

Essex Pension Fund

Essex Pension Fund Advisory Board (PAB) Annual Report

July 2022



Essex Pension Fund Advisory Board

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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.

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Membership

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

The membership of the PAB as at 31 March 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.

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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 2013¹ 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.

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

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Areas of Knowledge and Understanding

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

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping);
- Risk assessment and management;
- Scheme booklets and other members communications;
- The role of Local Pensions Board Members and the Scheme Manager;
- Policies in relation to the exercise of discretions;
- Communications with Scheme Members and Employers; 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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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"> • PSB Terms of Reference; • PSB Annual Report to Full Council; • Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management); • The work of Internal Audit in relation to the Fund; • The work of External Audit in relation to the Fund; • Essex Pension Fund Draft Accounts; • ISC Quarterly Report; • PAB Recruitment; • Training Plans update; • TPR Consultation Responses and HM Treasury Consultations; • Amendments to the Funding Strategy Statement (FSS); • GAD S13; • Governance Effectiveness Review; • Employer Update; and • Essex Pension Fund Printing and Posting Procurement.
	PAB Training Plan update
	Recording and Reporting Breaches of the Law Training
22 September 2021	PSB Update covering: <ul style="list-style-type: none"> • Outcome of Individual Training Needs Analysis; • Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management); • The work of External Audit in relation to the Fund; • PAB Scheme Member and Independent Chairman Recruitment; • Essex Pension Fund Printing and Posting Procurement; • HM Treasury Consultation Responses: SCAPE discount rate methodology; and Cost Control mechanism; • Bitesize Training: Wider LGPS Landscape; and • Employer Update.
	PAB Governance Effectiveness Review

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

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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:

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Date	Area	Action
All meetings	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.
07 July 2021	Notes of the Previous Meeting	<p>Action: 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>Resolved: The Board approved the Notes from the previous meeting and noted the updates provided.</p>
	PAB Terms of Reference	<p>Resolved: The Board noted the Terms of Reference as contained in the ECC Constitution.</p>
	Appointment of Vice Chairman	<p>Resolved: 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>Action: Fund Officers to confirm the Employer name of the Other Employing Body representative.</p> <p>Resolved: 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>Resolved: The Board noted the papers considered by the PSB.</p>
	Update on Members Training	<p>Action: Fund officers to obtain feedback from Members on the training method of delivery they would prefer.</p> <p>Resolved: The Board noted the review undertaken of the Board's overall TNA and the next steps.</p>

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Date	Area	Action
07 July 2021	Recording and Reporting Breaches of the Law: Hot Topics	Resolved: The Board noted the Hot Topics training presentation.
	Papers provided to the Essex Pension Fund Advisory Board (PAB)	Resolved: The Board noted the content of the report.
	Schedule of Future Meetings and Events	Resolved: The Board noted the content of the report.
22 September 2021	Notes of the Previous meeting	Resolved: The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	Actions: 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. Resolved: The Board noted the papers reviewed by the PSB.
	PAB Governance Effectiveness Review	Actions: 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. Resolved: The Board noted the content of the report.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	Resolved; The Board noted the content of the report.

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Date	Area	Action
22 September 2021	Schedule of Future Meetings and Events	Resolved: The Board noted the content of the report.
15 December 2021	Notes of the Previous Meeting	Resolved: The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	Action: 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. Resolved: The Board noted the papers reviewed by the PSB.
	PAB Governance Effectiveness Review	Action: 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. Resolved: The Board noted the content of the report.
	Hot Topics: Guaranteed Minimum Pension (GMP) Update	Resolved: The Board noted the Hot Topics GMP Update and thanked the Technical Analyst for the presentation.
	The Pensions Regulator (TPR) Code of Practice 14	Resolved: The Board noted the content of the report.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	Resolved: The Board noted the content of the report.
	Schedule of Future Meetings and events	Resolved: The Board noted the content of the report.
	Any Other Business - Update on Two-year Training Plan	Resolved: The Board noted the update.

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Date	Area	Action
18 March 2022	Notes of the Previous Meeting	Resolved: The Board approved the Notes from the previous meeting and noted the updates provided.
	Essex Pension Fund Strategy Board (PSB) Update	Action: Fund Officers to issue the invitation from Barnett Waddingham for the 29 march 2022 Pre-Valuation Webinar. Resolved: The Board noted the papers reviewed by the PSB.
	PAB Annual Workplan	Actions: 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. Resolved: The Board noted the content of the report.
	PAB Annual Networking Day	Action: 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. Resolved: The discussion was noted by the Board.
	Papers provided to Essex Pension Fund Advisory Board (PAB)	Action: 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. Resolved: The Board noted the content of the report.

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

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](#)

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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
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Andrew Coburn, Vice Chairman

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