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| <b>Essex Pension Fund<br/>Strategy Board</b> | <b>PSB 04b</b> |
| <b>Date: 17 March 2021</b>                   |                |

## **Governance Policy and Compliance Statement**

Report by the Compliance Manager in consultation with the Independent Governance & Administration Adviser (IGAA)

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

- 1.1 To provide the Board with the revised Governance Policy and Compliance Statement for approval.

### **2. Recommendation**

- 2.1 That the Board **approve** the revised Governance Policy and Compliance Statement and note the content of the report.

### **3. Background**

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

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

3.2 Each Administering Authority is required to:

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

### **4. Review of the Governance Policy and Compliance Statement**

4.1 The last review was undertaken at the 04 March 2020 PSB meeting whereby the Board agreed the revised Governance Policy and Compliance Statement which incorporated revised Terms of References (TORs) for each of the PSB, Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) that were approved by Full Council on 08 October 2019.

4.2 Fund Officers, in consultation with the IGAA, have further reviewed the Governance Policy and Compliance Statement and has been provided at Appendix A for approval by the Board. The main revisions include:

- revised functions delegated to the ACCESS Joint Committee as approved by the ISC and Full Council along with the other ten Funds in

the Pool which have been incorporated within the Inter-Authority Agreement;

- the addition of an appendix to include responsibilities of other relevant parties;
- review of the Compliance Statement where minor amendments were made whilst still achieving full compliance; and
- further minor grammatical amendments throughout the Policy document.

4.3 Once approved, the Governance Policy and Compliance Statement will be published on the Fund's website.

## **5. Terms of Reference Review**

5.1 In addition, a further review of the PSB, ISC and PAB TORs have been reviewed and have been provided at Appendices B, C and D respectively for approval by the Board. The revisions made include:

- the movement of the PAB section within the PSB and ISC TORs to the bottom section;
- the inclusion of quorate levels within the ISC TOR; and
- minor grammatical amendments throughout all TORs.

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

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

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

## **7. Risk Implications**

7.1 Failure to review and update the Governance Policy and Compliance Statement could result in:

- non-compliance with regulations caused by lack of knowledge by staff, changes in government policy/LGPS reforms and systems not kept up-to-date leading to reputational damage and financial loss; and
- failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage.

## **8. Communication Implications**

- 8.1 The Governance Policy and Compliance Statement will be published on the Fund's website.
- 8.2 Other than ongoing reporting to the Board, there are no communication implications.

## **9. Finance and Resource Implications**

- 9.1 None.

## **10. Background Papers**

- 10.1 EPF Policies, PSB 06, 04 March 2020.
- 10.2 ECC Constitution.