS EM managers when available which was **approved** by the Committee along with the delegation to the O&A to implement.
- 4.16 The afternoon meeting was deemed as normal business under the 'investment manager monitoring' umbrella. The first item was a presentation from the Independent Investment Adviser in regard to the global markets. The presentation was well received by Members noting asset prices were now under pressure with rising inflation, interest rates and geopolitical risks.
- 4.17 Furthermore, the RI Project Plan for 2021/22 was closed off noting all deliverables were completed with the highlight being the Fund's submission to the Financial Reporting Council (FRC) to be a signatory to the 2020 UK Stewardship Code, however the outcome still pending. The RI Project Plan for 2022/23 was **agreed** by the Committee.
- 4.18 The Annual Investment Manager Monitoring section included:
- the annual investment monitoring report noted the Fund's performance has remained strong with c£800m increase in Fund value in the last 12 months taking the Fund's total to £9.6bn;
  - Investment Scorecard Performance noted of the 34 Scorecard measures, 32 measures were assessed as green with the remaining 2 deemed as not applicable during the year; and
  - CEM benchmarking – the Value for Money Review showed the Fund performing strongly against its peer group and overall universe. It was noted that the Fund had achieved a 10.2% net return which was above the LGPS medium of 8.8% for the year ending 31 March 2020 and overall, both the 12 months and 7 years assessed was producing positive net performance at a lower cost than its peers. **Agreement** was given for the Fund to participate with 2021 CEM benchmarking exercise.

- 4.19 The final area of business discussed was the ACCESS Joint Committee meeting held on 07 March 2022 where the Committee **agreed** that the decision by the AJC to allow Local Pension Board observer representation at the AJC be referred to the Pension Strategy Board for their consideration.

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

### **5.1 Investments:**

- To maximise the returns
- from investments within reasonable risk parameters;
- To ensure the Fund's investments are properly managed before, during and after pooling is implemented; and
- Ensure investment issues are communicated appropriately to the Fund's stakeholders.

## **6. Risk Implications**

- 6.1 The current investment risks associated with the Fund's investment strategy are those detailed in the Investment Strategy Statement and the Fund's Risk Register.
- 6.2 No new risks have been identified during the quarter.

## **7. Communication Implications**

- 7.1 The Fund was a signatory on the ACCESS proposal to Government in February and July 2016.
- 7.2 The Fund has submitted its submission to the FRC to become a signatory to the UK Stewardship Code.

## **8. Finance and Resources Implications**

8.1 In addition to the work undertaken by Officers, the cost of ACCESS pool participation per Fund is estimated to be £124,000 in 2022/23.

8.2 The cost to the Fund was:

- £98,184 in 2021/22;
- £78,426 in 2020/21;
- £62,866 in 2019/20;
- £116,000 in 2018/19;
- £94,000 in 2017/18; and
- £80,000 in 2016/17.

## **9. Background Papers**

9.1 ISC meeting of 15 June 2022 – Agenda and Draft Minutes.

9.2 ISC meeting of 23 February 2022 – Agenda and Draft Minutes.

9.3 ISC meeting of 29 November 2021 – Agenda and Draft Minutes.



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 09bi</b>
<b>Date: 06 July 2022</b>	

## **Essex Pension Fund Advisory Board (PAB): Quarterly Report**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

**This Report is for noting**

### **Executive Summary**

#### **Report Type: Governance**

The Essex Pension Fund Strategy Board (PSB) meeting that was held on 18 March 2022 was discussed in full and no issues were raised.

The PAB Annual Workplan was discussed in detail by PAB Members along with the agreement to set up a Task and Finish Group to look into The Role of the PAB item.

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

- 1.1 To provide the Board with an update on the PAB activity since the last Board meeting.

## **2. Recommendations**

- 2.1 That the Board should note the content of the report.

### **3. Background**

- 3.1 The Essex Pension Fund Advisory Board (PAB) was 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.
- 3.2 Since the PSB's last meeting, the PAB has met on one occasion on the 18 March 2022.

### **4. Report of the meeting of PAB on 18 March 2022**

- 4.1 The PAB received a presentation from Fund Officers outlining the work undertaken by the PSB at their 18 March meeting which had taken place that morning.
- 4.2 Points covered were:
- an update regarding the 2020/21 External Audit noting that the Fund were in receipt of the Audit Completion Report however that it had not yet been signed off by the Audit Governance and Standards Committee;
  - the progress against the Business Plan with forty-two areas of activity completed and of the remaining three one was not applicable and the remaining two would be completed by 31 March 2022. PAB Members acknowledged the efforts of everyone involved in achieving this;
  - the three movements within the Fund's Scorecard, two improvements and one decline. These being: the successful appointment of Christopher Downes as the New Scheme Member Representative on the PAB, which had resulted in turning a red measure green; a red measure was discussed as a result of only 67% attendance at the 15 December 2021 PAB meeting; and the final movement was an increase in the number of positive Member Survey responses resulting as green;
  - the reassessment of two Risks: one upgraded due to the heightened likelihood of a Cyber related incident; and one downgraded due to more certainty around Local Government Pension Scheme (LGPS) reform and its implications on the Fund;

- the PAB were advised of four Essex Pension Fund Policies and Publications that had been approved by the PSB that morning, these being:
  - the Three-Year Business Plan and 2022/23 Budget which included the approval of the PAB Annual Workplan;
  - the Stakeholder Engagement Strategy which formalised how the Fund engages with its Stakeholders building on a set of core values and behaviours;
  - the final version of the Administration Strategy detailed minor amendments following consultation with Fund Employers. The consultation included a YouTube training video which had been viewed sixty-six times;
  - the Draft Cyber Policy, a confidential Part Two Agenda Item, had also been provided to the PAB as part of their oversight role;
- the PAB were made aware of two updates that the PSB had received in relation to the Local Government Reform, these being;
  - National Pensions Dashboard; and
  - McCloud;
- PAB Members received confirmation that the PSB had approved the extension to PAB Member Debs Hurst's Term of Appointment for an additional two years;
- the PAB noted that the PSB received the final outcome of the PAB Governance Effective Review.
- the PAB were made aware of the proposed Actuarial Valuation timetable for the year ahead and were invited to attend the Pre-Valuation Webinar which took place on 29 March 2022; and
- the final items PAB Members were alerted to, was the outcome of the AVC Review; the Employer Risk Review and the Independent Governance and Administration Adviser (IGAA) contractual Review.

- 4.3 The PAB discussed in detail the PAB Annual Workplan and discussed the recommendation that a Task and Finish Group be set up to assist with the Role of the PAB task. PAB Members agreed to formalise the Task and Finish Group out of committee and would report back to the next meeting.
- 4.4 PAB Members also discussed the possibility of holding an Annual Networking Day to allow PAB Members to meet at least once a year face to face. It was subsequently agreed that this would form part of their next Meeting.

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

- 5.1 Ensure compliance with the LGPS regulations, other relevant legislation, and the Pensions Regulator's Codes of Practice.

## **6. Risk Implications**

- 6.1 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.

## **7. Background Papers**

- 7.1 PAB Agenda and Notes of 18 March 2022 meeting.
- 7.2 PSB Minutes of 18 March 2022 meeting.



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 09b(ii)</b>
<b>Date: 06 July 2022</b>	

## **Pension Advisory Board (PAB) Annual Report**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

**This Report is for noting**

### **Executive Summary**

**Report Type: Governance**

The Essex Pension Fund Advisory Board (PAB) are required as part of LGPS Legislation to produce an Annual Report of the work undertaken the previous year for inclusion within the Annual Report and Accounts which is also submitted to the Scheme Advisory Board (SAB) for their information.

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

1.1 To provide the Board with an overview of PAB activity during 2021/22.

## **2. Recommendations**

2.1 That the Board should note the content of the 2021/22 Annual Report for onward transition to the Scheme Advisory Board (SAB) and acknowledge it will be published within the Annual Report & Accounts.

### **3. Background**

- 3.1 The Essex Pension Fund Advisory Board (PAB) was established as the Local Pension 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.

### **4. Essex Pension Fund Advisory Board Annual Report**

- 4.1 Appendix A to this report includes the 2021/22 Essex Pension Fund Advisory Board (PAB) Annual Report that was approved by Nicola Mark, Independent Chairman and Andrew Coburn, Vice Chairman, in June 2022.

### **5. Recommendations**

- 5.1 That the Board note the content of the 2021/22 Annual Report for onward transition to the SAB and acknowledge it will be published within the Annual Report & Accounts.

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

- 6.1 Ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.

### **7. Risk Implications**

- 7.1 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.

### **8. Background Papers**

- 8.1 None.

# Essex Pension Fund

## Essex Pension Fund Advisory Board (PAB) Annual Report

July 2022



# Essex Pension Fund Advisory Board

## Annual Report 2021/22

### Introduction

This is the seventh Annual Report of the Essex Pension Fund Advisory Board, covering the period from 01 April 2021 until 31 March 2022.

### 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; and
- 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 four times during the period covered by this report: on 07 July 2021; 22 September 2021; 15 December 2021; and 18 March 2022.

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

- four meetings of the PSB (the Fund's s101 Committee) which took place in the mornings on: 07 July 2021; 22 September 2021; 15 December 2021; and 18 March 2022; and
- four meetings of the Investment Steering Committee (ISC) (the Fund's s101 sub-committee) which took place on: 16 July 2021; 13 October 2021; 29 November 2021; and 23 February 2022.

# Essex Pension Fund Advisory Board

## Annual Report 2021/22

### 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 2022 was as follows:

Independent Chairman (1)	
Nicola Mark	Independent Chairman
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
Vacant Position (Up to 19 October 2021)	
Christopher Downes (from 19 October 2021)	Essex County Council
Employer Representatives (4)	
James Durrant	Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCC FRA)
Councillor S Walsh (Up to 25 May 2021) Councillor L Barber (from 25 May 2021)	Essex County Council
Councillor S Hebb (Up to 09 June 2021) Councillor J Duffin (from 09 June 2021)	Thurrock Unitary Council
Councillor Martin Bracken	Chelmsford City Council

### Attendance

Attendance at PAB meetings during 2021/22 was **79%** against a target of **80%**.

### 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 2021/22

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.

Questionnaires and one to one meetings are carried out with all new PAB Members. Training Needs Analysis (TNA) are carried out with all the new Scheme Member representatives, within six months of joining the Board. 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

## Annual Report 2021/22

### 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; and
- Key policy documents on administration, funding and investment.

### Support from Fund officers - 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 strives to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

In addition, the PSB endorsed the utilisation of the LGPS Online Learning Academy (LOLA) which went live on 10 December 2021 to support the completion of the two-year Training Plan.

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

- Training credits are awarded to each PAB Member where training events (approved / recommended by the Fund) have been undertaken either in person or by virtual means;
- PAB Members are expected to complete relevant CIPFA and TPR modules applicable to their role utilising LOLA;
- A Training Needs Analysis is undertaken once every two-years to determine areas for further training and is reviewed periodically;
- The approach to training is flexible, in order to recognise the ever-changing landscape of the LGPS; and
- 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

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# Essex Pension Fund Advisory Board

## Annual Report 2021/22

within formal PAB meetings:

Date of meeting	Topics Covered
07 July 2021	PAB Terms of Reference
	PAB Annual Report
	PSB Update covering: <ul style="list-style-type: none"> <li>• PSB Terms of Reference;</li> <li>• PSB Annual Report to Full Council;</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• The work of Internal Audit in relation to the Fund;</li> <li>• The work of External Audit in relation to the Fund;</li> <li>• Essex Pension Fund Draft Accounts;</li> <li>• ISC Quarterly Report;</li> <li>• PAB Recruitment;</li> <li>• Training Plans update;</li> <li>• TPR Consultation Responses and HM Treasury Consultations;</li> <li>• Amendments to the Funding Strategy Statement (FSS);</li> <li>• GAD S13;</li> <li>• Governance Effectiveness Review;</li> <li>• Employer Update; and</li> <li>• Essex Pension Fund Printing and Posting Procurement.</li> </ul>
	PAB Training Plan update
	Recording and Reporting Breaches of the Law Training
22 September 2021	PSB Update covering: <ul style="list-style-type: none"> <li>• Outcome of Individual Training Needs Analysis;</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>• PAB Scheme Member and Independent Chairman Recruitment;</li> <li>• Essex Pension Fund Printing and Posting Procurement;</li> <li>• HM Treasury Consultation Responses: SCAPE discount rate methodology; and Cost Control mechanism;</li> <li>• Bitesize Training: Wider LGPS Landscape; and</li> <li>• Employer Update.</li> </ul>
	PAB Governance Effectiveness Review



# Essex Pension Fund Advisory Board

## Annual Report 2021/22

Date of meeting	Topics Covered
15 December 2021	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• The work of External Audit in relation to the Fund;</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• ISC Quarterly Report;</li> <li>• PAB Scheme Member and Independent Chairman Recruitment;</li> <li>• Review of Administration Strategy;</li> <li>• 2021 Actuarial Interim Review; and</li> <li>• Employer Update.</li> </ul>
	PAB Governance Effectiveness Survey
	Hot Topics: Guaranteed Minimum Pension (GMP) Update
	TPR Code of Practice 14
18 March 2022	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• The work of External Audit in relation to the Fund;</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• Essex Pension Fund Three-year Business Plan and 2022/23 Budget;</li> <li>• Stakeholder Engagement Strategy;</li> <li>• Final Administration Strategy;</li> <li>• LGPS Reform: Pensions Dashboard; and McCloud Timeline update;</li> <li>• ISC Quarterly Report;</li> <li>• PAB Scheme Member Representation;</li> <li>• PAB Governance Effectiveness Review Outcome;</li> <li>• Proposed 2022 Actuarial Valuation Timetable;</li> <li>• Cyber Policy;</li> <li>• Additional Voluntary Contributions (AVC) Review;</li> <li>• Employer Risk Review;</li> <li>• Pooling; and</li> <li>• Independent Governance &amp; Administration Adviser Contract Review.</li> </ul>
	PAB Annual Workplan
	PAB Annual Networking Day

# Essex Pension Fund Advisory Board

## Annual Report 2021/22

### Additional Training Sessions

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:

- Aon - Investments – Strategy, asset allocation, pooling, performance and risk management;
- Aon - Pensions legislation and guidance, and national governance;
- Aon - Local governance and pensions procurement, contract management and relationship matters;
- Aon - Funding strategy and actuarial methods;
- Aon - Investments - Financial markets and products;
- Aon - Pensions Administration and Communications; and
- LGA Fundamentals Training Programme.

In addition, Fund Officers hosted a Back to Basics Training Day for all Boards and Committee Members during February 2022 which covered:

- Benefit Structure;
- Digitalisation Update and Transition to Monthly Returns;
- Aon - Cyber Training; and
- Communications Policy.

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

### 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:

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

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>07 July 2021</b>	Notes of the Previous Meeting	<p><b>Action:</b> The Chairman requested that Fund Officers write to Cllr Walsh and Cllr Hebb on behalf of the Board to thank them for their contribution to the work of the Board over the duration of their terms.</p> <p><b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.</p>
	PAB Terms of Reference	<p><b>Resolved:</b> The Board noted the Terms of Reference as contained in the ECC Constitution.</p>
	Appointment of Vice Chairman	<p><b>Resolved:</b> The Secretariat invited Board Members to make nominations for the appointment of the Vice Chairman. Following a show of hands, Andrew Coburn was re-appointed as Vice Chairman.</p>
	PAB Annual Report	<p><b>Action:</b> Fund Officers to confirm the Employer name of the Other Employing Body representative.</p> <p><b>Resolved:</b> The Board agreed for the Annual Report to be shared with the local Government Scheme Advisory Board.</p>
	Essex Pension Fund Strategy Board (PSB) Update	<p><b>Resolved:</b> The Board noted the papers considered by the PSB.</p>
	Update on Members Training	<p><b>Action:</b> Fund officers to obtain feedback from Members on the training method of delivery they would prefer.</p> <p><b>Resolved:</b> The Board noted the review undertaken of the Board's overall TNA and the next steps.</p>

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
07 July 2021	Recording and Reporting Breaches of the Law: Hot Topics	<b>Resolved:</b> The Board noted the Hot Topics training presentation.
	Papers provided to the Essex Pension Fund Advisory Board (PAB)	<b>Resolved:</b> The Board noted the content of the report.
	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the content of the report.
22 September 2021	Notes of the Previous meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	<b>Actions:</b> Officers to look at the feasibility of providing the makeup of the Members and Employers using Member and Employer Online to a future meeting.  Officers to provide PAB Members with the Wider LGPS Landscape training recording.  <b>Resolved:</b> The Board noted the papers reviewed by the PSB.
	PAB Governance Effectiveness Review	<b>Actions:</b> Independent Governance & Administration Adviser (IGAA) to attach a copy of the PAB's terms of Reference to the Governance Effectiveness Survey.  Members to complete the survey and return by 15 October 2021.  Members to raise any issues with the survey with Fund Officers.  <b>Resolved:</b> The Board noted the content of the report.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	<b>Resolved;</b> The Board noted the content of the report.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
<b>22 September 2021</b>	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the content of the report.
<b>15 December 2021</b>	Notes of the Previous Meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	<b>Action:</b> Members to supply any comments to the Compliance Team by 07 January 2022 on the changes made to the Draft Administration Strategy prior to the consultation with Employers.  <b>Resolved:</b> The Board noted the papers reviewed by the PSB.
	PAB Governance Effectiveness Review	<b>Action:</b> The Board recommended to the PSB, that the Board, in consultation with Fund Officers, develop a pamphlet in regard to the expectations around the role of PAB Members.  <b>Resolved:</b> The Board noted the content of the report.
	Hot Topics: Guaranteed Minimum Pension (GMP) Update	<b>Resolved:</b> The Board noted the Hot Topics GMP Update and thanked the Technical Analyst for the presentation.
	The Pensions Regulator (TPR) Code of Practice 14	<b>Resolved:</b> The Board noted the content of the report.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	<b>Resolved:</b> The Board noted the content of the report.
	Schedule of Future Meetings and events	<b>Resolved:</b> The Board noted the content of the report.
	Any Other Business - Update on Two-year Training Plan	<b>Resolved:</b> The Board noted the update.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
18 March 2022	Notes of the Previous Meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	<b>Action:</b> Fund Officers to issue the invitation from Barnett Waddingham for the 29 march 2022 Pre-Valuation Webinar.  <b>Resolved:</b> The Board noted the papers reviewed by the PSB.
	PAB Annual Workplan	<b>Actions:</b> PAB members to provide their thoughts and suggestions for the development of the Pamphlet to the July 2022 PAB meeting for discussion. Fund Officers to email those not in attendance to seek their views in being part of the Task and Finish Group.  <b>Resolved:</b> The Board noted the content of the report.
	PAB Annual Networking Day	<b>Action:</b> Fund Officers to notify all PAB Members that half hour of the next meeting from 2pm would be dedicated to networking and would be held in person in County Hall.  <b>Resolved:</b> The discussion was noted by the Board.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	<b>Action:</b> Fund Officers to carry out the Training Needs Analysis (TNA) with Scheme Member Representation Christopher Downes in April 2022 having completed six months on the PAB.  <b>Resolved:</b> The Board noted the content of the report.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
18 March 2022	Schedule of Future Meetings and events	<p><b>Action:</b> On receipt of the full Agenda, PAB Members to notify the Compliance Manager if they wish to attend the CIPFA Annual Training Day.</p> <p><b>Resolved:</b> The Board noted the content of the report.</p>
	Any Other Business: Observer Attendance at PAB Meetings and ACCESS Joint Committee Update	<p><b>Resolved:</b> The Board noted the items raised.</p>

### Development of the Annual Workplan

The first edition of the PAB Annual Workplan which accompanied the Fund's Three-year Business Plan was approved by the PSB during their 18 March 2022 meeting.

The PAB Annual Workplan has been developed as a direct outcome of the PAB's Governance Effectiveness Review carried out by the Fund's Independent Governance and Administration Adviser (IGAA) and includes, the development a pamphlet to show the expectations around the role of PAB Members and the level of support given to them by Fund Officers to assist with future recruitment.

The PAB agreed that a Task and Finish Group would be set up to undertake this activity.

In addition, the other pieces of work contained within the PAB Annual Workplan include:

- Communications Policy;
- Fund Surveys;
- TPR Single Code; and
- SAB Good Governance Project.

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](#)

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### Future Dates of Meetings

The following meeting dates have been agreed for 2022/23:

- 06 July 2022;
- 21 September 2022;
- 07 December 2022; and
- 22 March 2023.

*The Independent Chairman of the PAB would like to take this opportunity to thank Fund Officers, PAB Members and the PSB for their continued commitment and support in delivering the PAB objectives and workplan throughout the year.*

Nicola Mark, Independent Chairman  
Essex Pension Fund Advisory Board  
July 2022

Andrew Coburn, Vice Chairman

# Essex Pension Fund



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 12</b>
<b>Date: 06 July 2022</b>	

## Schedule of Future Meetings and Events

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

**This Report is for noting**

### **Executive Summary**

This report details the upcoming Board meeting dates for PSB Members to note along with internal and external Training Events for consideration.

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

- 1.1 To provide the Board with an update on the schedule of future meetings and events for 2022/23.

## **2. Recommendation**

- 2.1 That the Board note the content of the report.

### 3. Background

- 3.1 The Board were made aware, at their meeting on 18 December 2019, that future meetings and events would be brought to each meeting to ensure, where applicable, the process of approval by the Foreign Travel Committee for attendance at any conferences/seminars is incorporated within the Committee's timetable.

### 4. Upcoming Event(s)

- 4.1 Fund Officers will continue to ensure a review of the advertised Conferences/Seminars is carried out in line with the Knowledge and Skills Strategy taking into consideration individual's Training Needs Analysis and will communicate any suitable Conferences either through emails and/or this Agenda Item. The upcoming events that PSB Members should be made aware include:

Training Events	
<b><u>Fundamentals Training Programme 2022</u></b> (for new Members or those in need of a refresher) <i>(To get the best from this training, you should try and attend all three days)</i>	
<b>Day 1</b> 18 October – Online or 20 October – Westminster (London)	9.30am – 4pm
<b>Day 2</b> 10 November – Westminster (London) 22 November – Online	9.30am – 4pm
<b>Day 3</b> 06 December – Westminster (London) 20 December – Online	9.30am – 4pm

<b><u>Annual Governance Conference</u></b>	
19 January to 20 January 2023 - Cardiff	Timings to be agreed

## **5. Schedule of Meetings**

- 5.1 The schedule of meetings agreed for the municipal year 2022/23 are as follows:

<b>Pension Strategy Board</b>	
Wednesday 21 September 2022	10am – 1pm
Wednesday 07 December 2022	10am – 1pm
Wednesday 22 March 2023	10am – 1pm

<b>Training Days</b>	
EPF Back to Basics	TBC

## **6. Finance and Resources Implications**

- 6.1 If an event costs more than £500 for one member or £1,000 in total, then prior approval for any travel by the Foreign Travel Committee is compulsory.

## **7. Background Papers**

- 7.1 Schedule of Future Meetings and Events, PSB 10, 18 March 2022.

