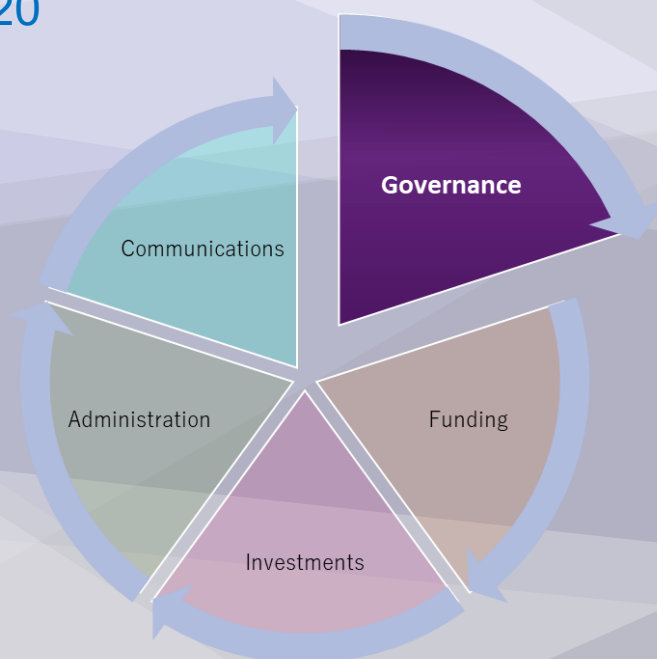


# Essex Pension Fund

## Essex Pension Fund Advisory Board Annual Report

July 2020



# Essex Pension Fund Advisory Board

## Annual Report 2019/20

### Introduction

This is the fifth Annual Report of the Essex Pension Fund Advisory Board, covering the period from 1 April 2019 until 31 March 2020.

### Roles and Functions

The Essex Pension Fund Advisory Board (PAB) has been 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.



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

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

The establishment of the PAB was approved by ECC in February 2015 with the following membership:

- 4 Employer representatives made up of ECC (1), Borough/City/District (1), Unitary (1), Other Employers (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 4 March 2015 Essex Pension Fund Strategy Board (PSB) Meeting [Documents](#).

The PAB's full Terms of Reference was reviewed by Essex Pension Fund Officers during 2019 in consultation with the Independent Governance and Administration Adviser (IGAA). The revised Terms of Reference was subsequently approved by Essex County Council (ECC) at the October 2019 Full Council meeting and can be found within the [ECC Constitution](#).

The PAB met three times during the period covered by this report: on 5 June 2019; 25 September 2019 and 15 January 2020.

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 on 3 July 2019, 11 September 2019, 18 December 2019 and 4 March 2020;
- four meetings of the ISC (the Fund's s101 sub-committee) which took place on 26 June 2019, 17 July 2019, 27 November 2019 and 19 February 2020.

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

### 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 2020 was as follows:

Independent Chairman (1)	
Nicola Mark	Head of Norfolk Pension Fund
Scheme Member Representatives (4)	
Andrew Coburn	Pensioner, Ex County Council, UNISON (Vice Chairman )
Vacant Position (until 24 September 2019)	-
Paul Hewitt (until 24 September 2019)	Deferred Member, Southend Borough/Harlow District Council
Debs Hurst	Active Member, Chelmsford College
James Sheehy (from 25 September 2019)	Active Member, Witham Town Council
Stuart Roberts (from 25 September 2019)	Active Member, Shenfield High Academy
Employer Representatives (4)	
James Durrant	Essex Fire Authority
Councillor Terry Cutmore	Rochford District Council
Councillor Shane Hebb	Thurrock Borough Council
Councillor Simon Walsh	Essex County Council

Attendance at PAB meetings during 2019/20 was 78%.

### 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 2019/20

The Essex Pension Fund (“the Fund”) follows the ECC Code of Conduct Policy for the management of potential conflicts in order to ensure that they do not become actual conflicts and all Members of the PAB are familiar with this Policy. In addition, Fund Officers have recently developed an Essex Pension Fund Conflict of Interest Policy which was approved by the PSB at their 4 March 2020 meeting. This Policy will be used to manage all future potential conflicts effective from 1 April 2020.

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 Pension Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a Local Pension Board must be conversant with:

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

Local Pension 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 Pension Board Members is appropriate for the purposes of enabling the individual to properly exercise the functions of a Member of the Local Pension Board.

### Degree of Knowledge and Understanding

Members of the Local Pension 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.

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<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 2019/20

### 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 Pension Board Members and the Scheme Manager;
- Policies in relation to the exercise of discretions;
- Communications with scheme members and employers;
- Key policy documents on administration, funding and investment.

### Training Strategy

The Members adhere to the Fund's Strategy on how Members of the PSB, the ISC and the PAB will achieve full compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills Framework and tPR's Code of Practice and acquires the knowledge and skills necessary to carry out their functions. Members of the PAB fully endorsed the Strategy and re-iterated their commitment to knowledge and skills.

The approach of the Training Strategy is summarised below:

- Credits are awarded for attendance at formally arranged training sessions and other relevant events which increase knowledge of the LGPS;
- PAB Members are expected to complete tPR's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members;
- Assessments of Member's knowledge and skills are used to determine areas for further training. Fund Officers maintain a record of the credits obtained by each individual Member;
- The approach to training is flexible, in order to recognise the ever-changing landscape of the LGPS;
- Training is delivered in a way that complements the activities set out in the Fund's Business Plan.

However, it should be noted that Fund Officers are reviewing the Training Strategy for PSB, ISC and PAB Members and it is envisaged that the new Training Strategy will be implemented during 2020/21.

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

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

Date of meeting	Topics Covered
<b>05 June 2019</b>	PAB Terms of Reference Review
	Review of Revised Risk Register
	Latest Development LGPS
	LGPS Pooling
<b>25 September 2019</b>	PSB Meetings 03 July and 11 September 2019: <ul style="list-style-type: none"> <li>• Officer Changes within Essex Pension Fund</li> <li>• PAB Membership Review</li> <li>• Risk Register</li> <li>• Actuarial Triennial Valuation</li> <li>• Charging Policy</li> <li>• Business Continuity</li> </ul>
	Good Governance Phase I Survey
	LGPS Pooling
	PSB Meeting 18 December 2019: <ul style="list-style-type: none"> <li>• Good Governance Report Phase II</li> <li>• Actuarial Triennial Valuation Update</li> <li>• Update on Pension Fund Activity</li> </ul>
	PAB Review
<b>15 January 2020</b>	TPR Code of Practice 14
	Business Continuity
	Pooling

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: the LGPS Annual Governance Conference; and the LGPS Local Pension Board Seminar.

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.

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

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

Date	Area	Action
<b>All meetings</b>	Decisions of the PSB and the ISC	The PAB's meetings are based on the items considered at meetings of the PSB and the ISC.
<b>05 June 2019</b>	Notes of the Previous Meeting	<b>Resolved:</b> The Board noted the additional information.
	PAB Terms of Reference	<b>Resolved:</b> The Board noted the Terms of Reference as agreed at Full Council.
	Appoint Vice Chairman	<b>Resolved:</b> The Board noted the appointment of the Interim Vice Chairman.
	PAB Annual Report	<b>Action:</b> A sentence to be added referring to training and the appointment of the new Independent Governance & Administration Adviser (IGAA).  <b>Resolved:</b> The Board noted the report.
	PSB Meeting 06 March 2019	<b>Resolved:</b> The Board noted the update.
	Papers provided to PAB	<b>Resolved:</b> The Board noted the distribution of papers provided to the PAB since their last meeting.
	Update on PAB Membership Review	<b>Resolved:</b> The Board noted the update.
	PAB Terms of Reference Review	<b>Resolved:</b> The Board discussed, noted and considered the content of the report.
	Review of Revised Risk Register	<b>Action:</b> <ul style="list-style-type: none"> <li>Fund Officers to look into the presentation and inclusion of the key for future meetings.</li> <li>IGAA to review the risks that refer to the training process for PAB members.</li> </ul> <b>Resolved:</b> The Board noted the update and report.

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

Date	Area	Action
05 June 2019	Latest Development LGPS	<b>Action:</b> <ul style="list-style-type: none"> <li>PAB to agree response to Scheme Advisory Board (SAB) Local Pension Board Survey once it is issued.</li> <li>The approach was discussed as the deadline will be before the next meeting of the PAB.</li> </ul> <b>Resolved:</b> The Board noted the update and action point.
	Pooling Update	<b>Resolved:</b> The Board noted the progress to date.
25 September 2019	Appointment of Vice Chairman	<b>Resolved:</b> After a show of hands Andrew Coburn was subsequently elected for the role of the Vice-Chairman.
	Notes of the Previous Meeting	<b>Resolved:</b> The Board noted the updates.
	PSB Meetings 03 July and 11 September 2019	<b>Action:</b> The Fund to provide a further breakdown of the trend analysis from publication of the Charging Policy at a future meeting.
		<b>Action:</b> The Fund to provide an update on Business Continuity at the next meeting.
		<b>Resolved:</b> The Board noted the report, presentations and updates.
	Good Governance Survey	<b>Resolved:</b> The Board noted the report and update.



# Essex Pension Fund Advisory Board

## Annual Report 2019/20

Date	Area	Action
25 September 2019	SAB Pension Board Survey	<p><b>Action:</b></p> <p>Compliance Manager to start compiling responses on publication of the survey and to obtain further comments / amendments from the Board, providing a joint response.</p> <p><b>Resolved:</b></p> <p>The Board noted the report and update.</p>
	Papers provided to PAB	<p><b>Action:</b></p> <p>Compliance Manager to expand this paper to include the main subject(s) discussed at the PSB/ISC meetings.</p> <p><b>Resolved:</b></p> <p>The Board noted the report</p>
	Schedule of Future Meetings	<p><b>Action:</b></p> <p>Compliance Manager to provide the Board with details on the Annual Governance Conference.</p> <p><b>Resolved:</b></p> <p>The Board noted the update.</p>
	Pooling Update	<p><b>Resolved:</b></p> <p>The Board noted the progress to date.</p>
	Closing Remarks	<p><b>Action:</b></p> <p>The Chairman notified the Board that they would have sight of the Fund's new Business Plan at their next meeting.</p>
15 January 2020	Notes of the Previous Meeting	<p><b>Resolved:</b></p> <p>The Board noted the updates provided.</p> <p><b>Action:</b></p> <p>The Interim Director for Essex Pension Fund to establish with Cllr Hebb trend breakdown approach during 2020/21.</p>
	PSB Meeting 18 December 2019	<p><b>Resolved:</b></p> <p>The Board noted the report, presentations and updates.</p>
	PAB Review	<p><b>Resolved:</b></p> <p>The Board noted the report and update.</p>

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

Date	Area	Action
15 January 2020	The Pension Regulator (tPR) – Code of Practice 14	<p><b>Resolved:</b></p> <p>The Board noted the report.</p> <p><b>Action:</b></p> <p>An update on the progress of the Singular Modular Code to be brought to a future meeting.</p>
	Business Continuity	<p><b>Resolved:</b></p> <p>The Board noted the report and update.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Fund Officers to resolve all outstanding issues within the Business Continuity Plan (BCP);</li> <li>• IGAA to conduct a quality assurance check on the Fund's BCP and Testing Schedule; and</li> <li>• Full BCP and Testing Schedule to be presented to the Board at a future meeting.</li> </ul>
	Scheme Advisory Board (SAB) Pension Board Survey	<p><b>Resolved:</b></p> <p>The Board noted the update.</p> <p><b>Action:</b></p> <p>Compliance Manager to start compiling responses on publication of the survey and to obtain further comment / amendments from the Board to provide a joint response.</p>
	Papers provided to PAB	<p><b>Action:</b></p> <p>Compliance Manager to provide the Board with SAB communications when they become available.</p> <p><b>Resolved:</b></p> <p>The Board noted the update.</p>
	Pooling Update	<p><b>Resolved:</b></p> <p>The Board noted the progress to date.</p>

# Essex Pension Fund Advisory Board

## Annual Report 2019/20

Full agendas and minutes 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](#)

### Review of the PAB

A review of the PAB was undertaken during 2019/20 which included:

- Terms of Reference;
- Membership; and
- Number and timings of meetings.

The PAB's revised Terms of Reference was agreed by ECC at their Full Council meeting on 08 October 2019.

The Membership review of the PAB saw the extension of the independent Chairman for two years, two new Scheme Member representatives and the re-appointment of the Essex Fire Authority Employer representative.

In addition, a review of the number and timings of the PAB meetings was carried out which resulted in the PAB meetings aligning with the PSB and therefore being conducted on the same day as PSB meetings and holding four meetings each year.

A review of the PAB's effectiveness is due to be undertaken by the Fund's IGAA at the end of 2020/21.

### Future Dates of Meetings

The PAB agreed to the following meeting dates for 2020/21 which will be kept under review:

- 17 June 2020 (this meeting was subsequently cancelled due to the Covid19 Pandemic);
- 23 September 2020;
- 16 December 2020; and
- 17 March 2021.

*Nicola Mark, Independent Chairman*

*Andrew Coburn, Vice Chairman*

**Essex Pension Fund Advisory Board**  
**July 2020**