Essex County Council

Essex Pension Fund Strategy Board

10:00	**Friday, 18 March 2022**	**Committee Room 1 County Hall, Chelmsford, CM1 1QH**

For information about the meeting please ask for:
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11	**Urgent Business** To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

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.

12 Essex Pension Fund Draft Cyber Policy

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

13 Review of Additional Voluntary Contributions (AVCs) Arrangements

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

14 Employer Risk Review

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

15 Pooling Update

To receive a presentation from the Director for Essex Pension Fund

16 Independent Governance & Administration Adviser (IGAA) Contract Review

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

17 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.

Essex Pension Fund Strategy Board	PSB 01
Date: 18 March 2022	

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

No Membership changes since the last meeting.

Officers are not aware of any apologies for the meeting at the time of writing and have not been notified of any new Member Declarations of Interest.

1. Purpose of the Report

1.1 To present Membership, Apologies and Declarations of Interest for the 18 March 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 M Dent	Southend-on-Sea Borough Council
Rachel Hadley	Other Employing Bodies
Councillor C Riley	Castle Point Borough Council
Sandra Child	Scheme Members

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB), held in Committee Room 1 at 10:00am on 15 December 2021

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 Goggin)
Cllr A Hedley	
Cllr D King	
Cllr C Souter	

Scheme Member Representative
Sandra Child (UNISON)

Other Employing Bodies Representative

Rachel Hadley	Chelmer Housing Partnership

The following Officers and Advisers were also present in support of the meeting:

Jody Evans	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager

It was also noted that Cllr A Goggin, Cllr C Riley and Cllr M Dent attended via Zoom as Observers of the meeting and therefore were unable to vote on any decisions required.

The following Officers and Advisers were present remotely via Zoom:

Sara Maxey	Employer Manager
Daniel Chessell	Retirement Manager
Helen Pennock	Compliance Analyst
Ajai Ajith	Compliance Analyst
Marcia Wong	Compliance Officer
Christine Golding	Chief Accountant, Essex County Council (left 10:24am)

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Karen McWilliam	Independent Governance & Administration Adviser (IGAA), Aon
Graeme Muir	Fund Actuary, Barnett Waddingham

The following Essex Pension Fund Advisory Board (PAB) Members were present remotely via Zoom as Observers of the meeting:

Nicola Mark	Independent Chairman
Andrew Coburn	Scheme Member Representative (UNISON)
Stuart Roberts	Scheme Member Representative
Christopher Downes	Scheme Member Representative
Cllr Martin Bracken	Employer 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 Advisers to the meeting.

The Board were also advised that Agenda Item 9, Urgent Part One Business, would be taken directly after Agenda Item 2.

Apologies for Absence

It was noted that Cllr M Hoy and PAB Members, James Durrant, Cllr J Duffin and Deb Hurst 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 Hedley declared that he was in receipt of an Aviva Group Pension and is the Chairman of the Audit, Governance and Standards Committee;

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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

Sandra Child declared she was in receipt of an Essex LGPS pension.

Resolved:
The Board noted the report.

2. Minutes of PSB meeting held on 22 September 2021

The Minutes of the meeting of the PSB held on 22 September 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 Fund had signed up all Members of the PSB, Investment Steering Committee (ISC) and PAB to the Local Government Pension Scheme (LGPS) Online Learning Academy (LOLA) which went live on 10 December 2021. All Members were advised that they should have received an email from Hymans Robertson and the Compliance Team inviting them to register and were reminded that if they were having any difficulties using the system, to contact the Compliance Team who would be able to provide support;
- Fund Officers would advise Members which modules would be recommended for completion at certain points throughout the year based on the PSB, ISC and PAB meeting Agendas. However, Members may wish to proceed with the completion of the training modules should they wish to do so;
- completed Training Needs Analysis (TNAs) from all new Members of the PSB, ISC and PAB have been received and one-to-one meetings with these Members have been scheduled for January 2022;
- the Fund is now in receipt of the draft Audit Completion Report from BDO which was provided as part of Agenda Item 3; and
- both the PAB Scheme Member and Independent Chairman recruitment processes had been completed with a further report for the Board's consideration provided at Agenda Item 5b(ii).

The Compliance Manager provided the Board with an update on progress against the Two-Year Training Plan.

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

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9. Urgent Part One Business – National Scheme for Local Auditor Appointments

The Board received an update from Christine Golding, Essex County Council (ECC) Chief Accountant on a report considered at the Audit, Governance and Standards Committee (Audit Committee) meeting held on 13 December 2021 in regard to the options available to local authorities for re-procuring and the appointment of an External Auditor for ECC and the Fund for the next cycle of external audits (2023/24 to 2027/28).

The two options presented were the utilisation of the Public Sector Audit Appointments Limited (PSAA), the body responsible for appointing external auditors for each local authority that opts into its national procurement scheme process or alternatively that ECC undertake a standalone independent procurement exercise to appoint its own External Auditor.

The Board considered both options, noting the pros and cons for each and reluctantly agreed to support the recommendation that PSAA's national procurement arrangements be used.

Resolved:
The Board **agreed** to support the recommendation that ECC opt into the PSAA national procurement scheme and that the Chairman would write to the Chairman of the Audit Committee, confirming that the item had been fully discussed with the Board and to express the Fund's support for the proposal.

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

The Investment Manager updated the Board on the current status of the audit and the outcome of the draft Audit Completion Report for the Fund. It was noted that no significant issues had been highlighted and that an unmodified audit opinion was anticipated.

However, due to the delays in finalising the Council's audit, the intention was that BDO would now present their findings to the rescheduled Audit Committee on 17 January 2022 where it was hoped that the Financial Statements for both the Pension Fund and County would be approved.

Despite BDO outlining the continued issues they were experiencing in regard to completing the Fund audit, Members expressed their disappointment for yet further delays and the knock-on effect this had on Fund Officers completing the annual plan of work and estimated costs.

Member's acknowledged that Officers have worked above and beyond to facilitate BDO with the external audit acknowledging that the issues being sighted were out the Pension Fund's control and as a consequence, it was

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agreed that the Chairman of the PSB further write to the Chairman of the Audit Committee to express the Board's ongoing concerns.

The Board were informed that Fund Officers successfully published the Fund's Report and Accounts (R&A's) by the statutory deadline of 01 December 2021. However, for the reasons mentioned this was in draft and without the audit opinion.

Resolved:
That the Chairman write to the Chairman of the Audit Committee expressing the Board's disappointment in regard to the further delays in the sign off of the Audit and that 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 at 30 September 2021 and an update on progress in relation to the 2021/22 Business Plan and Risk Register as at 30 November 2021 and Budget as at 06 December 2021.

Of the forty-five areas of activities highlighted in the Business Plan, the Board noted that twenty of these had been completed and of the remaining activities all were on track to be completed by 31 March 2022.

It was also noted that the Fund was forecasting an 8% underspend against the agreed 2021/22 Budget.

In relation to the Scorecard, two improvements within the exception report relating to Administration were noted. One movement from amber to green in regard to the annual measure for processing and paying refunds within ten working days and the other, a movement from red to amber in regard to the annual measure for calculating and notifying deferred benefits within thirty days.

The exception report also detailed two red measures as at 30 September 2021. One in relation to the PAB vacancy, however, the Board were advised that the recruitment process was now complete and that this would be green at their next meeting. The other red measure was in regard to the External Audit position which had already been discussed at the previous Agenda Item. The remaining amber measures were noted by the Board.

It was also explained that two movements had occurred within the Risk Register noting that both were in regard to the knowledge, expertise and reliance on the Fund's Advisers which had been re-assessed by Fund Officers as all had contract end dates within 18 months of each other and potentially they were all approaching an age where thoughts of retirement may be of consideration. Members were made aware that discussions would be held with each Adviser to establish succession planning arrangements.

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Resolved:
The Board noted the latest Pension Fund Activity Report.

5. Quarterly Update Report

5a. Investment Steering Committee (ISC) Quarterly Report

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

It was confirmed that the ISC had met on two occasions the 13 October and 29 November 2021. The main focus of both meetings was the Fund's approach to Responsible Investment (RI) including the progress against the Project Plan and the Engagement Meetings with the Fund's investment managers.

13 October 2021
At this meeting it was agreed that Officers and Advisers would formulate an Engagement Strategy based on the work that had been undertaken with the Fund's active equity investment managers and adopt this approach with the Fund's other investment managers going forward.

The other main areas of business discussed were:

- the review undertaken by Hymans Robertson in regard of the Index Tracking mandate and its alignment to the Fund's RI Policy;
- an update in regard to the 25 June 2021 informal, and 06 September 2021 ACCESS Joint Committee (AJC) meetings; and
- a training session that was provided by the Fund's Global Custodian, Northern Trust in regard to their Role and how they protect the Fund's assets.

29 November 2021
The main areas of business discussed were:

- investment manager performance, with the Fund reaching an all-time high of c£9.7bn;
- the workshop with the Fund's index tracking manager, UBS;
- the Task Force on Climate-Related Financial Disclosures (TCFD) was another key focus point discussed with the Committee agreeing to monitor and set targets on several climate metrics;
- the Committee's agreement in line with ECC's pledge, that the Fund aspire to have a portfolio that was in line with net zero by 2050; and
- various rebalancing decisions around the Fund's equity, bond and alternative mandates.

Resolved:
The Board noted the content of the Report.

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5b. Essex Pension Fund Advisory Board (PAB)

5b(i). Quarterly Report

An update was provided on PAB activity since the last Board meeting. It was confirmed that the PAB had met on one occasion on 22 September 2021.

During that meeting, the PAB discussed the business of the PSB meeting of 22 September 2021 raising no concerns.

The main areas of business discussed were the:

- approval of their Two-Year Training Plan and the agreement by the PSB to sign up to LOLA; and
- the commencement of the PAB Governance Effectiveness Review where Members were notified that a questionnaire would be issued by the IGAA.

Resolved:
The Board noted the content of the report.

5b(ii). Scheme Member and Independent Chairman Recruitment

The Compliance Manager provided the Board with the outcome of the Scheme Member recruitment noting that following interviews during October 2021, the Appointments Panel had successfully appointed Christopher Downes from ECC as the new Scheme Member representative on the PAB for a term of up to six years.

In addition, one application had been received for the role of the PAB Independent Chairman. It was noted that due to the current incumbent being the only applicant, a desktop Evaluation of the application was carried out by Fund Officers and subsequently approved by the Appointments Panel for onward approval by the Board.

Resolved:
The Board **agreed** to reappoint Nicola Mark, MBE to the role of the Independent Chairman for a term of four years with the option to extend for a further two-years in line with the PAB's Terms of Reference.

The Board noted:

- the appointment of Christopher Downes, ECC, to the vacant Scheme Member representative position on the PAB; and
- the content of the report.

6. Fund Policies: Review of Administration Strategy

Following a review of the Fund's Administration Strategy, the Board were presented with a report explaining the changes that had been made.

It was explained that the majority of the content remained unchanged, the key change was in regard to the Fund's movement from annual to monthly returns from Employers. In addition, other changes included:

- the addition of notifiable events within the Employer responsibilities;
- the amendment to the wording of the CIPFA benchmarking measures; and
- the 10% increase to the flat rate charges not included in the administration charge.

Officers requested for any feedback from the Board to be provided by 07 January 2022, prior to the Strategy being circulated to Employers for consultation during January and February 2022.

In addition, Members acknowledged the YouTube Training Video that had been provided to the Board to assist with their understanding of the Administration Strategy which was well received. It was also suggested that this could be of benefit to the Employers and therefore could be issued to them when consulting on the Strategy. Officers agreed to consider this.

Resolved:
The Board **agreed**:

- the draft Administration Strategy be circulated during January and February 2022 to Scheme Employers for consultation;
- for Officers to consider issuing the Administration Strategy YouTube Training Video to Employers; and
- to note the content of the report.

7. 2021 Actuarial Interim Review

The Fund's Actuary Graeme Muir, Barnett Waddingham, provided the Board with an overview of the Valuation process followed by a presentation detailing the outcome of the Interim Review as at 31 March 2021.

It was noted that the Funding Level had improved from 96.2% to 98.8% in the 12 month period since the last review and that no changes to Employer contribution rates or the Funding Strategy Statement were required prior to the 2022 Valuation.

In addition, the Board were informed that the 2022 Valuation timetable would be brought to the March 2022 meeting.

Resolved:
The Board noted the content of the report.

8. Schedule of Future Meetings and Events

The Board received a report from the Compliance Manager detailing the remaining PSB meeting date for the current municipal year highlighting that

following consultation with the Chairman and Vice Chairman had changed to Friday 18 March 2022 to enable ISC Members and Fund Officers to attend the LGC Investment Seminar on 23 and 24 March 2022.

Members were also reminded of the planned Back to Basics Training Day which was scheduled for 31 January 2022.

A proposed schedule of future meetings for the forthcoming municipal year 2022/23 was also presented for the Board's consideration:

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

It was also confirmed that the intention is for the PAB to 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 2022/23; and
- to note the content of the report

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.

10. Employer Update

The Employer Manager provided the Board with an update in respect of the Employer cessations and the progress against a payment plan.

In addition, the Board received an update in regard to the Deferred Debt Arrangement (DDA) agreement that had been set up with one of the Fund's Employers.

Resolved:
The Board noted the content of the report.

11. Urgent Exempt Business

There was none.

Closing Remarks

There being no further business, the meeting closed at 11:26am.

Chairman
18 March 2022

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Essex Pension Fund Strategy Board	PSB 03
Date: 18 March 2022	

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

Report by the Director for Essex Pension Fund

Enquiries to Jody Evans 03330 138489

This Report is for noting

Executive Summary

The Fund is in receipt of a revised draft Pension Fund Audit Completion Report from BDO LLP. The Report differs slightly from the version disclosed at the 15 December 2021 PSB meeting. It now makes reference to the current events unfolding in Ukraine and outstanding matters have also been revised.

As previously, no significant issues have been highlighted and an unmodified audit opinion is still anticipated.

1. Purpose of the Report

1.1 To present BDO LLP's draft Audit Completion Report which will be considered at the Audit Governance and Standards Committee (Audit Committee).

2. Recommendation

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

3. Background

3.1 The responsibilities of auditors are derived from statute, principally the Local Audit and Accountability Act 2014 and from the National Audit Officer (NAO) Code of Audit Practice.

3.2 The Code of Practice requires BDO to report to those formally charged with governance on the work they have carried out to discharge their statutory audit responsibilities. To this end the Audit Committee has ultimate responsibility for the governance of Essex County Council.

4. 2020/21 External Audit Completion Report

4.1 At its December meeting, the Board was presented with the Draft Audit Completion Report. A revised Audit Completion Report has been provided at Appendix A.

4.2 The key changes within the report include:

- reference to the events unfolding in Ukraine (page 10); and
- six outstanding matters have reduced to four (page 34).

4.3 BDO have informed the Fund that the remaining outstanding matters will remain until they are in a position to finalise their audit and provide their opinion on both the Pension Fund and ECC Financial Statements.

4.4 At the time of writing, it is Officers understanding that BDO will present the Fund's Audit Completion Report to the 21 March 2022 Audit Committee meeting.

5. 2021/22 External Audit

5.1 Each year the normal practice is for the Audit Planning Reports to be presented and agreed at the March Audit Committee which in turn is presented to the Board's March meeting.

5.2 However, ECC and the Pension Fund have not yet received the 2021/22 Audit Planning Reports. It is hoped that this can be presented to the Board at the July 2022 meeting along with a progress update.

6. Link to Essex Pension Fund Objectives

6.1 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.

7. Risk Implications

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

8. Communication Implications

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

9. Finance and Resources Implications

9.1 As highlighted in the Audit Completion Report, the charge to the Fund in 2020/21 will be £39,500 (2019/20: £40,250), of which £6,500 (2019/20: £12,250) will be recharged back to those employers in respect of assurance required for accounting purposes.

10. Background Papers

10.1 Essex Pension Fund: Audit Completion Report: Year ended 31 March 2021 (Appendix A).

10.2 External Audit 2020/21: Audit Completion Report Year Ending 31 March 2021, PSB 03, 15 December 2021.

10.3 External Audit Update, PSB 05, 22 September 2021.

10.4 External Audit 2020/21: Audit Planning Report Year Ending 31 March 2021, PSB 07b, 07 July 2021.

10.5 The Local Government Pension Scheme (Administration) Regulations 2008.

10.6 The National Audit Office's Code of Audit Practice.

Report to the Audit, Governance and Standards Committee

ESSEX PENSION FUND

Audit Completion: year ended 31 March 2021

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WELCOME

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We have pleasure in presenting our Audit Completion Report to the Audit, Governance and Standards Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2021, specific audit findings and areas requiring further discussion and/or the attention of the Audit, Governance and Standards Committee. At the completion stage of the audit it is essential that we engage with the Audit, Governance and Standards Committee on the results of our audit of the financial statements comprising: audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We look forward to discussing these matters with you at the Audit, Governance and Standards Committee meeting and to receiving your input.

In the meantime if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

We would also like to take this opportunity to thank the management and staff of the Council for the co-operation and assistance provided during the audit.

David Eagles, Partner
for and on behalf of **BDO LLP**, Appointed Auditor

8 March 2022

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. This report has been prepared solely for the use of the Audit, Governance and Standards Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

OVERVIEW

Executive summary

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This summary provides an overview of the audit matters that we believe are important to the Audit, Governance and Standards Committee in reviewing the results of the audit of the financial statements for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

Overview

Our audit work on the financial statements is substantially complete. Nothing has come to our attention from the work we have completed to date that would result in a modification of our audit opinion.

Outstanding matters are listed on page 34 in the appendices.

We presented our Audit Planning Report to the Audit, Governance and Standards Committee in March 2021. There have been no significant changes to the planned audit approach and no additional significant audit risks have been identified.

No restrictions were placed on our work.

Audit report

We anticipate issuing an unmodified audit opinion on the financial statements.

THE NUMBERS

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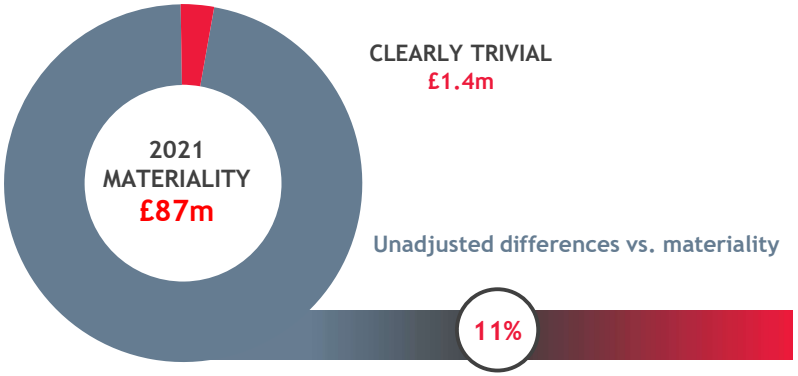
Final materiality

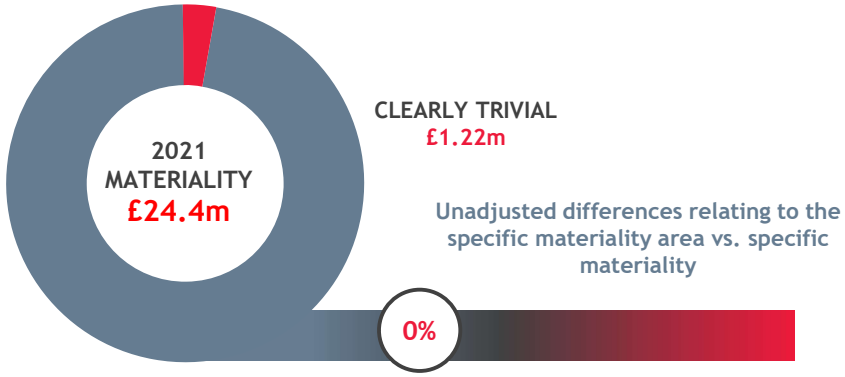
Financial material was determined based on 1% of net assets. Specific materiality (at a lower level) was set for the fund account balances (excluding changes in market value of investments) and this was based on 7.5% of gross expenses in the Fund Account.

Following the receipt of the draft financial statements for audit, we updated the material figures. This increased materiality from £84.7m to £87m. Specific materiality for the Fund Account was decreased from £24.6m to £24.4m to reflect actual gross expenditure recognised in the statement of accounts presented for audit. The percentage threshold applied remained at 7.5%.

FINANCIAL STATEMENTS MATERIALITY



FUND ACCOUNT MATERIALITY



Material misstatements

We did not identify any material misstatements.

Unadjusted audit differences

We identified one audit adjustment that, if posted, would reduce 'Net decrease in the assets available for benefits during the year' in the Fund Account and increase 'Net assets of the scheme available to fund benefits' in the Net Asset Statement by £9.529 million.

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Financial reporting

- We have not identified any non-compliance with accounting policies or the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21
- No significant accounting policy changes have been identified impacting the current year
- Going concern disclosures are deemed sufficient
- The Annual Report and other information included in the Statement of Accounts with the financial statements is consistent with the financial statements and our knowledge acquired in the course of the audit.

Other matters that require discussion or confirmation

- Control deficiency identified in relation to logical access controls over the UPM and Oracle IT applications (see page 21)
- Confirmation on fraud, contingent liabilities and subsequent events
- Letter of representation (see page 35)

Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the Council in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

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AUDIT RISKS OVERVIEW

As identified in our Audit Planning Report dated 10 March 2021 we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the engagement team.

Audit Risk	Risk Rating	Significant Management Judgement Involved	Use of Experts Required	Error Identified	Control Findings to be reported	Discussion points / Letter of Representation
Management override of controls	Significant	Yes	No	No	No	No
Valuation of investments (unquoted and direct property investments)	Significant	Yes	Yes	Yes, unadjusted	No	No
Pension Liability Valuation	Significant	Yes	Yes	No	No	No
Valuation of investments (pooled investments)	Normal	No	No	No	No	No
Contribution receivable	Normal	No	No	No	No	No

Areas requiring your attention

MANAGEMENT OVERRIDE OF CONTROLS

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ISA (UK) 240 notes that management is in a unique position to perpetrate fraud.

Significant risk	■
Normal risk	
Significant management judgement	■
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	■

Risk description

Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.

Work performed

We carried out the following planned audit procedures:

- Reviewed and verified journal entries made in the year, agreeing the journals to supporting documentation; determined key risk characteristics to filter the population of journals; and used our IT team to assist with the journal extraction
- Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias
- Reviewed unadjusted audit differences for indications of bias or deliberate misstatement.

Results

Our work has not identified any evidence of systematic bias or management override in the processing of journal entries and other adjustments.

Material accounting estimates for the Pension Fund included valuation of investments and pension liability. Our audit work on these accounting estimates are set out in the following pages. The audit work performed provided reasonable assurance that the accounting estimates are reasonable and free from management bias.

Our review of the unadjusted audit differences (see page 18) has not identified any evidence of management bias or deliberate misstatement.

We have not identified any unusual transactions or transactions that are outside the normal course of business.

VALUATION OF INVESTMENTS (UNQUOTED AND DIRECT PROPERTY INVESTMENTS)

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The valuation of unquoted and direct property investments is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	■
Normal risk	
Significant management judgement	■
Use of experts	■
Unadjusted error	■
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	■

Risk description

The investment portfolio includes unquoted private equity, debt, infrastructure and timberlands which are valued by the fund managers. The pension fund also makes direct investments in freehold and leasehold properties which are based on valuations received from the fund managers. The valuation of these assets may be subject to a significant level of assumption and estimation, and valuations may not be based on observable market data. Due to significance of these valuations, even a small change in assumptions and estimates could have a material impact on the financial statements.

In some cases, the valuations are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations. Due to current market volatility the valuation received can quickly become outdated.

As a result, we consider there to be a significant risk that investments are not appropriately valued in the financial statements.

Work performed

We carried out the following planned audit procedures:

- Obtained direct confirmation of investment valuations from the fund managers and requested copies of the audited financial statements (and member allocations) from the fund;
- Reviewed the valuation completed by the fund manager and any significant assumptions made in the valuation;
- For property valuations, we agreed input data used by the valuer such as agreeing rental information to the underlying rental agreements, and reviewed the rental yields against the comparable data and indices for reasonableness;
- Where the financial statement date supporting the valuation was not conterminous with the pension fund's year end, we confirmed that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds; and
- Ensured investments have been correctly valued in accordance with the relevant accounting policies.

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The valuation of unquoted and direct property investments is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	■
Normal risk	
Significant management judgement	■
Use of experts	■
Unadjusted error	■
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	■

Results and conclusions

Our review of the direct confirmations obtained from fund managers identified that the valuation of private equity was understated by a non material amount of £9.529 million. This variance is due to some investment reports used during the preparation of the financial statements not being coterminous with the pension fund's year-end. Management were therefore required to estimate the value of the affected investments. More recent valuations for these investments were available during our audit and, when compared to the amount recognised in the Net Assets Statement, identified the above variance against the estimates used. The variance identified is included within the uncorrected misstatements schedule (see page 18) for the impact of change in market value in the Fund Account and investment value in the Net Assets Statement.

For investments in private equity, illiquid debt, infrastructure and timberlands, we obtained audited financial statements of the underlying investee funds, and valuations were recalculated by adjusting the additional contributions and distributions where relevant. Given the extended period to prepare financial statements during the year, net asset statements at 31 March 2021 were available for the investment in illiquid debt, infrastructure and timberland. Our recalculations of valuations for these investment categories did not identify any variances outside of our threshold.

In respect of private equity, we reviewed a sample of audited financial statements of the underlying investee funds. Our recalculations of valuations for these investment categories did not identify any variances outside of our threshold.

The direct investment properties held by the pension fund have been valued by an external professional valuer. We are satisfied with the skills and expertise of the valuer and concluded that we can rely on them in their capacity as management's expert. Our review of the input used by the valuer (i.e. rental information) confirmed that they are accurate and reasonable.

The overall valuation of investment properties has increased by approximately 1.2% during the year to £406m. The MSCI sector capital value index has changed for the following sectors:

- Industrial – 9.3% increase
- Offices – 5.2% decrease
- Warehouses and shops – 13.2% decrease

Given the above movements and the weighting of property types held by the pension fund, the increase in investment property valuations of 1.2% is consistent with our expectations and is within our materiality of £87m. We are therefore satisfied that the valuation of direct properties held by the Pension Fund is reasonable.

Given current events in Ukraine, we have asked management whether the Pension Fund had any exposure to investments in Russian and/or Ukrainian companies at 31 March 2021 and whether it has any current exposure.

Management continue to liaise with fund managers and at the time of writing are obtaining details of any such investments, including the fair value of these investments at 31 March 2021. As this information becomes available, we will review it as part of our procedures relating to subsequent events (which remain in progress until we issue our audit opinion).

PENSION LIABILITY VALUATION

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The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	■
Normal risk	
Significant management judgement	■
Use of experts	■
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	■

Risk description

An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the Pension Fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

The most recent actuarial valuation of the pension fund liability was carried out during the 2019/20 year to calculate the liability as at 31 March 2019. This involved the provision of membership and cash flow data from the pension fund to the actuary, data cleansing by the actuary and re-setting the financial and actuarial assumptions related to the valuation. The estimate of the pension fund liability at 31 March 2021 is based on a roll-forward of data from the 2019 triennial valuation, updated where necessary.

There is a risk the valuation disclosed in the notes to the Pension Fund accounts is not based on appropriate membership data (where there are any significant changes) or uses inappropriate assumptions to value the liability.

Work performed

We carried out the following planned audit procedures:

- Reviewed the controls in place to ensure that the data provided from the fund to the actuary is complete and accurate;
- Tested a sample of transfers and cash flow data sent to the actuary for existence and accuracy;
- Reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. We used the PwC consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions;
- Checked whether any significant changes in membership data have been communicated to the actuary; and
- Agreed the disclosure to the information provided by the actuary.

PENSION LIABILITY VALUATION 2

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The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	■
Normal risk	
Significant management judgement	■
Use of experts	■
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	■

Results and conclusions

The Pension Fund has established controls and procedures to ensure completeness and accuracy of membership data provided to the actuary. Our review of the controls to ensure data provided to the actuary is complete and accurate did not identify any issues.

In respect of cash flow data provided to the actuary for the IAS 19 valuations, we identified no issues. However, testing of the cash flow data provided to the actuary for the roll forward valuation at 31 March 2021 identified some differences between the estimated contributions based on month 11 actual amounts plus one month of estimates and the actual amounts for the year, but we did not consider these to be significant differences that would materially impact on the liability valuation.

Our review of the reasonableness of assumptions used to calculate the present value of future pension obligations is noted on the following page. The annual data return template from the actuary included details of bulk transfers as these are estimated by the actuary. This data is subjected to data confirmation with individual employers to ensure that they are reasonable. We are therefore satisfied that any significant changes in membership data have been communicated to the actuary.

We agreed the disclosures in Note 3 to the pension fund financial statements to the information provided by the actuary and have identified no issues.

Following the ruling on age discrimination on the McCloud case and gender discrimination on a Lloyds case in the prior year, the actuary has made an allowance at the last accounting date and therefore was already included in the opening liability for this year. This allowance was therefore incorporated in the roll forward approach and the actuary has confirmed that this was re-measured 31 March 2021. The approach adopted by the actuary is considered reasonable.

PENSION LIABILITY VALUATION 3

Continued

Significant accounting estimate: Pension Liability

Overview

The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows.

Changes in 2020/21

The actuarial valuation of future benefits has increased by £2,730 million, from £9,259 million to £11,989 million.

Changes in assumptions that have increased the liability include a increase in CPI and future pension increases (from 1.90% to 2.80%) and a rise in salary increases (from 2.90% to 3.80%), which was partially offset by reduction to the discount rate (from 2.35% to 2%).

Mortality assumptions have not been changed significantly during the year, as such this has resulted in a decrease in the liabilities from these actuarial assumptions only by £105 million (1%). The liability has decreased by £126 million (1.2%) due to experience loss.

Discussion

The pension liability to pay future pensions has increased by £2,730 million to £11,989 million at 31 March 2021.

We compared the assumptions and estimates used by the actuary with the expected ranges provided by the independent consulting actuary PwC.

	Actual	Expected / range	Comments
RPI increase	3.20%	3.15% - 3.35%	Reasonable
CPI increase	2.80%	2.80% - 2.85%	Reasonable
Salary increase	3.80%	3.80% - 3.85%	Reasonable
Pension increase	2.80%	2.80% - 2.85%	Reasonable
Discount rate	2.00%	1.95% - 2.05%	Reasonable
Mortality - LGPS:			
- Male current	21.6 years	20.5 - 23.1	Reasonable
- Female current	23.6 years	23.3 - 25.0	Reasonable
- Male retired	22.9 years	21.9 - 24.4	Reasonable
- Female retired	25.1 years	24.8 - 26.4	Reasonable
Commutation:			
- Pre 2008	50%	50%	Reasonable
- Post 2008	50%	50%	Reasonable

All the financial and mortality assumptions are within the expected range based on national data and therefore the assumptions are considered to be reasonable. We are satisfied that the assumptions used are not unreasonable or outside of the expected ranges. We have requested specific representations from management to confirm that the assumptions used reflect their understanding of the future expectations of the scheme (see letter of representation on page 35).

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VALUATION OF INVESTMENTS (POOLED INVESTMENTS)

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There is a risk that pooled investments may not be appropriately valued and correctly recorded in the financial statements.

Significant risk	
Normal risk	■
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	

Risk description

The fair value of funds (principally pooled investments) is provided by individual fund managers and reviewed by the Custodian (Northern Trust). These valuation are reported on a monthly/ quarterly basis although there may be amendments to the 'flash' valuations initially provided and subsequent final valuations that may be received after the draft accounts have been prepared.

There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.

Work performed

We carried out the following planned audit procedures:

- Obtained direct confirmation of investment valuations from the fund managers including any subsequent final valuations to 'flash' valuations in the unaudited accounts;
- Ensured that investments have been correctly valued in accordance with the relevant accounting policies; and
- Obtained independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds.

Results and conclusion

The investment valuations included in the financial statements for pooled investments were agreed to the valuations provided by the fund managers with trivial variances.

We agreed that the investments have been correctly valued using the closing bid market price in line with the accounting policy.

We obtained independent assurance reports for each fund manager and the custodian and these did not reveal any issues with the effectiveness of controls operated by fund managers and custodian for valuations and existence of underlying investments in the funds. The assurance report for one of the fund managers was qualified in respect of IT system change management and logical access controls. Whilst we have not identified any control issues affecting the valuation and existence of investments managed by the fund manager in question, we agreed investments managed by the fund manager to independent market prices and confirmed that the valuations are accurate.

Where the assurance reports obtained were not coterminous with pension fund year end, we obtained bridging letters confirming the satisfactory operation of controls within the fund managers and the custodian to the 31 March 2021.

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There is a risk that employers may not be calculating contributions correctly and paying over the full amount due to the pension fund.

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
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Additional disclosure required
Significant control findings to be reported
Letter of representation point

Risk description

Employers are required to deduct amounts from employee pensionable pay based on tiered pay rates and to make employer normal and deficit contributions in accordance with rates agreed with the actuary.

Additional contributions are also required against pension strain for unreduced pensions for early retirements and augmentation of pensions.

There is a risk that employers may not be calculating contributions correctly and paying over the full amount due to the pension fund.

Work performed

We carried out the following planned audit procedures:

- Tested a sample of normal contributions due (and additional deficit contributions where included in a higher employer rate) for active members including checking to employer payroll records;
- Reviewed contributions receivable and checked that income is recognised in the correct accounting period where the employer is making payments in the following month; and
- Carried out audit procedures to review contributions income in accordance with the Actuary's Rates and Adjustments Certificate, including specified increased rates to cover the minimum contributions to be paid as set out in the Certificate.

Results and conclusions

We carried out analytical procedures to establish expected normal and deficit contributions to be receivable during the year. Our analytical procedures used the prior year amounts received and these were adjusted for the known and expected changes during the year such as the change in membership, contribution rates and the deficit contributions set out in the actuary report. This produced expected normal and deficit contributions which were within our tolerable threshold.

We also substantively tested normal contributions for active members by agreeing a sample of contributions to payroll records and to the employer returns received. For a sample of active members we recalculated the employee and employer contributions by the relevant rates and confirmed the accuracy of calculations. We identified no issues from the testing.

For deficit contributions, we agreed a sample to the Actuary's report and identified no issues. We also reviewed monthly contributions received from employers and confirmed that these have been recognised in the correct financial year.

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Fraud

Whilst the Council (as administrating authority) and the Executive Director, Corporate Services have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the Audit Planning Report on 10 March 2021.

Laws and regulations

The most significant considerations for your organisation are the:

- Local Government Acts of 1972 and 2003
- Local Government Finance Acts of 1988, 1992 and 2012
- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015
- VAT legislation
- PAYE legislation.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

Internal audit

We reviewed the audit work of the Council's internal audit function to assist our risk scoping at the planning stage.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud.

We did not identify and significant matters in connection with related parties.

Service auditor reports

We reviewed the service auditor reports in respect of the following Pension Fund functions that are outsourced to, or hosted by, other bodies:

- All investments are managed by Fund Managers

We reviewed all of the relevant service auditor control reports and identified some control reports with a number of exceptions during their control testing. We performed additional work for two of the service organizations to obtained additional assurance where the controls reports could not be relied upon,

UNADJUSTED AUDIT DIFFERENCES: SUMMARY

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We are required to bring to your attention unadjusted differences and we request that you correct them.

We identified one audit adjustment that, if posted, would reduce the 'Net decrease in the assets available for benefits during the year' in the Fund Account and increase 'Net assets of the scheme available to fund benefits' in the Net Asset Statement by £9.529 million.

This audit adjustment is due to some private equity investment reports used during the preparation of the financial statements not being coterminous with the pension fund's year-end. Management were therefore required to estimate the value of the affected investments. More recent valuations for these investments were available during our audit and, when compared to the amount recognised in the Net Assets Statement, identified the above variance against the estimates used.

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UNADJUSTED AUDIT DIFFERENCES: DETAIL

Details for the current year

		Fund Account		Net Assets Statement	
Unadjusted audit differences	NET DR/(CR) £'000	DR £'000	(CR) £'000	DR £'000	(CR) £'000
Net increase in the assets available for benefits during the year	(2,111,511)				
1: Impact of brought forward unadjusted misstatements					
DR Changes in market value of investments	19,123	19,123			
CR Investments (opening balance at 1 April 2020)					(19,123)
2: The difference between the investment valuation per draft accounts and fund manager confirmations					
DR Investments				9,529	
CR Changes in market value of investments	(9,529)		(9,529)		
Total unadjusted audit differences	**9,594**	**19,123**	**(9,529)**	**9,529**	**-**
Net increase in the assets available for benefits during the year if above issues adjusted	(2,101,917)				

Further details relating to the impact of the brought forward adjustment of £19.123 million are included in our 2019-20 Audit Completion Report. This adjustment only affects the opening balance of investments at 1 April 2020 in the Net Asset Statement and has no impact on the value of investments at 31 March 2021. However, this adjustment does affect the changes in market values of investments (the overstatement of the opening investment balances means that the increase in market value recognised in the fund account is understated by the same amount).

ADJUSTED DISCLOSURE OMISSIONS AND IMPROVEMENTS

Disclosure omissions and improvements

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We are required to bring to your attention other financial reporting matters that the Audit, Governance and Standards Committee is required to consider.

The following two disclosure adjustments were made by management:

- The removal of the £32.3m net transfer recognised on the UBS investments and recognition of an additional £32.3m in purchases for 'Equities - Unit life assurance policies' in note 12.2.
- The reduction in the sales and purchases recognised for 'Property unit Trusts' of £2.65m.

The above adjustments have no impact on the closing value of the associated investments.

A number of other minor disclosure corrections and enhancements were made to improve the clarity of the financial statements.

REPORTING ON OTHER INFORMATION

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We comment below on other reporting required to be considered in arriving at the final content of our audit report:

Matter	Comment
We are required to report on whether the financial and non-financial information in the Narrative Report is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	We are satisfied that the other information in the Narrative Report is consistent with the financial statements and our knowledge.

OTHER DEFICIENCIES

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As the purpose of the audit is for us to express an opinion on the Council's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

Area	Observation & implication	Recommendation	Management response
Oracle IT system	Upon review of the privileged accounts for Oracle across both the Council and Pension Fund, we identified one individual in the Council with administration level access when their job role (which involved processing and monitoring of transactions) did not require it. There is an inherent segregation of duties risk when an individual has administrative access rights to a system as well as a transaction processing / monitoring role on that system.	Assign administrative privileges to an independent individual with no transaction processing or monitoring role.	User permissions will be reviewed as part of the move to Oracle fusion. The Council agrees that no user should have both administration level access and transactional level access and confirms that the permissions granted to the individual identified will be amended.
Oracle & UPM IT system	There has not been any proactive monitoring of the login activities performed by privileged users during 2020/21. There is an inherent risk that without independent monitoring, the appropriateness of system administrative activity is dependent on the motivation of the individual. There is a greater risk that unauthorised transaction activity is performed and not detected.	Implement audit logging that records activity performed by administrative accounts at application and database level. Administrator activity should be independently monitored, investigated as appropriate and formally signed off by an independent reviewer.	For Oracle we will need to investigate this further with the suppliers. The Council is of the view that it would be best practice to audit such activity where feasible. UPM - A report will be run regularly to monitor access usage for privileged users. In addition, a process will be developed with the Fund's Compliance Manager to ensure oversight arrangements.

AUDIT REPORT OVERVIEW

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Opinion on financial statements

We anticipate issuing an unmodified opinion on the financial statements.

Conclusion relating to going concern

We have nothing to report in respect of the applicability of the going concern basis of accounting or the Pension Fund's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

There are no material uncertainties in relation to going concern disclosed in the financial statements of which we are aware that we need to draw attention to in our report.

Irregularities, including fraud

Our report will contain an explain to what extent the audit was considered capable of detecting irregularities, including fraud. Irregularities in this context means non-compliance with laws or regulations.

Other information

We have not identified any material misstatements that would need to be referred to in our report.

INDEPENDENCE

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Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2021.

Details of services, other than audit, provided by us to the Council during the period and up to the date of this report are set out on the following page and were provided in our Audit Planning Report. We understand that the provision of these services was approved by the Audit, Governance and Standards Committee in advance in accordance with the Council's policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Planning Report.

We have not identified any relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of the Council.

We also confirm that we have obtained confirmation of independence from external audit experts involved in the audit and that they comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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Fees summary	2020/21 Actual £	2020/21 Planned £	2019/20 Actual £
Fees			
Code audit fee (1)	£28,000	£28,000	£28,000
Additional fee for IAS19 assurance requests from scheduled bodies (2)	£6,500	£6,500	£12,250
Additional audit fee: Covid-19 remote working (3)	£5,000	£5,000	£0
Total fees	**£39,500**	**£39,500**	**£40,250**

(1) The Code fee remains the PSAA Scale plus the £3,925 added from 2019/20 reflecting the increased expectations relating to the work necessary to audit the judgemental components of the pension fund.

(2) Assurance fees

The 2019/20 audit included cyclical costs relating to the audit of the 2019 triennial actuarial data cleansing exercise. These should not be necessary again until the 2022/23 audit.

(3) Covid-related costs

This represents an estimate of the additional resource time and costs necessary when audits are undertaken remotely. The 15% is at the lowest end of the 15-20% range experienced by BDO and the other audit firms. If we are able to undertake some key work on site, the time reflected here should reduce and the fee level decrease accordingly.

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RESTORING TRUST IN AUDIT AND CORPORATE GOVERNANCE

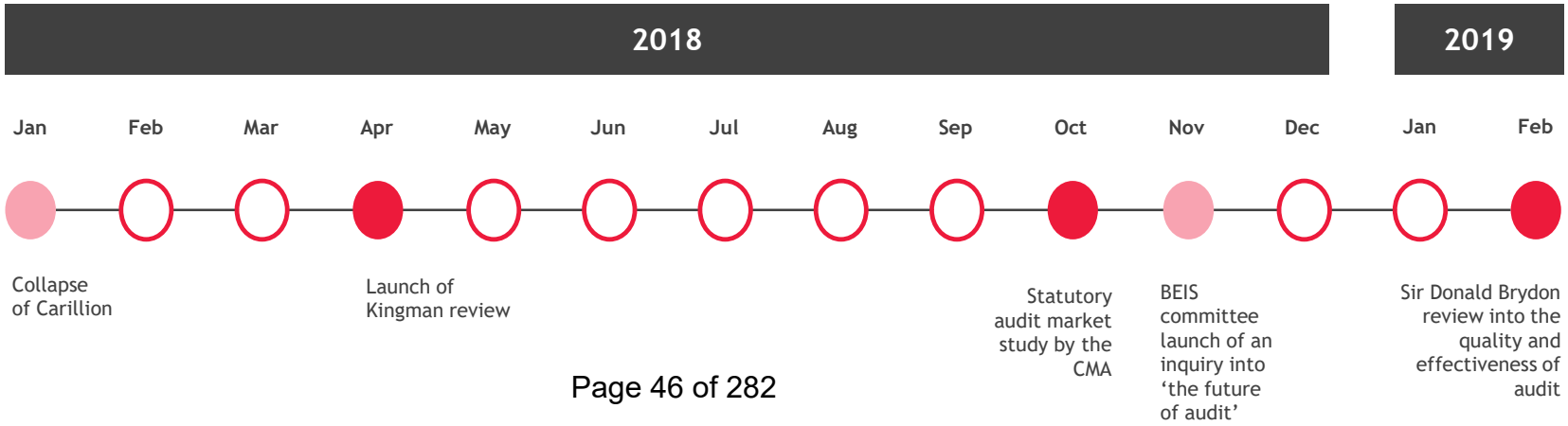
BEIS consultation issued March 2021

The collapse of Carillion at the beginning of 2018 precipitated a root and branch review of how the audit market works with three main components, all reporting to the Secretary of State for Business Energy and Industrial Strategy. The latest BEIS consultation as published in March 21 outlines proposals to increase choice and quality in the audit market, establish clearer responsibilities for the detection and prevention of fraud, and ensure the audit product and audit profession are fit for the future. The consultation aims to present measures that balance the need for meaningful reform with proportionate impacts on business, both now and for the future. The next pages aim to summarise the key areas of the consultation but for more information please refer to the consultation directly.

Although the consultation only closed in July 2021, changes have already begun: There are already a number of changes being made by the market participants themselves such as increased operational separation of audit from consulting and voluntary restriction of non-audit services. At BDO we support the aims of operational separation of audit practices. Without being complacent we do not have a large consulting practice like some of our rivals and we have always run our audit business to be independently and sustainably profitable, therefore the main causes of concern that this seeks to address namely cultural contamination and cross subsidisation are less relevant for us. We do however recognise that the profession needs to restore the confidence of users and operational separation or ring fencing is an important step on that journey. We have drawn up plans for how we would implement this and are currently consulting with stakeholders. Whilst full compliance is not required until 2024 we are likely to implement a number of aspects particularly around governance and financial transparency by July 2021.

Whilst there is some uncertainty regarding the timeline post the close of the consultation it is our understanding that the implementation of the Audit, Reporting and Governance Authority (ARGA) is likely to be in 2023.

HISTORIC CONSULTATIONS TIMELINE



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BEIS CONSULTATION AT A GLANCE

Issued March 21

Key Area of the BEIS consultation	Summary
1. Resetting the scope of regulation by expanding the definition of Public Interest Entities to include large private companies and "large" AIM quoted companies.	The government proposes two possible tests to extend the scope of PIES: To adopt the test used to identify companies already required to include a corporate Annual Governance Statement in their directors' report, or adopt a narrower test which incorporates the threshold for additional non-financial reporting requirements for existing PIEs. This would cover companies with both: Over 500 employees and a turnover of more than £500 million as their consolidated position. The Government is also proposing that any new definition of PIE should also include companies on the exchange-regulated AIM market with market capitalisations above €200m.
2. Increasing the accountability of directors	The consultation sets out a couple of options relating to directors accountability for internal controls and then indicates a tentative preferred option which would require a directors' statement about the effectiveness of the internal controls. Unlike the US's approach to internal controls which mandates external auditor attestation in most cases this option would leave the decision on whether the statement should be assured by an external auditor to the directors, audit committee and shareholders. This section of the consultation also includes proposals to require companies to report on their distributable reserves and for directors to be required to make a formal statement about the legality and affordability of proposed dividends.
3. New corporate reporting requirements	Introducing a requirement for PIEs to produce an annual Resilience Statement. This new statement consolidates and builds upon the existing going concern and viability statements and would apply initially to Premium Listed companies. Introducing an Audit and Assurance Policy where directors have to describe their approach to seeking assurance. For publicly quoted entities, this would be subject to an advisory shareholder vote at the time of its publication,
4. Strengthening the supervision of corporate reporting	Giving the Audit, Reporting and Governance Authority (ARGA) (which replaces the Financial Reporting Council) more power to direct changes to company reports and accounts. Creating increased transparency for the Corporate Reporting Review (CRR) process and an extension of the CRR process to the whole of the annual report and accounts. The Government proposes to broaden the regulator's review powers so that it can scrutinise the entire contents of a company's Annual Report and Accounts.

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BEIS CONSULTATION AT A GLANCE 2

Key Area of the BEIS consultation	Summary
5. Provisions concerning company directors	Giving the regulator investigation and enforcement powers in relation to wrongdoing by all directors of Public Interest Entities. Due to the principles of collective responsibility and a unitary board, all directors of Public Interest Entities would be in scope. Strengthening malus and clawback provisions within executive director remuneration.
6. Changes to audit purpose and scope	The Government will seek to introduce a regulatory framework to cover both audits of financial statements (statutory audit) and other types of information which companies decide to have audited through the Audit and Assurance Policy process. It also proposes to legislate to require directors of Public Interest Entities to report on the steps they have taken to prevent and detect material fraud.
7. Changes to audit committee oversight and engagement with shareholders	ARGA to establish a standards and supervision regime. ARGA will write the standards by which Audit Committees will need to operate and they will monitor compliance against these standards. Initially this will only apply to FTSE 350 Audit Committees. Additional requirements for audit committees in the appointment and oversight of auditors, which is intended to ensure the committee acts effectively as an independent body responsible for safeguarding the interests of shareholders. Increased engagement between a company and its shareholders. The Government agrees with Brydon's recommendation that the audit committee's annual report should set out which shareholder suggestions put forward for consideration had been accepted or rejected by the auditor.
8. Improved competition, choice and resilience in the audit market	The implementation of a managed shared audit regime for companies audited by the Big Four. The operational separation of certain accountancy firms. Statutory powers for the regulator to monitor the resilience of the audit market.
9. Greater supervision of audit quality	Making the regulator responsible for approving the auditors of PIEs and improving the transparency of Audit Quality Review reports by allowing AQR reports on individual audits to be published without consent.
10. A new and strengthened regulator; the Audit, Reporting and Governance Authority	The regulator will be given the power to make rules requiring market participants to pay a levy to meet the regulator's costs of carrying out its regulatory functions.
11. Additional changes to the regulator's responsibilities	The regulator will have the power to require an expert review where it has identified significant concern regarding a PIEs corporate reporting and auditing.

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FRC ETHICAL STANDARD

Issued in December 2019

In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitionary provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines.

Key headlines	Impact
The objective, reasonable & informed third party test	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles.
Extra-territorial impact	For group audits where the audited entity has overseas operations, the ES will require all BDO Member firms to be independent of the UK audited entity and its UK and overseas affiliates in accordance with the UK Ethical Standard, irrespective of if their audit work is relied upon.
Contingent fees	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
Secondments	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
Recruitment and remuneration services	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.
Non-audit services to a public interest entity (PIE)	Moving to a "white-list" of permitted non-audit services for PIEs. The white-list largely consists of services which are either audit-related or required by law and/or regulation. The provision of services not on the white-list are prohibited. The ES separates those permitted services which are exempt from the 70% fee cap and those services which are subject to the fee cap.
Other entities of public interest ('OEPI')	OEPI is a new term in the Ethical Standard. The FRC have imposed the 'white-list' applicable to PIE audited entities to also apply to OEPIs. OEPIs are entities which, according to the FRC, do not meet the definition of a PIE but nevertheless are of significant public interest to stakeholders. They include AIM listed entities which exceed the threshold to be an *SME listed entity* - generally those with a market cap of more than €200m; Lloyd's syndicates; Private sector pension schemes with more than 10,000 members and more than £1billion of assets; Entities that are subject to the governance requirements of The Companies (Miscellaneous Reporting) Regulations 2018 (SI/2018/860), excluding fund management entities which are included within a private equity or venture capital limited partnership fund structure. These would be entities which: – Have more than 2000 employees; and / or – Have a turnover of more than £200 million and a balance sheet total of more than £2 billion. The FRC have noted that the rules applicable to OEPIs will apply from periods commencing on or after 15 December 2020.

FRC PRACTICE AID FOR AUDIT COMMITTEES

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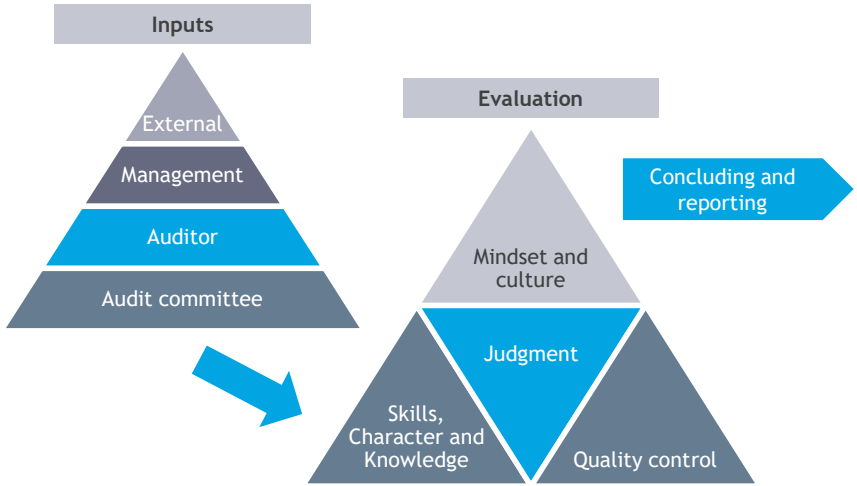
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the FRC website. In their practice aid the FRC note: 'The directors of a company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the company's internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.'

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high quality audit (see note below).

It gives guidance for Audit Committees in the following areas:

- Audit tenders and the tender process including audit fee negotiations and auditor independence
- A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding



- Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- Some guidance on key areas of audit judgement

The provision of high quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high quality audits. A copy of the letter can be found on the FRC website

OUR RESPONSIBILITIES

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Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to officers of the Council.

We read and consider the 'other information' contained in the Statement of Accounts such as the Annual report. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

What we don't report

Our audit is not designed to identify all matters that may be relevant to the Audit, Governance and Standards Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

ADDITIONAL MATTERS WE ARE REQUIRED TO REPORT

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	Issue	Comments
1	Significant difficulties encountered during the audit.	No exceptions to note.
2	Written representations which we seek.	We enclose a copy of our draft representation letter.
3	Any fraud or suspected fraud issues.	No exceptions to note.
4	Any suspected non-compliance with laws or regulations.	No exceptions to note.
5	Significant matters in connection with related parties.	No exceptions to note.

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Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance (TCWG) are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit, Governance and Standards Committee.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Communication	Date (to be) communicated	To whom
Audit Planning Report	10 March 2021	Audit, Governance and Standards Committee
Audit progress report	At the Audit, Governance and Standards Committee meetings	Audit, Governance and Standards Committee
Audit Completion Report	21 March 2022	Audit, Governance and Standards Committee

OUTSTANDING MATTERS

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We have substantially completed our audit work in respect of the financial statements for the year ended 31 March 2021.The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the Audit, Governance and Standards Committee meeting at which this report is considered:

- Clearance of residual review points
- Review of final version of statement of accounts to ensure arithmetical accuracy, internal consistency and that agreed disclosure amendments have been correctly processed
- Subsequent events review
- Management letter of representation, as attached in Appendix D to be approved and signed.

LETTER OF REPRESENTATION

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Essex Pension Fund/address
To be printed on letter headed paper

BDO LLP
16 The Havens
Ransomes Europark
Ipswich
IP3 9SJ

Dear Sirs

Financial statements of Essex Pension Fund for the year ended 31 March 2021

We confirm that the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2021 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Executive Director, Corporate Services has fulfilled her responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Pension Fund as of 31 March 2021 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Pension Fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Pension Fund have been made available to you for the purpose of your audit and all the transactions undertaken by the Pension Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

Going concern

We have made an assessment of the Pension Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Pension Fund is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in note 2 to the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Pension Fund's ability to continue as a going concern.

Laws and regulations

In relation to those laws and regulations which provide the legal framework within which the Pension Fund's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

Post balance sheet events

Other than those disclosed in the financial statements, there have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

LETTER OF REPRESENTATION 2

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Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

We attach a schedule showing uncorrected misstatements that you have identified, which we acknowledge that you request we correct. Where appropriate we have explained our reasons for not correcting such misstatements below. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements as a whole.

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 15 to the financial statements, there were no loans, transactions or arrangements between the Pension Fund and Council members or their connected persons at any time in the year which were required to be disclosed.

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

Accounting estimates

The value at which investment assets are recorded in the net assets statement is the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuations, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the scheme. Any significant changes in those values since the year end date have been disclosed to you.

None of the assets of the scheme has been assigned, pledged or mortgaged. The following key assumptions have been used to calculate the actuarial present value of future pension benefits disclosed in the financial statements:

- RPI increase 3.20%
- CPI increase 2.80%
- Salary increase 3.80%
- Pension increase 2.80%
- Discount rate 2.00%
- Mortality: Current pensioners - male 21.6 years and female 23.6 years /

future pensioners - male 22.9 years and female 25.1 years

- Commutation: pre-April 2008 - 50% / post-April 2008 - 50%

We consider these assumptions to be appropriate for the purposes of estimating the pension liability in accordance with the Code and IAS 19 and IAS 26.

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Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director and member has taken all the steps that they ought to have taken as a director or member of the Council in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Nicole Wood
Executive Director, Corporate Services

Date:

Cllr Anthony Michael Hedley
Chair of the Audit, Governance and Standards Committee

Date:

AUDIT QUALITY

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Audit quality

BDO is totally committed to audit quality

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

FOR MORE INFORMATION:

David Eagles, Partner

m +44 (0) 7967 203431
e: David.Eagles@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the audited body and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Essex Pension Fund Strategy Board	PSB 04
Date: 18 March 2022	

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

The Quarterly Update Report is provided at Appendix A.

Business Plan – of 45 priorities, 42 activities have been completed to date with 1 not applicable for this current Financial Year, and the remaining 2 will be completed by 31 March 2022.

Budget – as at 09 March 2022 the Fund is forecasting an underspend of 14%.

Scorecard – as at 31 December 2021, two improvements and one decline have been noted within the Exception Report relating to Governance and Communications Scorecard measures.

Risk – Two movements have been recorded: 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. In addition, no new risks have been added.

1. Purpose of the Report

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

- progress against 2021/22 Business Plan;
- Budget;
- Scorecard as at 31 December 2021; 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 2021/22 Business Plan and Budget, 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	Delayed	Not due to start	N/A
Governance	**12**	**10** (6)	**2** (4)	**0** (0)	**0** (2)	**0** (0)
Funding	**6**	**5** (3)	**0** (2)	**0** (0)	**0** (0)	**1** (1)
Investments	**13**	**13** (5)	**0** (6)	**0** (0)	**0** (2)	**0** (0)
Admin	**7**	**7** (3)	**0** (4)	**0** (0)	**0** (0)	**0** (0)
Comms	**7**	**7** (3)	**0** (4)	**0** (0)	**0** (0)	**0** (0)
Total	**45**	**42** (20)	**2** (20)	**0** (0)	**0** (4)	**1** (1)

The numbers in brackets represents the progress reported at the 15 December 2021 meeting.

4.2 The 2 'in progress' activities will become green by the 31 March 2022.

Budget

4.3 The 2021/22 Budget vs Forecast is shown in Section B to this report.

Scorecard

4.4 The Scorecard Exception report can be found at Section C to this report.

Risk Management

4.5 The Risk Management report has been provided at Section D to this report.

4.6 The Fund's Risk Register is monitored and updated on a regular basis as part of business as usual, with some key risks being reviewed more regularly due to the impact of the Covid-19 pandemic which will now resume into normal business.

4.7 One risk, G13, *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,* has been upgraded to 12 (red) due to the Geo Political instability and the increased likelihood of a Cyber related incident.

4.8 Another risk, G14, *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,* has been downgraded to 9 (amber) with the wording revised to reflect the developments of the Wider LGPS and its impact on the Fund.

4.9 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 2021/22 a Budget of £5.65m has been approved which includes an operational internal budget of £3.83m and a budget allocation for third party provider support/advice of £1.82m. This will be periodically kept under review.

9. Background Papers

9.1 Update on Pension Fund Activity, PSB 04, 15 December 2021.

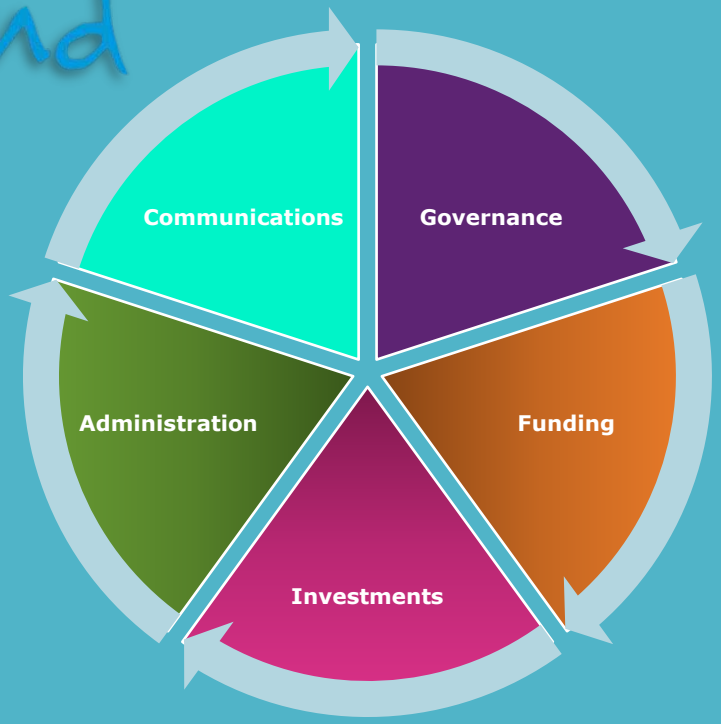
9.2 Update on Pension Fund Activity, PSB 04, 22 September 2021.

9.3 Update on Pension Fund Activity, PSB 06, 07 July 2021.

Appendix A

Essex Pension Fund

Update on Pension Fund Activity



Agenda Item 04

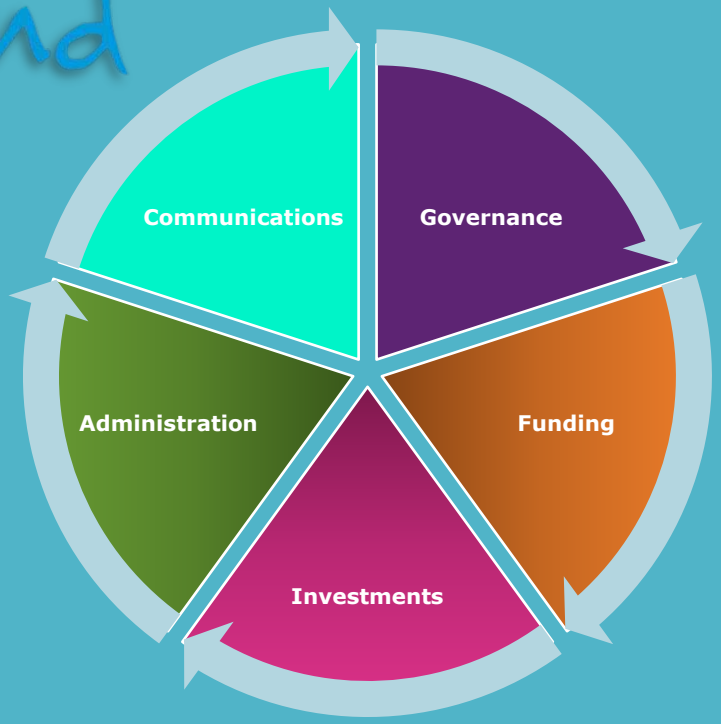
Contents:

Section A: Business Plan Progress Update
Section B: Budget vs Forecast Update
Section C: Scorecard Update
Section D: Risk Management

Essex Pension Fund

Section A

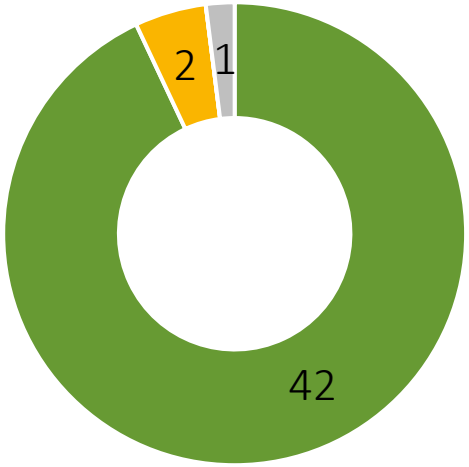
2021/22 Business Plan Progress Update



As at March 2022

Strategic BAU & Key Priorities

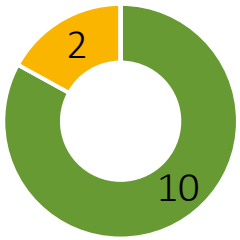
Essex Pension Fund



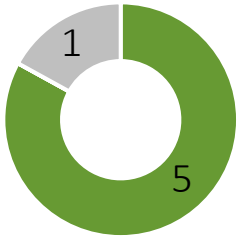
Of 45 Priorities

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

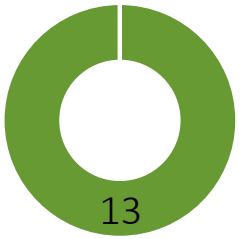
Governance



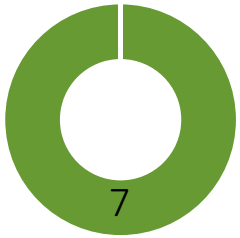
Funding



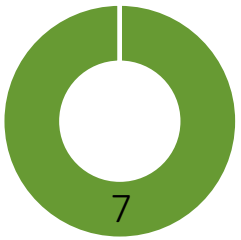
Investments



Administration



Communications

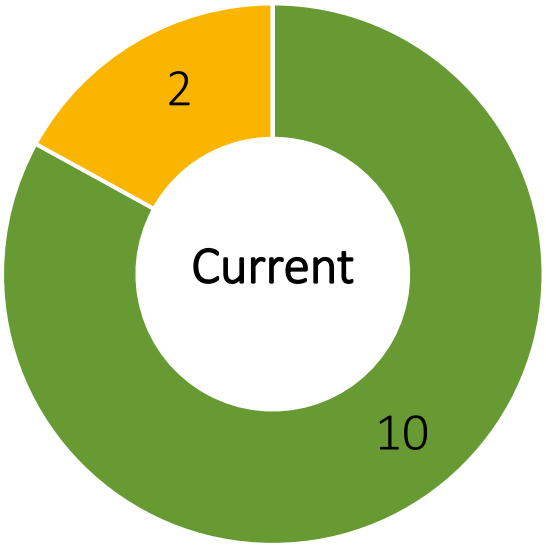


1. Progress - Governance

Strategic BAU & Key Priorities	P	C	CF
1. Agree 2022/23 Business Plan & Budget			Y
2. Annual Review of Terms of Reference for PSB/ISC/PAB			Y
3. Implementation of Members' knowledge and understanding – Knowledge & Skills Strategy			N
4. Implementation of Members' knowledge and understanding – Training Plan and Training Needs Analysis			N
5. Implementation of Business Continuity Policy			N
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing			Y
7. Annual Statement of Accounts including compliance with CIPFA requirements			Y
8. Development of Stakeholder Engagement Strategy			Y
9. Implementation of Governance Review and Effectiveness Survey			N
10. LGPS Reform			Y
11. Commencement of AVC Review			N
12. Independent Governance & Administration Adviser (IGAA) Contract Review			N
NEW: Review of Conflict of Interest Policy			
NEW: PAB Annual Workplan			
NEW: PSB and PAB Member Appointments			

P – Previous
C – Current
CF – Carried Forward

Strategic BAU & Key Priorities

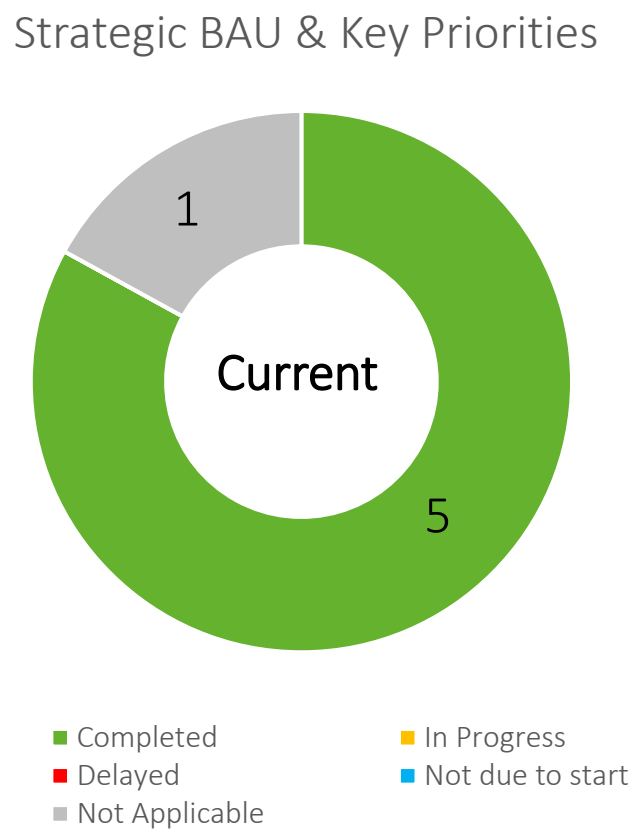


Completed
In Progress
Delayed
Not due to start
Not Applicable

2. Progress - Funding

P – Previous
C – Current
CF – Carried Forward

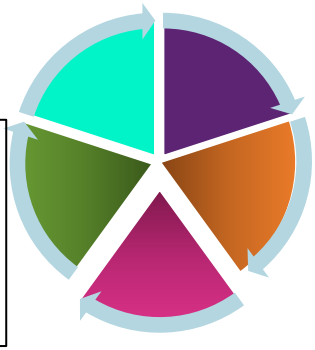
Strategic BAU & Key Priorities	P	C	CF
1. Update Funding Strategy Statement (including Flexibilities Policies)			Y
2. Annual Interim Funding review			N
3. Employing Authority discretions and delegations review			Y
4. Employer Risk review			Y
5. McCloud Preparation/Implementation			Y
6. Employer Training Webinars			Y
NEW: Actuarial Valuation (including review of assumptions)			
NEW: Longevity Analysis of Fund			



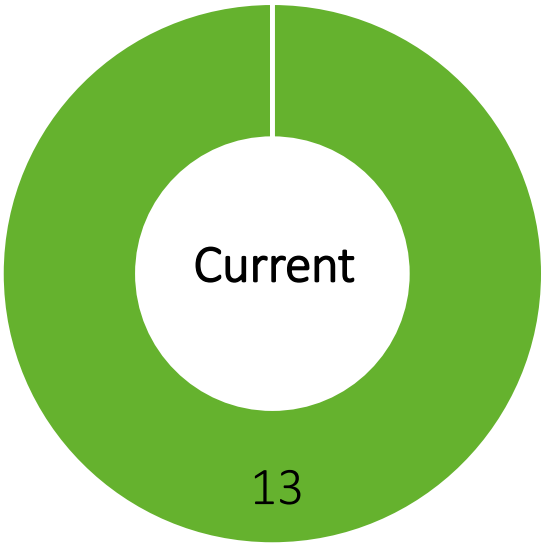
3. Progress - Investments

Strategic BAU & Key Priorities	P	C	CF
1. Develop/Implement Investment Managers Engagement Strategy			Y
2. 2022/23 Treasury Management Strategy review			Y
3. Strategic Asset Allocation review			Y
4. ACCESS collaboration			Y
5. Individual Manager review (on an exceptional basis)			Y
6. Review of CEM Benchmarking / Cost Transparency			Y
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code			Y
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy			Y
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)			Y
10. Implementation of Institutional Investment Consultant procurement			N
11. Institutional Investment Consultant – CMA review			Y
12. Implementation of Global Custody procurement			N
13. Exploration of external RI Adviser			Y
NEW: Annual Reporting on RI			
NEW: Exploration of PLSA Responsible Investment Quality Mark			
NEW: Exploration/development of Voting Policies			
NEW: Complete the Annual Submission to maintain FRC UK Stewardship Code Signatory			

P – Previous
C – Current
CF – Carried Forward



Strategic BAU & Key Priorities



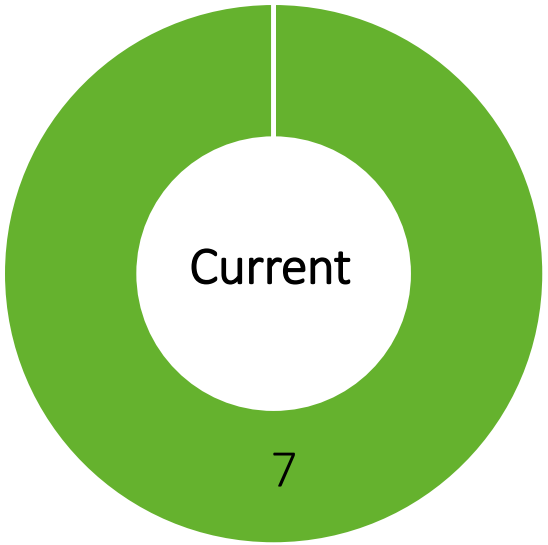
Completed
In Progress
Delayed
Not due to start
Not Applicable

4. Progress - Administration

P – Previous
C – Current
CF – Carried Forward

Strategic BAU & Key Priorities	P	C	CF
1. Review Administration Strategy			N
2. LGPS Reform – Planning for Administration changes: • Unpausing of Cost Cap • £95k Cap • Goodwin			Y
3. Commencement of Pensions Single Payments provider review (dependent on the new ECC Corporate Systems project being implemented)			Y
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online			Y
5. McCloud Preparation/Implementation			Y
6. Commencement of Monthly Returns Digital Transformation			Y
7. The Pensions Regulator (TPR) Data Improvement Plan			N
NEW: Exploration of developing a Data Retention Policy			
NEW: Review of Administering Authority Discretions			

Strategic BAU & Key Priorities

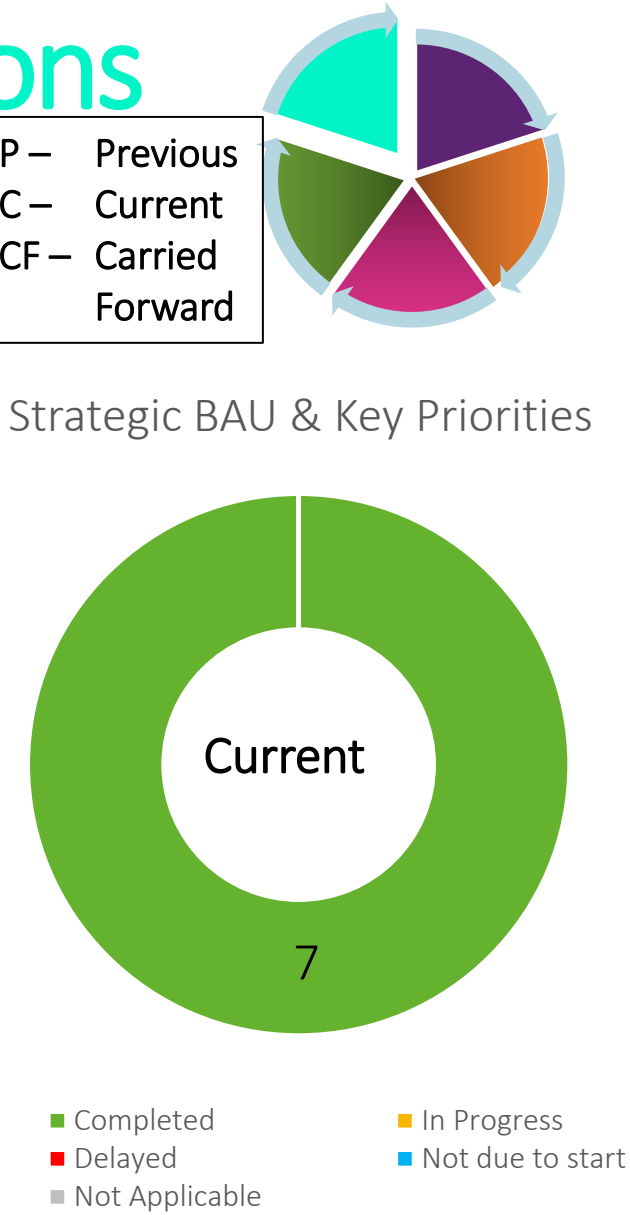


Completed
In Progress
Delayed
Not due to start
Not Applicable

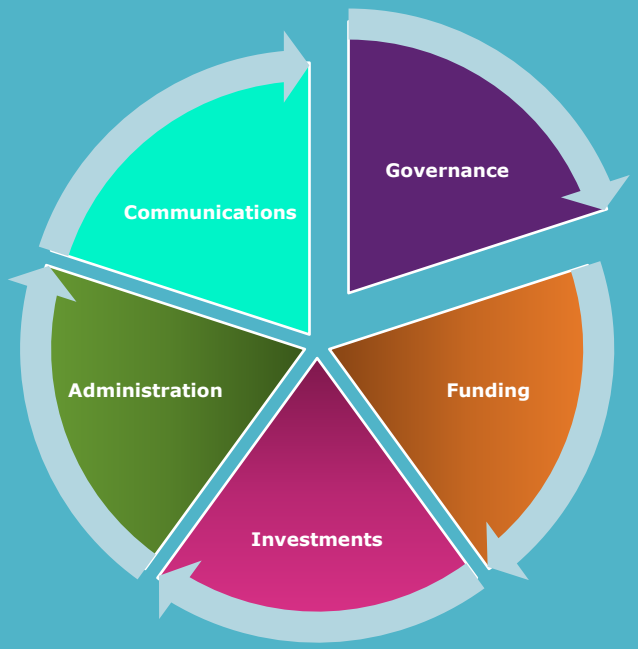
5. Progress - Communications

P – Previous
C – Current
CF – Carried Forward

Strategic BAU & Key Priorities	P	C	CF
1. Development of Stakeholder Engagement Strategy			Y
2. LGPS Reform: • Unpausing of Cost Cap • £95k Cap • Goodwin			Y
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications			Y
4. McCloud Implications			Y
5. Implementation of Social Media Channel			N
6. Commencement of the Website review			N
7. Annual Benefit Statements review			Y
NEW: Review of Communications Policy			
NEW: Review of Fund's new process of Fund Surveys			
NEW: Explore new Website Options			



Commentary
1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2022/23 Business Plan & Budget		The 2022/23 Business Plan & Budget process has commenced. The draft 2022/23 to 2024/25 Business Plan and 2022/23 Budget are provided as part of this Agenda Pack for the Board's approval.
2. Annual Review of Terms of Reference for PSB/ISC/PAB		Complete.
3. Implementation of Members' knowledge and understanding – Knowledge & Skills Strategy		Complete.
4. Implementation of Members' knowledge and understanding – Training Plan and Training Needs Analysis		Complete.
5. Implementation of Business Continuity Policy		Complete.

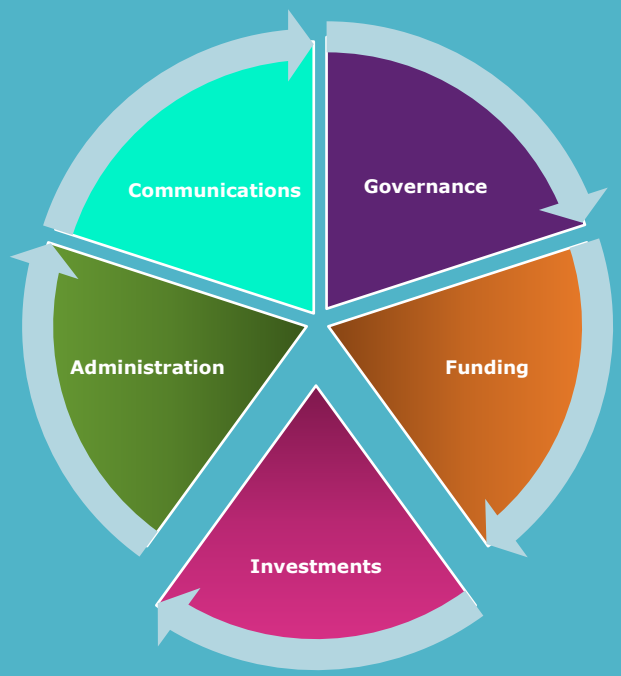
Strategic BAU & Key Priorities		Commentary
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing		Activity complete for 2021/22. Continued testing of the Plan is scheduled throughout 2022/23.
7. Annual Statement of Accounts including compliance with CIPFA requirements		Complete.
8. Development of Stakeholder Engagement Strategy		The Fund's Draft Stakeholder Engagement Strategy has been developed and has provided as part of the Agenda Pack for the Board's approval.
9. Implementation of Governance Review and Effectiveness Survey		The outcome of the PAB's Review was discussed at the 15 December 2021 PAB meeting and a final report has been presented to the PSB as part of this Agenda Pack.
10. LGPS Reform		Activity complete for 2021/22.
11. Commencement of AVC Review		The outcome of this review has been provided as part of this Agenda Pack.
12. Independent Governance & Administration Adviser (IGAA) Contract Review		IGAA Contract Review was carried out on 08 February 2022 and agreed by the Chairmen of the PSB and PAB. The outcome has been reported as part of this Agenda Pack.

Commentary 2. Funding

Strategic BAU & Key Priorities		Commentary
1. Update Funding Strategy Statement (including Flexibilities Policies)		Complete.
2. Annual Interim Funding review		Complete.
3. Employing Authority discretions and delegations review		Periodically reviewed as and when required.
4. Employer Risk review		Complete.
5. McCloud Preparation/Implementation		Activity complete for 2021/22.
6. Employer Training Webinars		Activity complete for 2021/22.

Commentary
3. Investments

Strategic BAU & Key Priorities		Commentary
1. Develop/Implement Investment Managers Engagement Strategy		Activity complete for 2021/22.
2. 2022/23 Treasury Management Strategy review		Complete. This was approved by the ISC at their 23 February 2022 meeting.
3. Strategic Asset Allocation review		Complete.
4. ACCESS collaboration		Activity complete for 2021/22.
5. Individual Manager review (on an exceptional basis)		Activity complete for 2021/22.
6. Review of CEM Benchmarking / Cost Transparency		Complete. The outcome will be reported during 2022/23.
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code		Activity complete for 2021/22.

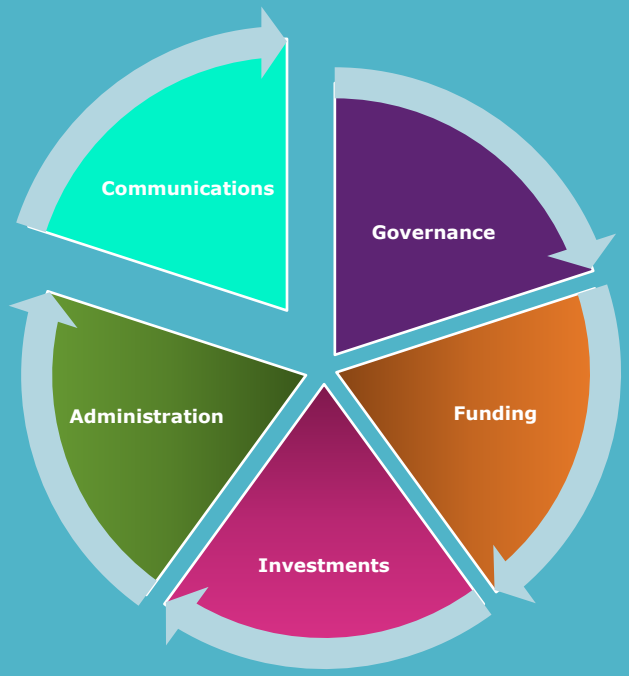


Strategic BAU & Key Priorities		Commentary
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy		Activity complete for 2021/22.
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)		Activity complete for 2021/22.
10. Implementation of Institutional Investment Consultant procurement		Complete.
11. Institutional Investment Consultant – CMA review		Complete.
12. Implementation of Global Custody procurement		Complete.
13. Exploration of external RI Adviser		Exploration complete.

Commentary
4. Administration

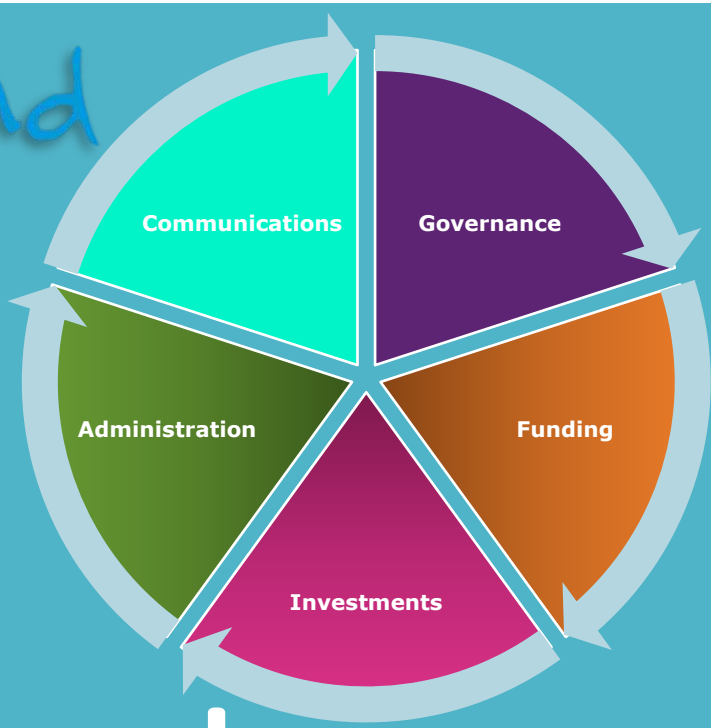
Strategic BAU & Key Priorities		Commentary
1. Review Administration Strategy		Complete.
2. LGPS Reform – Planning for Administration changes: • Unpausing of Cost Cap • 95k Cap • Goodwin		Activity complete for 2021/22.
3. Commencement of Pensions Single Payments provider review		Complete. Implementation due during 2022/23 subject to ECC timeline for BACS Cloud Solution.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Activity complete for 2021/22.
5. McCloud Preparation/Implementation		Activity complete for 2021/22.
6. Commencement of Monthly Returns Digital Transformation		Complete.
7. The Pensions Regulator (TPR) Data Improvement Plan		Complete.

Commentary
5. Communications



Strategic BAU & Key Priorities		Commentary
1. Development of Stakeholder Engagement Strategy		The Fund's Draft Stakeholder Engagement Strategy has been developed and has provided as part of the Agenda Pack for the Board's approval.
2. LGPS Reform: • Unpausing of Cost Cap • £95k Cap • Goodwin		Activity complete for 2021/22.
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Activity complete for 2021/22.
4. McCloud Implications		Activity complete for 2021/22.
5. Implementation of Social Media Channel		Complete.
6. Commencement of the Website review		Activity complete for 2021/22.
7. Annual Benefit Statements review		Complete.

Essex Pension Fund



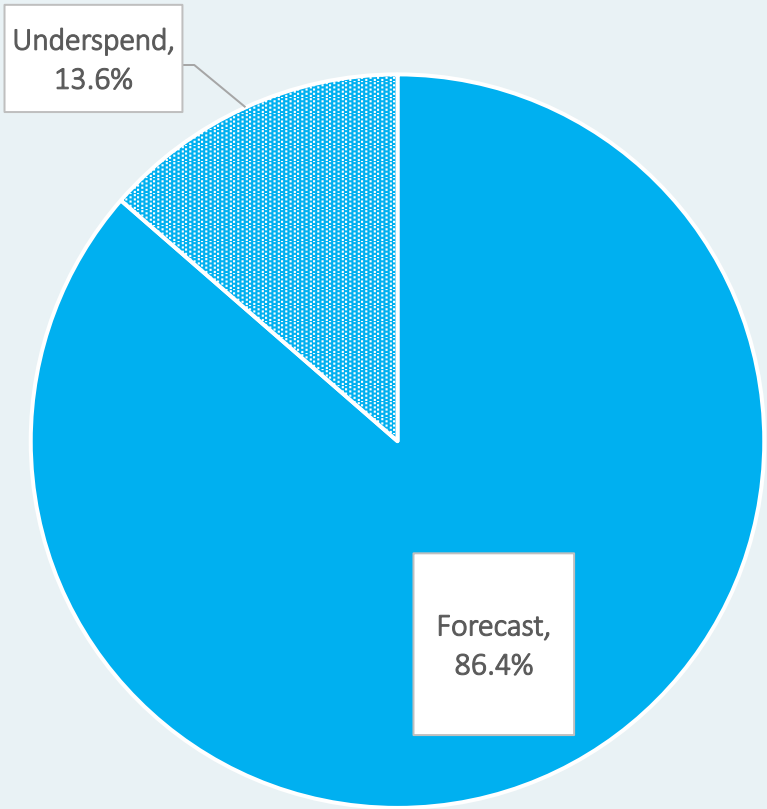
Section B

2021/22 Budget vs Current Forecast Q4 Update

Date produced: 09 March 2022

EPF Budget vs Forecast 2021/22
Q4 Progress Update

EPF Budget	Current Forecast	Variance (Under)/ Overspend	Rating
£5.65m	£4.88m	(£0.77m)	



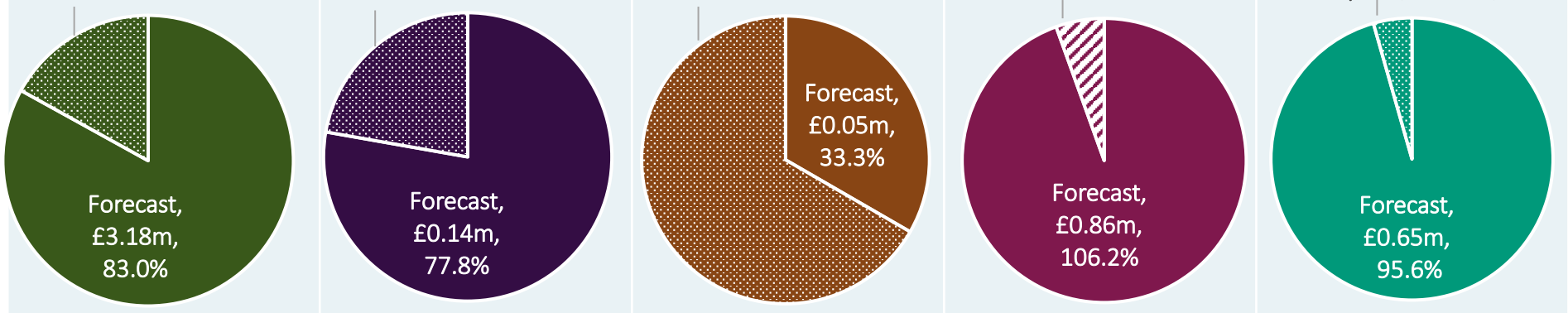
Overall forecast an underspend vs EPF 2021/22 Budget. This underspend is largely driven by the Staffing Operational Budget and the increased time it has taken to recruit additional staff and the Fund being able to utilise and employ staff via the Government Kick Start Scheme.

The push back to 2022/23 of Legislative changes around McCloud, The Pensions Regulator Single Code and the Good Governance Project has also impacted.

Progress Update Commentary	Variance against Budget Key	
	(Under) spend > 5%	
	(Under) spend < 5%	
	On Budget	
	Over spend < 5%	
	Over spend > 5%	

EPF Budget 2021/22: £5.65m

Operating	Governance	Funding	Investments	Administration
£3.83m (67.8%)	£0.18m (3.2%)	£0.15m (2.7%)	£0.81m (14.3%)	£0.68m (12.0%)
Underspend, £0.65m, 17.0%	Underspend, £0.04m, 22.2%	Underspend, £0.10m, 66.7%	Overspend, 5.0%m, 6.2%	Underspend, £0.03m, 4.4%



Variance against Budget: Rating

Budget Commentary

Operating	Governance	Funding	Investments	Administration
Forecast a significant underspend on EPF Staffing Budget for the year. The Budget included a full year effect of the FTE staffing resources. However, recruitment has taking longer than anticipated. Savings have been made by utilising the Government Kickstart Scheme to source some of this additional staffing resource.	Governance advice forecast an underspend for the year. Largely relating to the reduced number of Officer and Adviser meetings than budgeted for and certain work not commencing as expected around the Good Governance project and the Pension Regulator Single Code which has been pushed back to 2022/23.	Actuarial advice forecast a large underspend. A significant proportion of the forecasted Funding Budget was around the anticipation in this year of new Legislative advice in regard to McCloud and Cost Cap. This is now expected next financial year.	Forecast an overspend for the year. This is largely driven by additional expenditure in relation to the increased Responsible Investment work and Officers and Advisers accelerating the timescale to engage with each of the Fund's Investment Managers in the current year.	Forecast an underspend for the year. This is largely driven by the Budget contingency that was put in place in relation to the update that would required to the administration system when the McCloud fix was known.

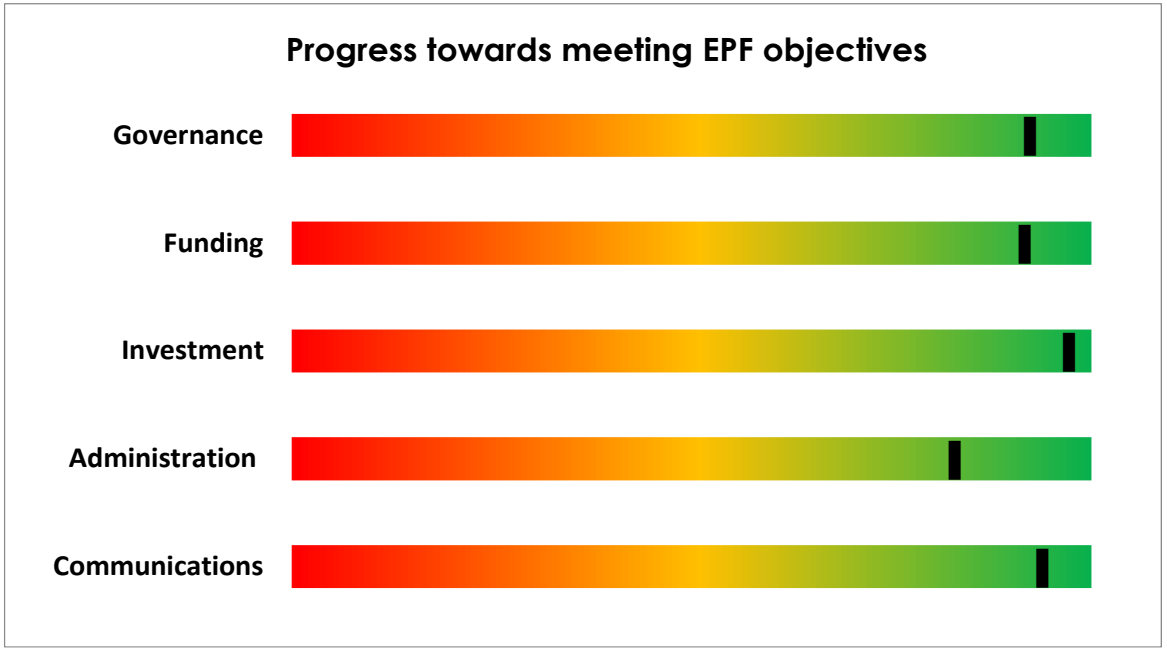
Essex Pension Fund

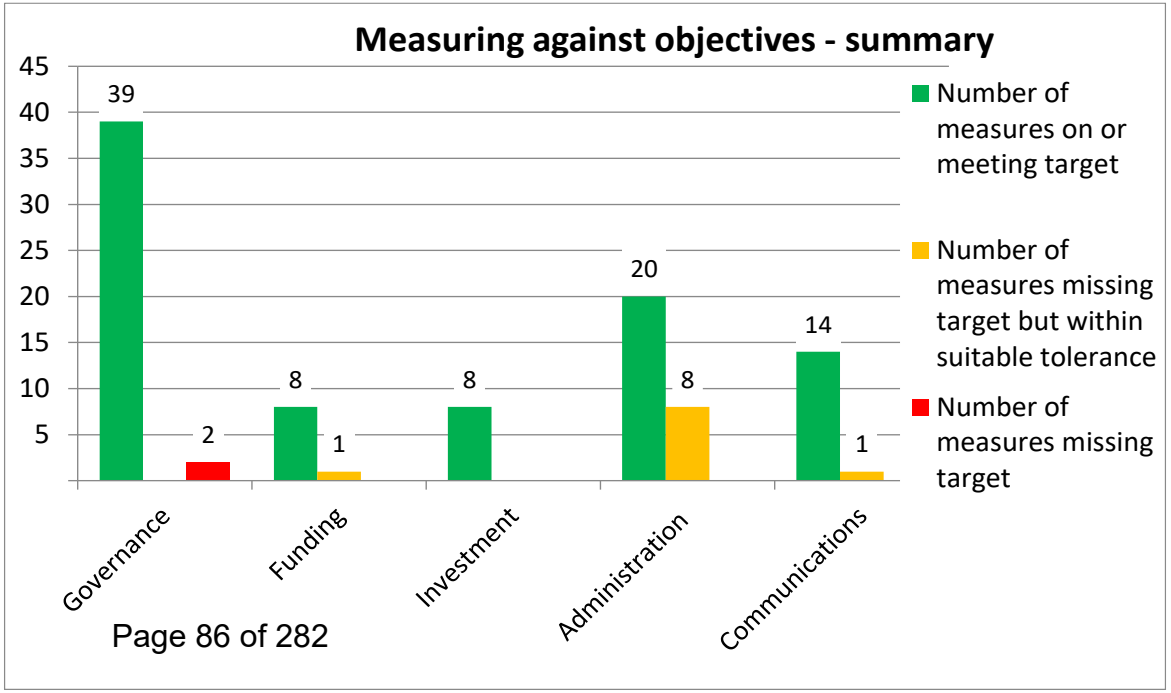
Section C

2021/22 Scorecard Update

01 October 2021 - 31 December 2021

Current Status





Movements since previous Scorecard

Governance	Funding	Investment	Administration	Communications
1 → 1 ←	No movements since last quarter	No movements since last quarter	No movements since last quarter	1 →

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

Movements during the period 01 October 2021 to 31 December 2021

Exceptions - Governance

Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
1.2.6. All Freedom of Information (FOI) requests are submitted by the deadline cia ECC Your Right To Know (YRTK) team - 20 working days	Yes		Yes	From 01 October to 31 December 2021, the Fund received 14 FOI requests and responded to all of them within the deadline set. 12 were in relation to Investments, 1 in relation to Funding and another in relation to Administration of the Fund.	N/A
1.3.4. All new PSB, ISC, PAB Members have Training Needs Analysis carried out within 6 months of confirmed appointment	Yes		Yes	All new Members have completed their Training Needs Analysis Questionnaire however Fund Officers are yet to carry out the remaining one to one meeting with one PSB Member.	N/A
1.3.9. % attendance at meetings by ISC	80%		94%	Two ISC meetings took place during this scorecard period on 13 October and 29 November 2021. No meetings took place during quarter 2 in line with the agreed schedule of meetings.	N/A
1.3.11. % attendance at meetings by PAB	80%	100%	67%	One PAB meeting took place in this scorecard period on 15 December 2021 where only six PAB Members could attend. 100% was reported to the 15 December 2021 PSB.	
1.5.6. PAB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	No	Yes	All appointees of the PAB are currently in place.	

Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
1.6.5. EPF have been subject to audit by External Auditors	Yes	No	No	Further issues and delays were reported to the PSB at their 15 December meeting noting that the External Audit Completion Report had been received by the Fund but it had not yet been to the Audit Governance and Standards Committee for sign off.	

Exceptions - Funding

Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
2.6.1. Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.000%	0.038%	0.038%	On a full cessation basis there remains a total sum potentially unrecoverable of £3.2m. On an ongoing basis there is no deficit. 0.038% was reported to the 15 December 2021 PSB.	

Exceptions - Administration

Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
4.2.1. % of contributing employers submitting timely payments	100.0%	98.4%	99.0%	Previous score reported to 15 December 2021 PSB was 98.4%	
4.2.2. % of employers submitting employer contribution amounts in accordance with rates and adjustments certificate	100.0%	99.9%	90.9%	Previous score reported to 15 December 2021 PSB was 99.9%	

Exceptions - Communication

Measure	Target	Score as at 30 September 2021	Score as at 31 December 2021	Detail	Trend
5.1.4 % responses relating to the friendliness and expertise of staff within all Employer surveys	90%		100%	Three surveys were carried out during the 3rd Quarter relating to this measure: Employer Estimate Survey, Employer Workshop Survey and PN11 Survey. 35 out of 35 responses answered “yes” to “Did our staff display expertise and communicate with you in a friendly way”.	N/A
5.2.3 % positive responses to usefullness and easy to follow within all Employer surveys	90%		100%	Two surveys were carried out during the 3rd Quarter relating to this measure: Employer Estimate Survey and Employer Workshop Survey. 10 out of 10 responses answered “yes” to “Was the information useful and easy to follow”.	N/A
5.4.1 % of positive responses from all Employer surveys in relation to 'understanding the information'	90%		100%	One survey were carried out during the 3rd Quarter relating to this measure: PN11 Survey. 25 out of 25 responses answered “yes” to “Was the information easy to understand”.	N/A
5.4.2 % of positive responses from all Member surveys in relation to 'understanding the information'	90%	86%	95%	Two surveys were carried out during the 3rd Quarter relating to this measure: Members Survey and Retirements Survey. 37 out of 39 responses answered “yes” to “Was the information easy to understand”.	
5.4.3 % positive responses from employers training survey	90%		100%	7 out of 7 employers provided 100% positive responses in relation to the Employer Workshop.	N/A

Essex Pension Fund

Section D

2021/22 Risk Management Update

28 February 2022

Current Status

Essex Pension Fund

Probability	Minor (1)	Moderate (2)	Major (3)	Critical (4)
Almost Certain (4)		0 (0)	0 (1)	
Likely (3)		5 (5)	4 (3)	1 (0)
Possible (2)		3 (3)	10 (10)	2 (2)
Unlikely (1)		5 (5)	9 (9)	7 (8)

Impact

(No. in brackets represents the previous scores reported to the 15 December 2021 PSB)

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
G3. 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	6 (Yellow) The impact has increased 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.	6 (Yellow) This risk has remained the same whist Fund Officers investigate 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.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
G4. 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) The likelihood has been increased (from 1 to 2) in line with the comments made on risk G3 as reliance may not be able to be placed on the Fund's Advisers if newly appointed.	6 (Yellow) In line with the comments overleaf for Risk G3, the likelihood and impact of this risk is still being investigated. This has been added to the mitigations of this risk.
G9. Failure to undertake business as usual service due to events outside of Essex Pension Fund (EPF) control resulting in loss of service provision	6 (Yellow) This risk is still being monitored due to the Coronavirus Pandemic however does not need to be highlighted for any concern at this time	6 (Yellow) This risk was reverted back to its target score in September 2021 but remained 'on watch' due to the restrictions still in place. With the lift of restrictions announced by the Government during February 2022, this risk will now be reviewed in line with all other risks and no longer be 'on watch'.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
G13. 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	4 (Yellow) At target score and not within exception report	12 (Red) Geo Political instability, staff have been advised to be more vigilant when receiving emails to minimise this risk materialising.
G14. 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	12 (Red) This risk was originally upgraded to 12 (red) during 2019 from its target score (4 - yellow) due to may changes in the wider LGPS heavily impacting on the resources of the Fund, namely McCloud, 95k Cap and Cost Management Review.	9 (Amber) This risk has been revised due to recent publications of timelines and expectations along with the Fund's successful recruitment activities to have more resources to assist with the data imputing, specifically with the McCloud project.

Assessments

BAU

Risk	Reported at 15 December 2021 PSB	As at 28 February 2022
A1. Failure to administer scheme correctly in line with all relevant Regulations and policies owing to circumstances such as, but not limited to: - lack of regulatory clarity; - system issues; - insufficient resources.	6 (Yellow) This risk is still being monitored due to the Coronavirus Pandemic however does not need to be highlighted for any concern at this time	6 (Yellow) This risk was reverted back to its target score in September 2021 but remained 'on watch' due to the restrictions still in place. With the lift of restrictions announced by the Government during February 2022, this risk will now be reviewed in line with all other risks and no longer be 'on watch'.
A3. Failure to pay people at right time in right amount	6 (Yellow) Sign off of the BACS Cloud has been completed as we now wait for implementation. The new ECC General Ledger system (My Oracle) is causing delays in the Fund's reconciliation processes.	6 (Yellow) This risk remains at 6 (target score is 3 (green)) due to the awaited implementation of BACS Cloud.

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G3. 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	4	6	1. Training Plan is in place. 2. PSB/ISC/PAB Members have to complete specific Chartered Institute of Public Finance & Accountancy (CIPFA) modules on a two-year cycle. 3. Induction training for new Members within 3 months of appointment. 4. Training plans are reviewed/adapted to reflect changes within LGPS. 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. 8. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations.	4

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G4. 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	3	6	1. Essex Pension Fund (EPF) training plans are being implemented through performance plans. 2. EPF staff attend training events, engage with peer groups, and work towards the Chartered Institute of Public Finance & Accountancy (CIPFA) Knowledge and Skills Framework. 3. EPF staff training is recorded and monitored. 4. Teams ensure Standing Operating Procedures (SOPs) are produced to cover key processes. 5. In the absence of key officers, EPF utilises external consultants and independent Advisers to help in the short term. 6. Exploration exercise is being carried out with Advisers and Fund Officers to establish aspirations.	3

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13. 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	4	12	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. 2. Essex Pension Fund have a Business Continuity Policy and Plan in place, which is tested periodically. 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.	4

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G13 continued	4	12	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. 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.	4

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G14. 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 Known changes include: McCloud, Cost Cap, £95k Cap, Goodwin, Academisation, Cost Management Review, SCAPE Rate Changes, GMP Equalisation, Pension Dashboards	12	9	1. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS. 2. EPF monitor the current and new regulations and correspondence from Department for Levelling Up, Housing and Communities (DLUHC) and Local Government Association (LGA). 3. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds. 4. EPF utilise the expertise of their Independent Administration and Governance Adviser (IGAA) 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.	4

Exceptions - Governance

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
G14 continued.	12	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	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
A3. 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	1. Data cleansing exercises take place at least annually or as and when required. Common and Scheme Specific data checks are carried out. 2. Essex Pension Fund (EPF) ensure the System is tested regularly to ensure compliance with regulations. 3. Robust checking and validation of data takes place in calculations and receipt of information from employers. 4. EPF ensures staff are adequately trained by developing and implementing training plans along with encouraging staff to undertake professional qualifications. 5. Payroll is conducted earlier than required to allow issues to be rectified prior to payment.	3

Exceptions - Administration

Risk Details	15 Dec Rating	Current Rating	Controls / Mitigations	Target Score
A3 Continued.	6	6	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 right time. In addition, it has been agreed that EPF will have dual running to enable the new BACS Cloud to be tested. 7. ECC's Corporate System 'TCS' (Financial Ledger system) has successfully moved over to 'My Oracle'.	3

Essex Pension Fund Strategy Board	PSB 05a
Date: 18 March 2022	

Essex Pension Fund Policies and Publications: Essex Pension Fund Three Year Business Plan and 2022/23 Budget

Report by the Director for Essex Pension Fund

Enquiries to Jody Evans on 03330 138489

This Report requires a decision

Executive Summary

New activities on the 2022/23 Business Plan include:

- the implementation of the Fund's Stakeholder Engagement Strategy;
- the Essex Pension Fund Advisory Board (PAB) Annual Workplan;
- 2022 Actuarial Triennial Valuation;
- further work in regard to Responsible Investment and the Fund's investment strategy; and
- work relating to Local Government Pension Scheme Reform.

A Budget of £5.77m has been proposed to support the Fund's 2022/23 Business Plan areas of activities.

1. Purpose of the Report

1.1 To submit the Essex Pension Fund (EPF) Three Year Business Plan for 2022/23 to 2024/25 and proposed 2022/23 Budget for approval.

2. Recommendation

2.1 That the Board **approve** the:

- EPF Three Year Business Plan for 2022/23 to 2024/25; and
- Budget for 2022/23 of £5.77m as detailed in the Business Plan.

3. Background

3.1 It is recommended best practice for Local Government Pension Schemes (LGPS) to prepare a Business Plan and Budget which are approved by the Board/Committee discharged with decision making responsibilities. This recommendation was reinforced by the work undertaken by Hymans Robertson on behalf of the Scheme Advisory Board (SAB) in regard to the Good Governance Project in the LGPS.

3.2 In addition, Regulation requires pension fund assets to be ring-fenced. The Fund is run on behalf of over 700 Employers and 169,000 Scheme Members, from a range of public, private, and quasi-public organisations across Essex. All the costs (and efficiencies) of administering the Fund are met by (or benefit) the Fund.

3.3 Each year the PSB approve the EPF Business Plan and Budget for the forthcoming financial year with progress against each area of business activity measured and progress reported back to the Board on a quarterly basis.

4. 2022/23 to 2024/25 Business Plan

4.1 This is the third iteration of the Three-Year Business Plan with the Board approving the first at their 04 March 2020 meeting.

4.2 In line with the previous approved version, the 2022/23 to 2024/25 Business Plan continues to document key priorities of area of activities to achieve the Fund's strategic objectives including: governance around the Fund and decision making; its strategic goals; areas of activity; staff and financial resource implications as well as a further look at the challenges that are on the horizon for the Fund.

5. 2022/23 Budget

5.1 It is also best practice to include a Budget within the Business Plan. As such the Fund's Business Plan includes the proposed 2022/23 Budget.

5.2 The EPF internal operational budget (staff, overheads, general expenses) for 2022/23 has been set in line and follows Essex County Council's (ECC's) budgetary setting process as laid out by the S151 Officer. Separately from this a budget allocation has been made in respect of all main external third-party support/advice provided to EPF.

5.3 The Fund is proposing a Budget of £5.77m. This is made up of £3.74m operational budget and £2.03m for third party supplier support/advice.

5.4 The table below sets out the current 2021/22 Budget, Forecast and proposed 2022/23 Budget:

Budget Area	2021/22 Budget	2021/22 Final Forecast	2022/23 Proposed Budget	Movement compared to 2021/22 Budget	
	£m	£m	£m	£m	%
Operating Budget	3.83	3.18	3.74	(0.09)	(2.3%)
Governance	0.18	0.15	0.26	0.08	44.4%
Funding	0.15	0.05	0.16	0.01	6.7%
Investments	0.81	0.86	0.86	0.05	6.2%
Administration	0.68	0.65	0.75	0.07	10.3%
Total	**5.65**	**4.89**	**5.77**	**0.12**	**2.1%**

5.5 The increase in the 2022/23 Budget is driven largely by the increases in the third-party supplier's support/advice budget lines which has largely been offset in a reduction in the Operational Budget line.

5.6 The Operating budget line of £3.74m is set by ECC budgetary process.

5.7 The third-party supplier support/advice lines reflect the work required to meet its statutory obligations arising from the LGPS Reform and its 2022/23 strategic activities.

5.8 The 2022/23 to 2024/25 Business Plan along with the 2022/23 Budget has been provided at Appendix A of this Report for approval by the Board.

6. PAB Annual Workplan

6.1 Fund Officers, in consultation with the Chairman of PSB and Chairman of the Essex Pension Fund Advisory Board (PAB), have developed a PAB Annual Workplan which sets out the work to be undertaken by the PAB to support the PSB work programme during 2022/23.

6.2 The activities within the Workplan includes:

- the Fund's Communications Policy and the review of the new Survey process;
- along with the work to be undertaken to ensure compliance with The Pensions Regulator's (TPR) New Single Code; and
- the pending Statutory Guidance that will be issued by Department for Levelling Up, Housing and Communities (DLUHC) in regard to the Scheme Advisory Board (SAB) Good Governance Project.

6.3 The Workplan has been provided at Appendix B for the Board's consideration.

7. Link to Essex Pension Fund Objectives

7.1 Identifying and monitoring EPF activity via the Business Plan assists the Fund in achieving all of its strategic objectives, and in particular:

- provide a high-quality service whilst maintaining value for money;
- ensure the 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;
- deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need;
- continually measure and monitor success against our objectives; and
- ensure our communications are useful and easy to follow.

8. Risk Implications

8.1 Failure to develop and publish a Three-Year Business Plan could result in:

- failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage.

9. Communication Implications

9.1 The Three-Year Business Plan will be published on the Fund's website.

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

10. Finance and Resource Implications

10.1 To deliver the activities outlined in the Business Plan for 2022/23 a Budget of £5.77m has been estimated 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.

11. Background Papers

11.1 EPF Three Year Business Plan, PSB 04a, 17 March 2021.

Business Plan

2022/23 to 2024/25

March 2022

lgps | Local Government Pension Scheme

Essex Pension Fund

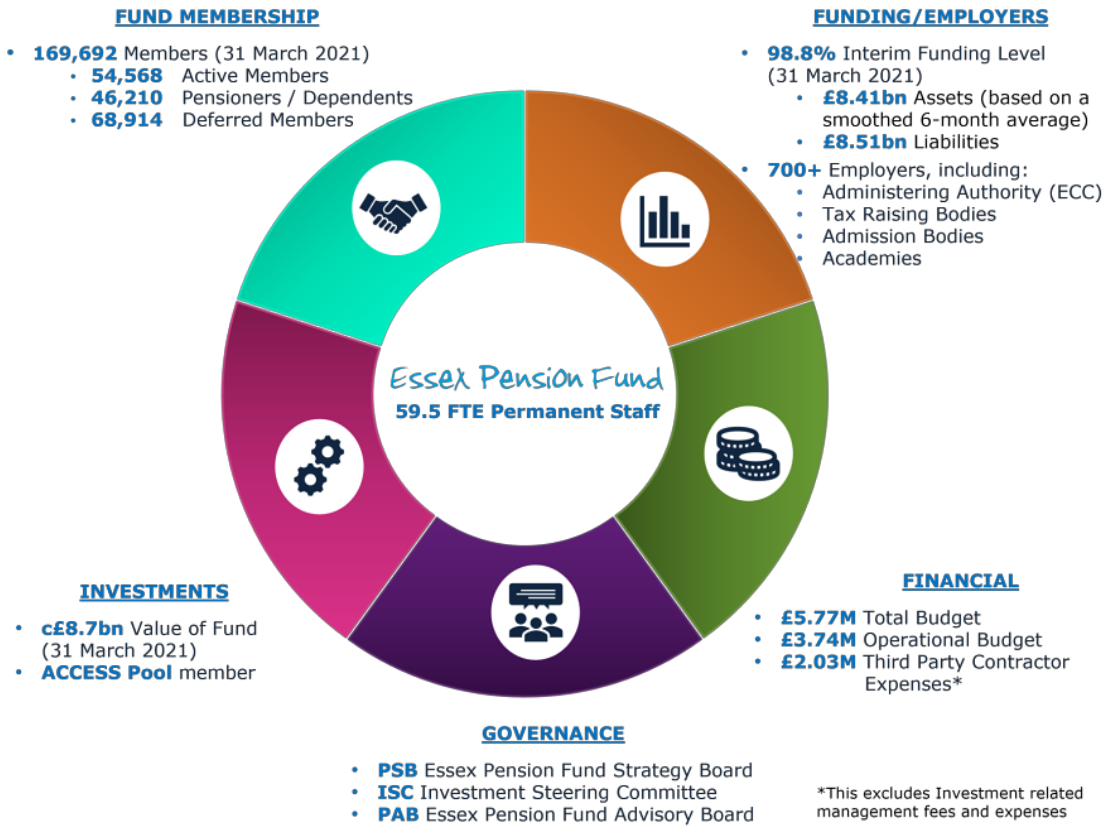
Business Plan

Introduction

This Business Plan explains how the Essex Pension Fund 'the Fund' intends to develop and improve its services over the next three years.

It enables the Fund to focus on its key priorities, the achievement of its objectives and assists Stakeholders in their understanding of how they contribute to the overall success of the Fund.

About the Essex Pension Fund ('the Fund')



Key Facts

The Fund is one of the 87 Funds making up the Local Government Pension Scheme (LGPS) in England and Wales.

The Fund is managed and administered by Essex County Council (ECC). ECC are responsible for maintaining and managing the Fund on behalf of its Stakeholders; the Scheme Members and Employers participating in the Fund.

Who Manages and Runs the Fund

ECC's 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 membership of the PSB is detailed below.

In addition, the Local Pensions Board (Essex Pension Fund Advisory Board (PAB)) has an oversight role to assist the Administering Authority in securing compliance with regulations by acting as a 'critical friend' to the PSB and the ISC, ensuring the efficient and effective governance and administration of the Fund.

Membership of the Essex Pension Fund Strategy Board

Representatives of the Administering Authority (ECC)

Cllr. S. Barker (Chairman)

Cllr. M. Platt (Vice Chairman)

Cllr. A. Goggin
Cllr. A. Hedley
Cllr. M. Hoy
Cllr. D. King
Cllr. C. Souter
Cllr. M. Durham (Conservative Substitute)
Cllr. M. Mackrory (Liberal Democrat Substitute)

Representative of Scheme Members

S. Child (UNISON)

Representatives of the District / Borough Councils in Essex (nominated by Essex Borough and District Leaders' Group)
Cllr. C. Riley (Castle Point Borough Council)

Representatives of Unitary Councils
Cllr. M. Dent (Southend-on-Sea Borough Council)

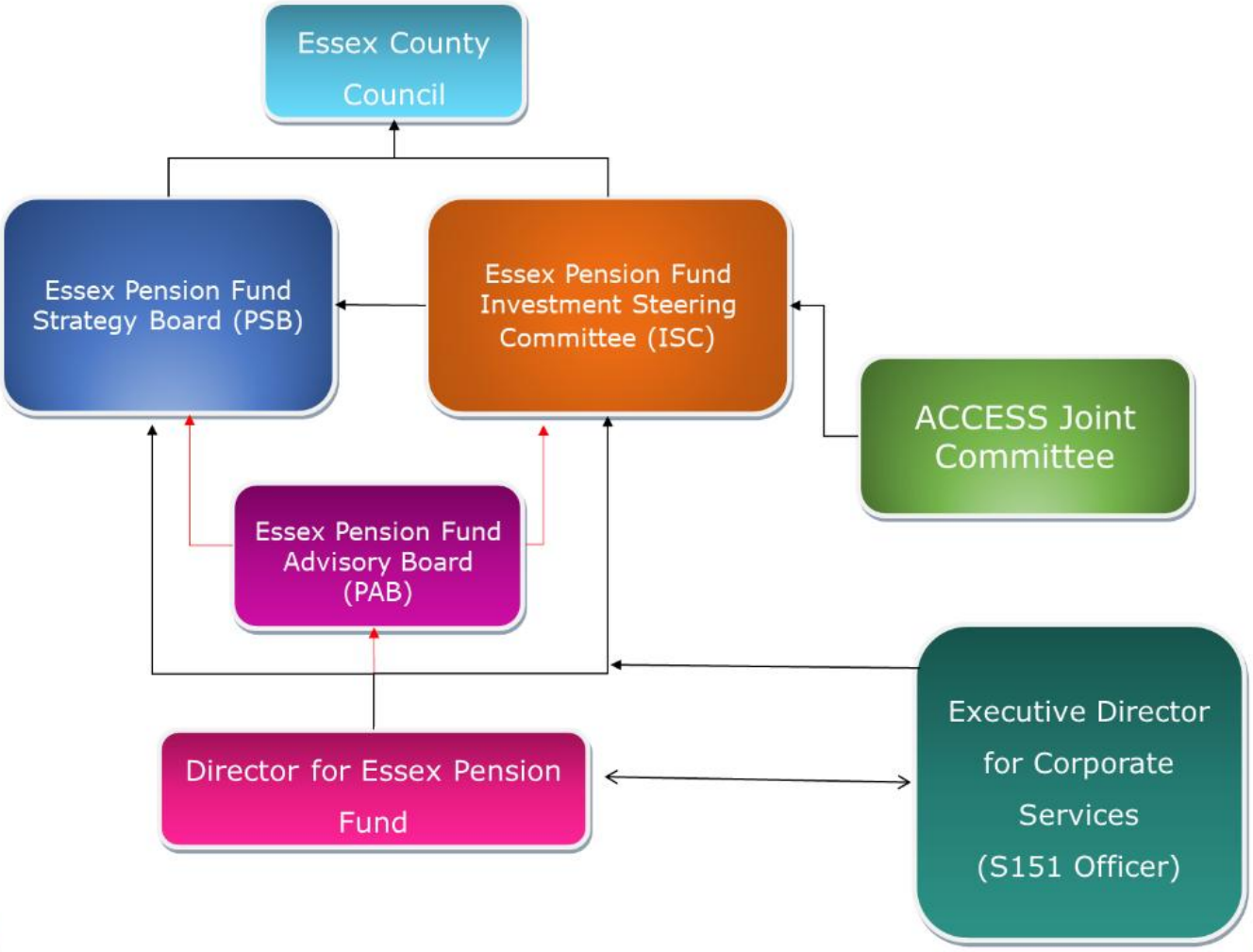
Representative of Other Employing Bodies
R. Hadley (Chelmer Housing Partnership)

ACCESS Pool

The Fund is one of eleven like minded LGPS Funds working collaboratively under the name ACCESS (A Collaboration of Central, Eastern and Southern Shires) who are committed to working together to optimise benefits and efficiencies in relation to investments on behalf of their individual and collective stakeholders.

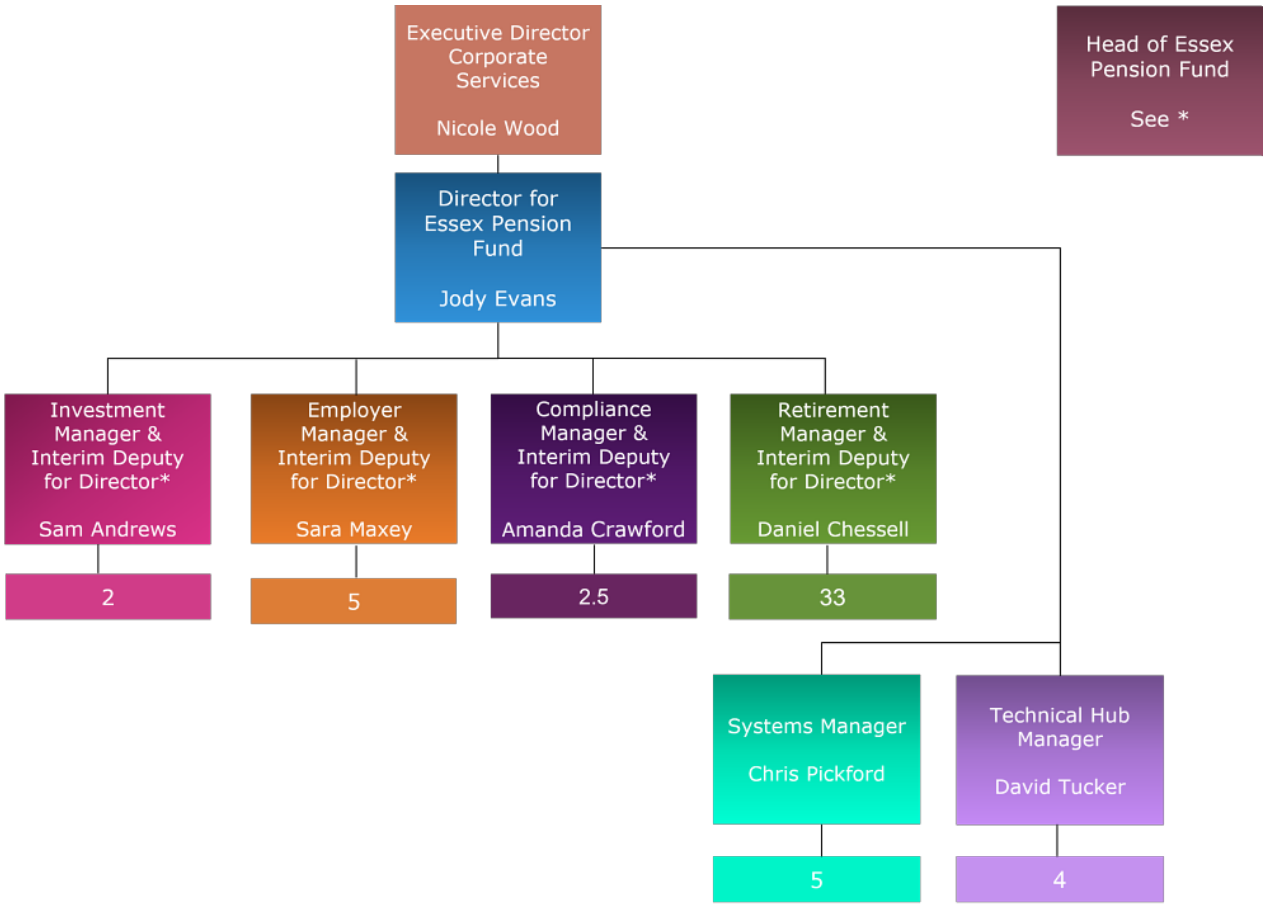
Governance of the Fund

The relationship between the key decision-making bodies and day-to-day management of the Essex Pension Fund is illustrated below:



Staffing Structure of the Fund

The day-to-day management of the Essex Pension Fund is illustrated below:



*These posts are currently covering the vacant role of the Head of Pension Fund.

NB. Numbers represent full time equivalent staff.

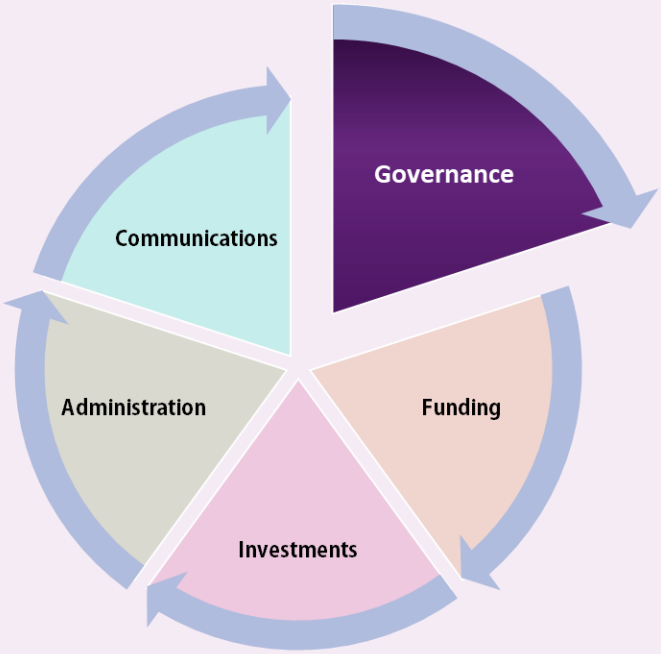
Strategic Goals of the Fund

The strategic goals of the Fund are detailed below:

The Fund's Priorities

The Fund's priorities for the three years 2022/23 to 2024/25 are linked to the five key areas of business: Governance; Funding; Investments; Administration; and Communications. The following sections outline: the Fund's objectives; area of activity, including strategic Business as Usual (BAU); financial; staff resource and third party support requirements; and training required to deliver the outcomes of the Business Plan.

Governance



Objectives

We aim to:

- Provide a high-quality service whilst maintaining Value for Money;
- Ensure compliance with the LGPS regulations, other relevant legislation and The Pensions Regulator's Codes of Practice;
- Ensure the Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Evolve and look for new opportunities, ensuring efficiency at all times;
- Act with integrity and be accountable to our stakeholders;
- Understand and monitor risk and compliance;
- Continually measure and monitor success against our objectives; and
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Area of Activity including strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Business Plan & Budget	Annual	Annual	Annual
Risk Management Strategy	-	Review	-
Governance Policy and Compliance Statement	-	Review	-
Terms of Reference for PSB/ISC/PAB	Annual	Annual	Annual
Policy for the Recording and Reporting Breaches of the law	-	Review	-
Conflict of Interest Policy	Review	-	-
Members' knowledge and understanding - Knowledge and Skills Strategy	-	Review	-
Members' knowledge and understanding - Training Plan and Training Needs Analysis	-	Review	-
Business Continuity Policy	-	-	Review
Business Continuity Plan (including Cyber security) and Testing	Ongoing	Ongoing	Ongoing
Statement of Accounts including compliance with CIPFA requirements	Annual	Annual	Annual
Stakeholder Engagement Strategy	Implement	-	Review
PAB Workplan	Annual	Annual	Annual
PSB and PAB Member Appointments	As required	As required	As required
Reviews			
Fund's Strategic Objectives	As required	As required	As required
Governance Review and Effectiveness Survey	-	-	Review
LGPS Reform / Consultations / Changes to the Scheme	Ongoing	Ongoing	Ongoing
AVC Review	As required	As required	Review
Procurements			
Independent Governance & Administration Adviser (IGAA) Review	-	Review	-

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.60
Head of Essex Pension Fund	0.25
Investment Team	0.65
Funding/Employer Team	0.50
Compliance Team	2.50
Administration Team	0.25
Technical Team	0.20
Systems Team	0.25
Total	**5.20**

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Aon - Independent Governance Administration Adviser (IGAA)
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson LLP - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £260k.

Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
EPF Training Modules	As required	As required	As required
Relevant LOLA Modules covering CIPFA and TPR Single Code	Ongoing	Ongoing	Ongoing
PLSA LA Conference	Annual	Annual	Annual
LGPS Governance Conference	Annual	Annual	Annual
Attendance at training days for Board Members	As required	As required	As required
Any other Governance training as necessary	As required	As required	As required

On the Horizon*

- Scheme Advisory Board (SAB) Good Governance Project
  - The Statutory Guidance resulting from the Good Governance Project is yet to be published. Therefore the impacts of the Fund's Priorities is still unknown however, it is expected to include a requirement to publish an Annual Governance Compliance Statement which will be subjected to independent review.
- The Pensions Regulator (TPR)
  - The new TPR Single Code is expected to be published during calendar year 2022 which will have an impact on the training that will be required to be delivered to the PSB, ISC and PAB as well as the annual assessment of the Fund's compliance with the Code which will be carried out in line with the released dates.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

Funding

Objectives

We aim to:

- Recognise in drawing up its funding strategy the desirability of Employer contribution rates that are as stable as possible;
- Prudently set levels of Employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement;
- Manage Employers' liabilities effectively, having due consideration of each Employer's strength of covenant, by the adoption, where necessary, of Employer specific funding objectives;
- Ensure consistency between the investment strategy and funding strategy;
- Maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other Employers and ultimately the tax payer from an Employer defaulting on its pension obligations to minimise unrecoverable debt on termination of Employer participation.

Area of Activity including strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Funding Strategy Statement (including Flexibilities Policies)	Triennial	As required	As required
Reviews			
Actuarial Valuation (including review of assumptions)	Triennial	Implement	-
Employer Risk Exercise	Triennial	Ongoing	Ongoing
Longevity Analysis of Fund	Triennial	-	-
Interim Funding review	-	Annual	Annual
Employing Authority discretions and delegations	As required	As required	As required
McCloud Preparation/Implementation	Expected*	Implement*	Implement*
Employer Training Webinars	Ongoing	Ongoing	Ongoing
Procurements			
Actuarial Contract review	-	Review	-

*Pending Regulatory Change

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	5.30
Compliance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.15
Total	**6.00**

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson LLP - Institutional Investment Consultant (IIC)

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £160k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers to increase knowledge, enabling robust decision making:

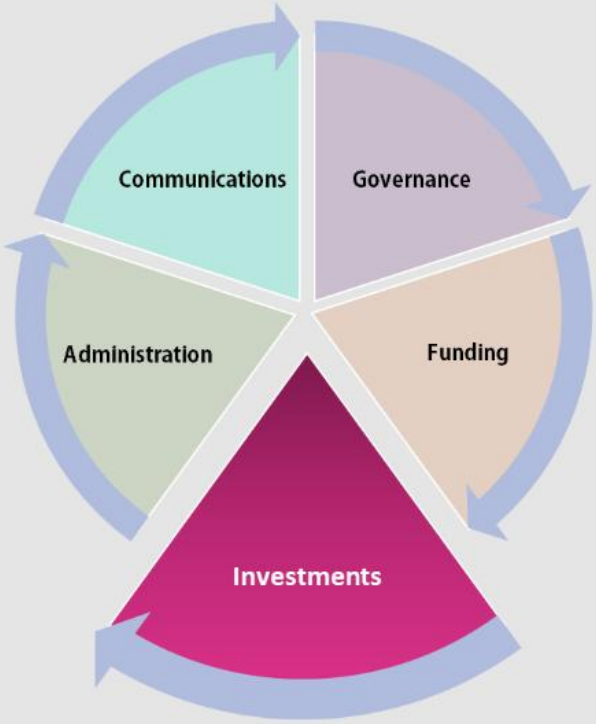
Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Actuarial Valuation training	Triennial	-	-
Funding Strategy Statement training	Triennial	-	-
Interim Valuation training	-	Annual	Annual
EPF Training Modules	As required	As required	As required
Any other Employer/Funding training as necessary	As required	As required	As required
Employer Forum/Webinar	As required	As required	As required

On the Horizon*

- Goodwin
  - Due to the court cases and resulting scheme changes, benefits will need to be recalculated/increased which will impact on the overall liabilities of the Essex Pension Fund and in turn the funding level.
  - Training to provide understanding to Employers and Committee/Board members on the impact.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

Investments



Objectives

We aim to:

- Maximise the returns from investments within reasonable risk parameters;
- 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.

Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Investment Strategy Statement review including Responsible Investment (RI) Policy	-	Triennial	-
Reporting on RI	Annual	Annual	Annual
Investment Managers Engagement Strategy	Ongoing	Ongoing	Ongoing
Reviews			
Treasury Management Strategy	Annual	Annual	Annual
Strategic Asset Allocation	Biannual	Biannual	Biannual
Asset/Liability Study (Total Fund Assessment)	-	Triennial	-
ACCESS collaboration	Ongoing	Ongoing	Ongoing
Individual Manager review (on an exceptional basis)	Quarterly	Quarterly	Quarterly
CEM Benchmarking/Cost Transparency	Annual	Annual	Annual
Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code	Annual	Annual	Annual
Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy	Ongoing	Ongoing	Ongoing
Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))	Implement	Review	Review
PLSA Responsible Investment Quality Mark (RIQM)	Explore	Develop	Implement
Voting Policies	Explore/Develop	Implement	-
Procurements			
Institutional Investment Consultant review	-	Review	-
Institutional Investment Consultant – CMA review	Annual	Annual	Annual
Independent Investment Adviser review	-	Review	-
External RI Adviser Exploration	Continued exploration	Potential Implementation	-

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	2.25
Funding/Employer Team	-
Compliance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.20
Total	**3.00**

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Hymans Robertson LLP - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)
Northern Trust - The Fund's Global Custodian
Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £860k*.

*includes participation within ACCESS

Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

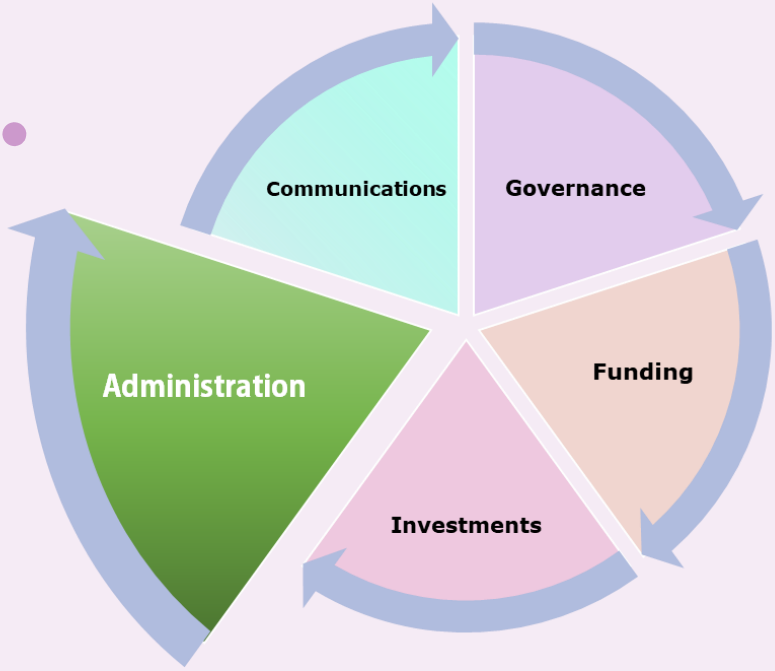
Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Bitesize Training by Asset Class	Quarterly	Quarterly	Quarterly
Investment Strategy Statement Training	-	Triennial	-
Responsible Investment Training	Ongoing	Ongoing	Ongoing
Asset / Liability Study Training	-	Triennial	-
Review Investment Management Fees / Cost Transparency	Annual	Annual	Annual
Market Commentary	Quarterly	Quarterly	Quarterly
Treasury Management (Cash Flow) Training	As required	As required	As required
EPF Training Modules	As required	As required	As required
LAPFF Members Meetings	Quarterly	Quarterly	Quarterly
LAPFF Annual Conference	Annual	Annual	Annual
LGC Investments and Pensions Summit	Annual	Annual	Annual
LGC Investment Seminar	Annual	Annual	Annual
Investment & Training Seminar	Triennial	-	-
ACCESS Investor Days/Training Requirements in Relation to Pooling	Biannual	Biannual	Biannual
Any other investment training as necessary	As required	As required	As required

On the Horizon

- Structural Reform of the LGPS: Pooling of Investments.
  - Working collaboratively with ACCESS (which is made up of 10 other local authorities) to pool the Fund's investments. Over the coming months ACCESS will be working towards establishing suitable solutions to pool the illiquid assets of the funds.
  - DLUHC is expected to issue further Pooling Guidance during 2022/23 which may impact on the current arrangements.
- Responsible Investment
  - Continue developing the Fund's approach to responsible investment and engagement, working collaboratively with ACCESS, the Local Authority Pension Fund Forum and the Fund's Investment Managers.
- Pension Scheme Act
  - The Pension Schemes Act published in 2021/22 created a legislative framework to support the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).
  - In line with the TCFD recommendations, private schemes with assets of £1bn or more will be required to prepare and publish a report disclosing how the scheme complies with the TCFD recommendations annually. DLUHC is expected to consult on the specific LGPS requirements that this will introduce.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

Administration



Objectives

We aim to:

- Deliver a high quality, friendly and informative service to all beneficiaries and Employers at the point of need;
- Ensure contribution income is collected from the right people at the right time in the right amount;
- Ensure benefits are paid to the right people at the right time in the right amount; and
- Ensure the Fund Employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund's agreed policies and procedures.

Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Administration Strategy	-	-	Review
Data Retention Policy	Explore	Develop	Implement
Review			
LGPS Reform / Changes to Scheme / Planning for Administration changes	Ongoing	Ongoing	Ongoing
Pensions Single payments*	Implement	-	Review
Greater Digitalisation of the Fund including Member Online and Employer Online	Ongoing	Ongoing	Ongoing
Administering Authority Discretions	Review	-	-
McCloud Preparation/Implementation	Expected**	Implement**	Implement**
Monthly Returns Digital Transformation	Implement	Review	Ongoing

*Dependent on the new ECC Corporate Systems project being implemented
**Pending Regulatory Change

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	-
Compliance Team	1.00
Administration Team	33.50
Technical Team	4.40
Systems Team	4.25
Total	**43.50**

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Aon - Independent Governance Administration Adviser (IGAA)
Civica - Administration System
Adare - Printing
Faraday - Tracing Bureau
Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £750k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers/Fund Members to increase knowledge, enabling robust decision making:

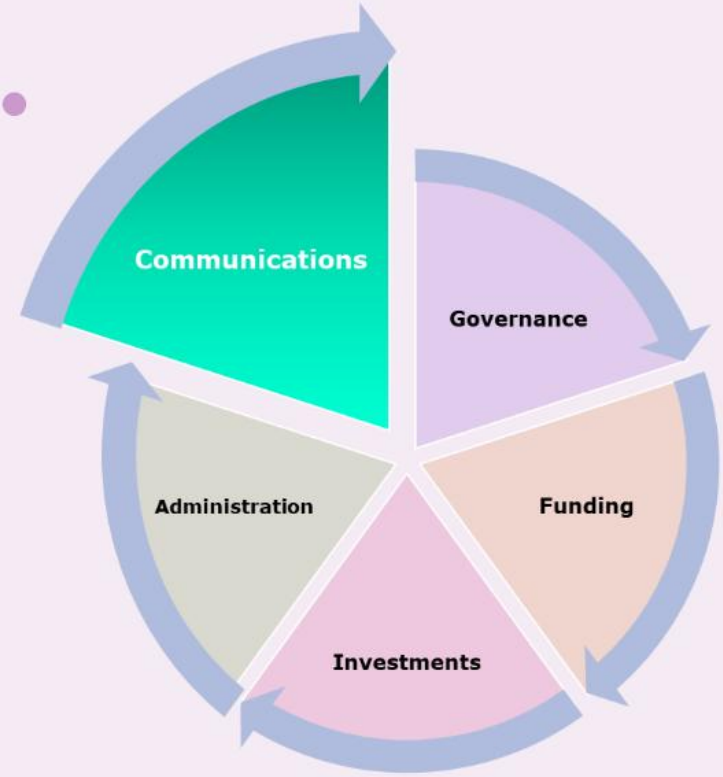
Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Road Shows / Surgeries	Ongoing	Ongoing	Ongoing
Monthly Return Workshops	As required	As required	As required
Employer Online Workshops	As required	As required	As required
EPF Training Modules	As required	As required	As required
Any other administration / regulatory training as necessary	As required	As required	As required

On the Horizon

- Goodwin
  - Due to the court cases and resulting scheme changes, benefits will need to be retrospectively recalculated for thousands of members, which will increase the volume of work for the Fund and will impact costs. It will also impact Employers in having to check and provide missing data.
- National Pensions Dashboard
  - The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards. Onboarding to dashboards is not expected to start until 2023 but schemes will need to make sure that their data is consistent with the required data standards and testing of software is carried out.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

Communications



Objectives

We aim to:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally;
- Ensure our communications are useful and easy to follow;
- Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology; and
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all the Scheme Members, prospective Scheme Members and Employers.

Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Communications Policy	Review	-	-
Stakeholder Engagement Strategy	Implement	-	Review
Reviews			
LGPS Reform / Communications of: Consultations / Changes to the Scheme	Ongoing	Ongoing	Ongoing
Greater Digitalisation of the Fund including the exploration of Electronic Communications	Ongoing	Ongoing	Ongoing
McCloud Implications	Ongoing	Ongoing	Ongoing
Social Media Channel	-	-	Review
Explore new Website Options	Explore	Commence	Implement
Annual Benefit Statements	Annual	Annual	Annual
Fund Surveys	Review	-	-

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	-
Investment Team	0.10
Funding/Employer Team	0.20
Compliance Team	-
Administration Team	0.25
Technical Team	1:00
Systems Team	0.15
Total	**1.80**

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Aon - Independent Governance Administration Adviser (IGAA)
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson LLP - Institutional Investment Consultant (IIC)

Budget

To deliver the above activities in 2022/23, there is no separate budget allocated as this is included within the Operational Budget.

Training

Training offered/delivered to our Committee/Board Members to enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Ad hoc Communications Training	As required	As required	As required
Media training	As required	As required	As required

On the Horizon

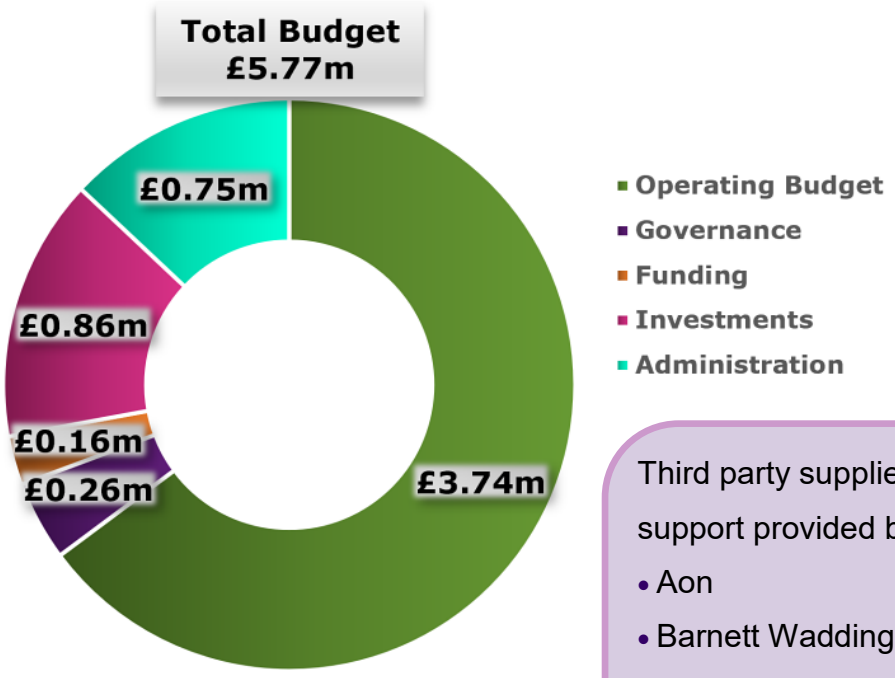
- Goodwin
  - Due to the court cases and expected retrospective changes to benefits, significant communications work will be needed to keep Scheme Members and Employers informed about the changes and the timetable for implementation.
- National Pensions Dashboard
  - The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards.
  - Onboarding to dashboards is not excepted to start until 2023, and it will be a number of years before any dashboard is up and running, but the Fund is likely to need to communicate with Members in the run up and post implementation.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

Additional Information

Budget

The 2022/23 operational and third party supplier support budget is shown below:



Third party suppliers/ support provided by:

- Aon
- Barnett Waddingham
- Hymans Robertson
- Mark Stevens
- Civica
- Northern Trust
- Adare
- Faraday Tracing Bureau

*Investments excludes Investment Management Fees and associated expenses

**Investments section includes £124k which relates to the ACCESS Partnership arrangements

Key Policy Documents

For further information on the Essex Pension Fund, please visit our website

www.essexpensionfund.co.uk

- Administration Strategy
- Annual Report & Accounts
- Business Continuity Policy
- Communications Policy
- Conflict of Interest Policy
- Cyber Policy
- Funding Strategy Statement
- Governance Policy & Compliance Statement
- Investment Engagement Strategy
- Investment Strategy Statement
- Knowledge and Skills Strategy
- Policy for Recording and Reporting Breaches of the Law
- Responsible Investment Policy
- Risk Strategy
- Stakeholder Engagement Strategy
- Treasury Management Strategy

Further Information

If you require further information about anything in or related to this Business Plan, please contact:

Jody Evans, Director for Essex Pension Fund

Email: Compliance.team@essex.gov.uk

Essex Pension Fund
Seax House
Chelmsford
Essex
CM1 1QH

Essex Pension Fund

Essex Pension Fund Advisory Board (PAB)

2022/23 Workplan

March 2022

lgps | Local Government Pension Scheme

Essex Pension Fund

PAB 2022/23 Workplan

Proposed Workplan for PAB for 2022/23

Subject	Commitment	Due end date
Essex Pension Fund Communications ***Link to Essex Pension Fund Objectives*** ***Governance and Communications: Pages 8 and 25 of the Business Plan refers***		
The Role of the PAB	PAB Members to work with Fund Officers to develop a Pamphlet to assist in any future recruitment activities in relation to the PAB. The Pamphlet will include the Role of the PAB including the expectations of PAB Members, time commitment to meetings, reading of Agenda Packs and training. PAB Members will be required to consult with Fund Officers to ensure the support activities provided by the Fund are captured to show the level of support available to all PAB Members as and when required.	31 March 2023
Communications Policy	PAB Members will be consulted on the review of the Fund's Communications Policy as part of the Three-Year Business Plan prior to reporting to the Essex Pension Fund Strategy Board (PSB).	31 December 2022
Fund Surveys	PAB Members are invited to monitor and review the development and results received from Stakeholders in regard to the Fund's revised Survey process.	31 March 2023
The Pensions Regulator (TPR) ***Link to Essex Pension Fund Objectives*** ***Governance: Page 8 of the Business Plan refers***		
TPR Single Code	Once the new TPR Single Code has been published, PAB Members will work with Fund Officers to ensure compliance as part of their oversight role. This will be a large piece of work including a wide variety of areas e.g. data, cyber, internal controls etc.	31 March 2025
Scheme Advisory Board (SAB) ***Link to Essex Pension Fund Objectives*** ***Governance: Page 8 of the Business Plan refers***		
SAB Good Governance Project	On publication of Statutory Guidance or relevant consultation from Department for Levelling Up, Housing and Communities (DLUHC) in regard to Good Governance, PAB Members will work with Fund Officers to ensure compliance as part of their oversight role.	31 March 2024

*The items listed above are in addition to the PAB's normal annual activities, including but not limited to the Annual Review of the Risk Register, PAB Annual Report to SAB and assisting with Breaches of the Law etc

Essex Pension Fund Strategy Board	PSB 05b
Date: 18 March 2022	

Essex Pension Fund Policies and Publications: Stakeholder Engagement Strategy

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

Enquiries to Jody Evans 03330 138489

This Report requires a decision

Executive Summary

The Fund has developed a Stakeholder Engagement Strategy to formalise how it engages with all its stakeholders. It highlights the objectives and the behaviours to assist in achieving the Strategy.

In addition, the Strategy also includes the Fund's Resolution Process.

1. Purpose of the Report

1.1 To present the Essex Pension Fund Stakeholder Engagement Strategy to the Board for approval.

2. Recommendations

2.1 That the Board **approve** the Essex Pension Fund Stakeholder Engagement Strategy and note the content of the report.

3. Background

3.1 The Fund set out the ambition to develop a Stakeholder Engagement Strategy as part of the 2021/22 business planning process which was approved by the Board at their 17 March 2021 meeting.

3.2 The Fund held an EPF Away Day during October 2021 to help develop the basis for the Strategy where values, behaviours and a vision statement were formulised.

3.3 The Stakeholder Engagement Strategy was drafted and consulted on with all Fund Officers and the Fund's Advisers.

4. Recommendation

4.1 That the Board approve the Essex Pension Fund Stakeholder Engagement Strategy provided at Appendix A.

5. Link to Essex Pension Fund Objectives

5.1 A Stakeholder Engagement Strategy will assist in achieving the following Fund objectives:

- act with integrity and be accountable to our Stakeholders;
- continually measure and monitor success against our objectives;
- communicate in a friendly, expert and direct way to our Stakeholders, treating all our Stakeholders equally; and
- aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective Scheme Members and Employers.

6. Risk Implications

6.1 There are no key risks as a result of agreeing this Strategy as it is predominantly based on current practices.

7. Communication Implications

7.1 This Strategy will be published on Fund's website and reviewed in conjunction with the Fund's Communications Policy.

8. Finance and Resources Implications

8.1 None.

9. Background Papers

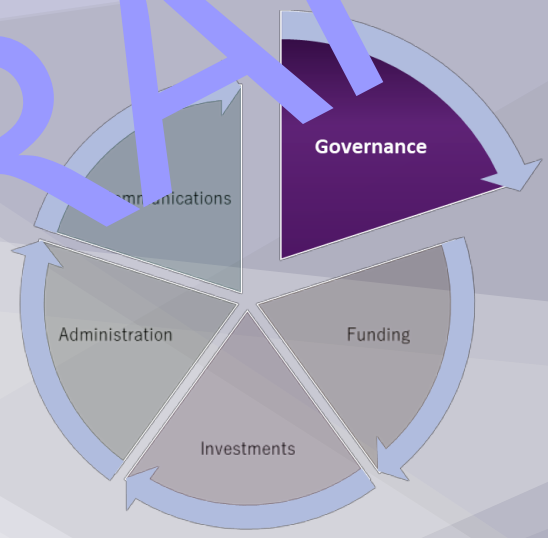
9.1 EPF Three Year Business Plan, PSB 04a, 17 March 2021.

Essex Pension Fund

Stakeholder Engagement Strategy

March 2022

DRAFT



lgps | Local Government Pension Scheme

Essex Pension Fund
Stakeholder Engagement Strategy

Introduction to Essex Pension Fund

The Fund is one of the 87 Funds making up the Local Government Pension Scheme (LGPS) in England and Wales.

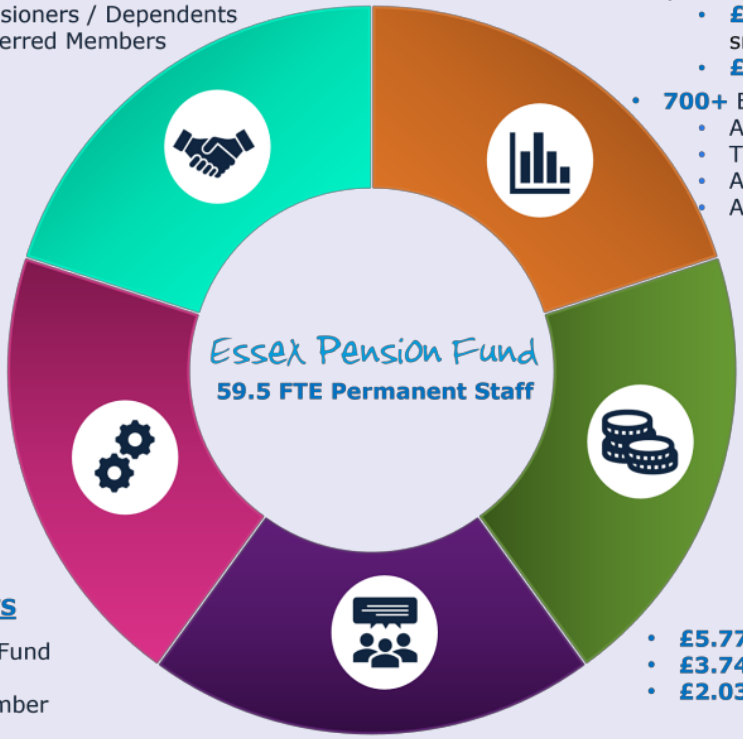
The Fund is managed and administered by Essex County Council who are responsible for maintaining and managing the Fund on behalf of its main Stakeholders; the Scheme Members and Employers participating in the Fund.

FUND MEMBERSHIP

- **169,692** Members (31 March 2021)
  - **54,568** Active Members
  - **46,210** Pensioners / Dependents
  - **68,914** Deferred Members

FUNDING/EMPLOYERS

- **98.8%** Interim Funding Level (31 March 2021)
  - **£8.41bn** Assets (based on a smoothed 6-month average)
  - **£8.51bn** Liabilities
- **700+** Employers, including:
  - Administering Authority (ECC)
  - Tax Raising Bodies
  - Admission Bodies
  - Academies



INVESTMENTS

- **c£8.7bn** Value of Fund (31 March 2021)
- **ACCESS Pool** member

FINANCIAL

- **£5.77M** Total Budget
- **£3.74M** Operational Budget
- **£2.03M** Third Party Contractor Expenses*

GOVERNANCE

- **PSB** Essex Pension Fund Strategy Board
- **ISC** Investment Steering Committee
- **PAB** Essex Pension Fund Advisory Board

*This excludes Investment related management fees and expenses

Strategic Goals of the Fund

The Strategic Goals of the Fund are detailed below:

The Fund's Values

The Fund's Values Statement:

"We continually strive for Excellence, we are always Professional and Friendly

We are Essex Pension Fund"

Our Values include:

Excellence - our team are **knowledgeable**, **proactive**, **talented** and **hardworking**, making sure we always deliver a **first-class** service

Professional – our team are **reliable**, **trustworthy** and **respectful** to each and every Stakeholder

Friendly - we pride ourselves on being **helpful**, **approachable** and **understanding**

Purpose of our Strategy

We have developed this Strategy to document the way the Fund manages engagement with its Stakeholders in an open and transparent manner.

Our Stakeholders

We tailor and adapt our communications for each type of Stakeholder group appreciating that all are different and require their communications in a way that is relevant to them.

Scheme Members
(Active, Deferred, Pensioner)

Scheme Employers
(Participating Employers in the Fund)

Board/Committee Members
(PSB, ISC and PAB Members)

Third Party Providers
(Fund Actuary, Advisers, Pensions Administration Software, ACCESS)

Our Staff
(Fund Officers / EPF Family)

Other Customers/Suppliers
(Audit, Legal, Essex County Council as Administering Authority)

Regulatory Bodies
(Department for Levelling Up, Housing and Communities (DLUHC), Local Government Association (LGA), LGPS Scheme Advisory Board (SAB), Department for Work & Pensions (DWP) and HM Revenue & Customs (HMRC), The Pensions Regulator (TPR))

Our Objectives

- **To treat all our stakeholders with respect, making sure our values are at the forefront of our approach in the delivery of our goals;**
- **To build and maintain positive stakeholder experiences, whatever the situation; and**
- **To listen to our stakeholders and use their suggestions to continually improve.**

Our behaviours that assist in achieving the Strategy

We want to:

- Be the **best** at everything we do;
- **Always listen** and consider ideas put forward;
- Encourage, drive and demonstrate **continual improvement**;
- Develop all our staff and provide them with **opportunities** to grow;
- Display and share our **knowledge** and **expertise**;
- Be thought provoking and **forward thinking**;
- Be recognised and **admired** for our **excellence**;
- Be seen as a Fund with **exemplary standards** and **professionalism**;
- Be **well renowned** for our **friendliness** and **approachability**;
- **Do what's right** rather than what's easy;
- Live by our **EPF** values.

Essex Pension Fund
Stakeholder Engagement Strategy

How we engage with our Stakeholders

Assess

The Fund has identified their Stakeholders and how we engage with them at various intervals. We consider how we engage with each Stakeholder Group and where appropriate at individual levels, to ensure we tailor and adapt our engagement to meet our objectives.

Plan

Plans for the delivery of our Engagement Strategy forms part of the Fund's Business Planning exercise and by fulfilling the Communications Policy.

Do

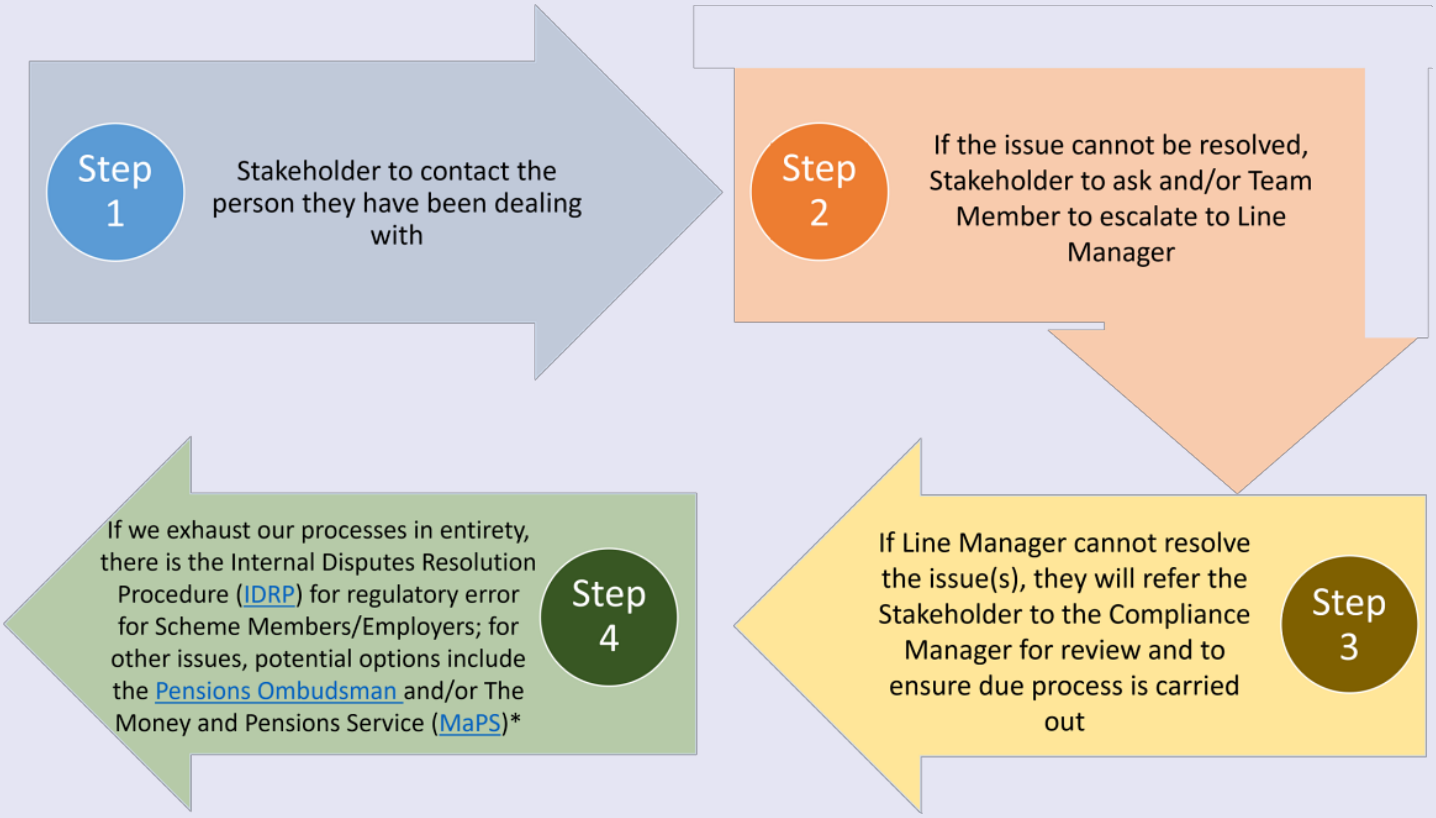
Plans are then actioned with progress updates reported to the Essex Pension Fund Strategy Board (PSB) and Essex Pension Fund Advisory Board (PAB) on a regular basis.

Review

We monitor the success of the actions put in place through the capturing of compliments and complaints received on a quarterly basis in addition to reviewing the results of our Surveys. From the feedback received through our monitoring of compliments and complaints and our Surveys, improvements are made to the Fund's processes and guidance offered to all stakeholders.

Resolution Process

The Fund will always strive to deliver to all Stakeholders the best service and resolve any issues, that are within the Fund's control, in a timely manner. For those instances where we have been unable to solve the issues, the Fund takes the following approach to a resolution.



*contact details provided overleaf in Further Information section

Review

This Stakeholder Engagement Strategy was approved on ****** by the PSB. It will be reviewed every three years in conjunction with the Fund's Communications Policy or sooner if Fund arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about this Stakeholder Engagement Strategy, please contact:

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County Hall
Chelmsford
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Contact Details:

Internal Disputes Resolution Procedure (IDRP), www.essexpensionfund.co.uk;

The Pensions Ombudsman, www.pensions-ombudsman.org.uk;

The Money and Pensions Service (MaPS), www.moneyandpensionsservice.org.uk

What our Stakeholders think of us

As well as being able to answer my questions, they also expanded and explained about connected areas I had not thought about

They were lovely and made me feel at ease. They did not make me feel stupid for asking questions and their advice was what I needed

An enlightening experience. Thank You. They explained things very clearly

Following my conversation I have made a further application regarding my pensions. The chat prompted me to do something I had been putting off for ages

They were able to answer my questions comprehensively. I left with more knowledge about my pension and reassured. Thank You for your time

They made things very clear and were very helpful

Helping you take care of your future

Essex Pension Fund Strategy Board	PSB 05c
Date: 18 March 2022	

Essex Pension Fund Policies and Publications: Review of Administration Strategy

Joint Report by the Technical Hub Manager and Retirement Manager

Enquiries to David Tucker 03330 138384

This Report requires a decision

Executive Summary

Following approval the Draft Administration Strategy was issued to Scheme Employers for consultation on 24 January 2022 which subsequently closed on 25 February 2022.

Fund Officers received a total of 4 comments which can be viewed in full in Section 4. Two minor amendments have been made to content of the Strategy.

The final Strategy is now presented for the Board's approval.

1. Purpose of the Report

1.1 To present the Administration Strategy to the Board for approval.

2. Recommendations

2.1 That the Board **approve** the Administration Strategy and note the content of the report.

3. Background

3.1 The Board was presented with the Draft Administration Strategy at the 15 December 2021 meeting noting the changes that had been made since the last review in December 2018.

3.2 It was noted key amendments were in regard to the change from Annual Returns to Monthly Returns and the subsequent amendments to the Charging Policy.

3.3 Other minor changes were in regard to employer responsibilities and the aligning the performance area descriptions to the CIPFA Benchmarking measures.

4. Administration Strategy Consultation Process

4.1 The draft Administration Strategy was consulted upon with Fund Employers on 24 January 2022 for a period of four weeks. In addition, as agreed the YouTube video was also shared.

4.2 The Fund received a total of four responses which are detailed below and received 60 views on the YouTube video:

Employer	Consultation Feedback	Fund Response	Revision to Strategy
Essex Association of Local Councils	Thank you for the information, the You Tube video is very helpful.	No response required.	No change.
North Essex Schools Partnership	I work with a number of maintained schools. Does this mean that the employer duties fall to someone in ECC, or does it mean that each school needs to be responsible for nominating a	As a maintained school the Local Authority is deemed as the Employer. There should be an ECC contact/liaison person that you deal with where you may feed information/data too.	This strategy applies not only to existing Scheme employers but will also apply to all new future employers of the Fund. Schools (other than Academies, Free Schools and University Technical Colleges (UTCs)) are

Employer	Consultation Feedback	Fund Response	Revision to Strategy
	representative etc as outlined in the Strategy. If needs be perhaps we can set up some sort of face to face or zoom training or explanation for them at a later date.	As it is a draft we will look to make a note in regards to schools to make it clearer.	included under the LEA of the relevant Council even if they have their own payroll or have outsourced it to a third party*.
Harwich Town Council	Thank you for consulting with us in relation to the latest draft Administration Strategy, which was discussed by Council. I can confirm that no comments were made, or concerns raised.	No response required.	No change.

4.3 An additional response was received by Tiptree Parish Council after the deadline regarding the practicalities of the submissions of monthly returns. A response was provided which also covered the future development of a new online portal for Employers which would aid the upload of data. No change would be required to the Administration Strategy.

4.4 In addition to the above minor revision* (page 4 paragraph 2.5 of the Strategy refers), a correction was also made to the cost for the Bulk Early Retirement Estimate Costs which was listed as £715 where it should have stated £750. (Page 23 of the Strategy refers). Scheme Employers have been made aware of this change.

5. Link to Essex Pension Fund Objectives

5.1 Putting in place an Administration Strategy will assist in achieving the following Fund objectives:

- act with integrity and be accountable to our stakeholders;
- evolve and look for new opportunities, ensuring efficiency at all times;

- deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need;
- ensure benefits are paid to the right people at the right time in the right amount; and
- ensure contribution income is collected from, the right people at the right time in the right amount.

6. Risk Implications

6.1 There are no key risks as a result of agreeing this draft Strategy as it is predominantly based on current practices and previous Board decisions.

7. Communication Implications

7.1 Officers will publish the approved Administration Strategy on the Fund's Website and will issue to all Scheme Employers.

8. Finance and Resources Implications

8.1 The consultation exercise, including responding to comments from Employing Authorities, will require officer resource but it is expected that this can be managed within the existing Budget.

9. Background Papers

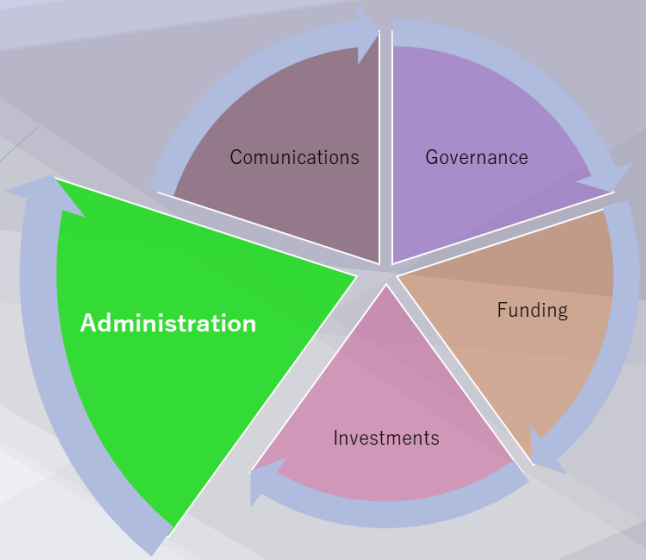
9.1 Fund Policies: Review of Administration Strategy, PSB 06, 15 December 2021.

9.2 Administration Strategy, PSB 07, 19 December 2018.

Essex Pension Fund

Administration Strategy

18 March 2022



lgps | Local Government Pension Scheme

Essex Pension Fund
Administration Strategy

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Essex Pension Fund
Administration Strategy

1. Introduction and Regulatory Context

1.1 This is the Administration Strategy of the Essex Pension Fund ("the Fund") in relation to the Local Government Pension Scheme (LGPS) in Essex. The Strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high-quality pension administration service.

1.2 The LGPS Regulations 2013 allow Pension Fund Administering Authorities to prepare an Administration Strategy ("the Strategy") for the sole purpose of improving the administrative processes within their LGPS Fund. In discharging their roles and responsibilities under these regulations, the Fund and Scheme Employers ("Employers" or "Employer") are also required to comply with any pertinent overriding legislation and take appropriate recognition of any regulatory guidance or Code of Practice issued by The Pensions Regulator ("TPR").

1.3 TPR plays a key role in overseeing Public Service Pension Schemes, including setting standards of administration and governance on all administrative aspects of the Scheme. Local Pensions Boards also provide an independent role to 'assist' the Fund to achieve regulatory compliance, and effective and efficient administration and governance.

1.4 The Fund has revised its December 2018 Strategy to ensure the governance and administration requirements of TPR are properly addressed as they fall to the Fund and Employers.

2. Aims and Objectives

2.1 To ensure that we are administering the Scheme correctly and we continue to improve and enhance the service we offer, the Fund has set the following Administration Objectives:

- Deliver a high-quality, friendly and informative service to all beneficiaries and Employers at the point of need
- Ensure contribution income is collected from, the right people at the right time in the right amount
- Ensure benefits are paid to the right people at the right time in the right amount
- Ensure the Fund Employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund's agreed policies and procedures

The Fund has also set the following Communications Objective:

- Aim for full appreciation of the pension Scheme benefits and changes to the Scheme by all Scheme Members, prospective Scheme Members and Employers

And the following Governance Objective:

- Ensure confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved

2.2 The **aims** of this Strategy are to:

- Set out the quality and performance standards expected of the Fund and its Scheme Employers and
- Promote good working relationships and improve efficiency between the Fund and its Scheme Employers

2.3 The efficient delivery of the benefits of the Scheme is reliant upon effective administrative procedures being in place between the Fund and Scheme Employers, most notably for the timely exchange of accurate information in relation to Scheme Members.

2.4 This Strategy sets out the expected levels of performance of the Fund and the Scheme Employers and provides details about the monitoring of performance levels and the action(s) that might be taken where standards are not met by Employers and/or when persistent non-compliance occurs.

2.5 This strategy applies not only to existing Scheme Employers but will also apply to all new future Employers of the Fund. Schools (other than Academies, Free Schools and University Technical Colleges (UTCs)) are included under the LEA of the relevant Council even if they have their own payroll or have outsourced it to a third party.

2.6 The **specific goals** of this Strategy are to ensure that:

- The Fund and Employers are aware of, and understand, their respective roles and responsibilities under the LGPS Regulations
- The Fund operates in accordance with LGPS Regulations and is aligned with TPR in demonstrating compliance and Scheme governance
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other partners
- Accurate records are maintained for the purpose of calculating pensions entitlements and Employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a secure and compliant manner
- The Fund and its Scheme Employers have appropriate skills, and that guidance/ training is in place, to deliver a high-quality service and effectively contribute to the changing pensions agenda
- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out
- Administrative services are developed and delivered digitally where possible in order to streamline processes and maximise efficient use of resources

3. Roles and Responsibilities

3.1 Scheme Employer Responsibilities

3.1.1 Each Scheme Employer shall nominate a person who will act as the Fund's primary contact. There may be up to three further contacts for finance, contributions, payroll etc.

3.1.2 Authorised Officers should sign all documents and/or instructions received from an Employer. In signing a document, the Authorised Officer is not merely certifying that the form comes from the Employer stated, but also that the information being provided is correct. Consequently, if an Authorised Officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, they should satisfy themselves that the information is correct.

Nb. the Authorised Officer cannot sign a document/form which in respect of their own LGPS membership – these should be signed by a more Senior Authorised Officer/ Chairman of the Council etc.

3.1.3 It is the Employer's responsibility to ensure that the Authorised Officer and contact details held by the Fund are correct, and to notify the Fund of any changes immediately.

3.1.4 The Employer must ensure the nominated primary contact (and other key staff) is aware of its Scheme Employer duties and keeps up to date with guidance issued by the Fund.

3.1.5 The Employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place in case the nominated primary contacts leaves.

3.1.6 During the year the Employer should provide the required data and notifications to the Fund, with 90% compliance or better. Persistent failure by an Employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the Employer – see Section 5.6.

3.1.7 The Employer must comply with its obligations under Data Protection Law (see the Fund's 'Memorandum of Understanding for Employers – compliance with Data Protection Law'), including the secure transfer of Members' personal data.

Summary of Scheme Employer Responsibilities

3.1.8 This section outlines the key responsibilities of Scheme Employers, what Employers are required to do and by when. It is focussed on the key activities and should not be viewed as an exhaustive list; Employers have a statutory duty to provide the Fund with all information necessary to enable the Fund to administer the Scheme. Employers are expected to achieve at least 90% compliance with the expectations.

Function/task		Expectation
1)	**General**	
1.1	**Confirm nominated representative(s)** to receive information from the Fund via the submission of a completed contacts form	Within 30 days of change or becoming a Scheme Employer
1.2	**Appoint a person (the adjudicator) to consider disputes** under stage 1 of the pension internal dispute process (IDRP) and provide full up to date contact details to the Fund	Within 30 days of becoming a Scheme Employer or following the resignation of the current adjudicator
1.3	**Formulate, publish and keep under review policies** in relation to all areas where the Employer may exercise a discretion within the LGPS	A copy of the policy document is to be submitted to the Fund within 30 days of the change in policy
1.4	**Distribute any information** provided by the Fund to Scheme Members/potential Scheme Members (e.g. Scheme benefits or benefit statement production)	In a timely manner as required
1.5	**Notify the Fund of any Notifiable Events** including, but not restricted to, the following: • Material change in LGPS membership • Material change in Employer payroll and/or pensionable pay • Change in Employer's legal status or constitution • A decision which will restrict the Employer's active membership in the Fund in future • Any restructuring or other event which could materially affect the membership in the Fund in future • Confirmation of wrongful trading • Conviction of senior personnel • Decision to cease business • Breach of banking covenant	Within 7 days of becoming aware of such an event

Function/task		Expectation
2)	**New Starters**	
2.1	**Decide who is eligible** for LGPS membership (and the date from which membership of the LGPS starts).	On joining (or at point becomes eligible if later)
2.2	**Determine rate of employee contributions**	For the first pay period in which the employee joins the LGPS
2.3	**Notify the Fund** of new joiner via Monthly Return	By end of month following the date joined (e.g. by the end of May if joined in April)
2.4	**Provide new employees, who are eligible for the LGPS, with details about the LGPS** This may be in the form of providing a copy of the Key Facts leaflet and/or directing them to the Fund's website	With 30 days of commencing eligible employment
3)	**Contributions**	
3.1	**Remit Employer and employee contributions** to the Fund and complete monthly remittance form containing detail of the contributions payment.	By 19th of the following month (**both** payment and form)
3.2	**Implement changes to Employer contribution rates** as instructed by the Fund at the date specified by the Fund's Actuary	In line with the Rates & Adjustment Certificate as per the Valuation or on commencement as a Scheme Employer
3.3	**Ensure and arrange for the correct deduction of employee contributions** from a Member's pensionable pay and throughout their membership in the Scheme (including any periods of leave)	As required, typically monthly
3.4	**Manage the deduction of all additional contributions** or amend such deductions, as appropriate	As required

Function/task		Expectation
3.5	Arrange for the **deduction of AVCs** and payment over of contributions to the AVC provider(s) and inform the Fund as required	As required, typically monthly
3.6	**Make additional fund payments in relation to** early payment of benefits from flexible, redundancy or business efficiency retirement or where a Member retires early with Employer's consent, or the Employer 'switches on' the 85 year rule, and a **financial strain cost** arises	Within 30 days of receipt of invoice from the Fund
3.7	**Refund contributions through the payroll** to any employee who **opts out** of the Scheme **with less than 3 months** membership.	From the next pay period after receiving the employee's request to opt out
4)	**During membership**	
4.1	Move employees into the **50:50 section** or Main section	From the next pay period after receiving the employee's election
4.2	Move employee back into the **Main section**	If the employee is in the 50/50 section and either goes onto no pay due to sickness or injury or passes the Member's automatic re-enrolment date, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.
4.3	**Notify the Fund of changes** affecting pension entitlement via Monthly Return	By end of month following the date of change (e.g. by the end of May if the change occurred in April)

Function/task		Expectation
5)	**Early Leavers**	
5.1	**Early leavers (non-retirement)** notify the Fund via Monthly Return	By end of month following the date of leaving or opting out of the Scheme.
6)	**Retirements**	
6.1	**Advance notification of retirement** form EPF1a (or via online portal)	Form EPF1a should be sent to the Fund as soon as the retirement date is known
6.2	**Notification of retirement** Notify the Fund via Monthly Return and forms EPF1 + EPF68 (or via online portal)	Monthly Return and/or forms EPF1 + EPF68 (& EPF142 for ECC if applicable) should be sent to the Fund as early as possible but, in any event, no later than 10 working days after the Member's final payroll has run
6.3	**Early Retirement at Member's choice**	If the Fund receives information via Monthly Return or EPF1 + EPF68 for a Member who has left their employment and is age 55+ we will process as a potential retirement and offer the Member early payment of pension benefits. Therefore, leaver forms should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run
6.4	**Ill Health Retirement notification** notify the Fund via Monthly Returns and forms EPF1 + EPF68 (or via online portal)	Form EPF1a should be sent to the Fund as soon as the retirement date is known. Monthly Return and/or forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run

Function/task		Expectation
6.5	**Flexible retirement notification**	Monthly Return and/or forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run. Starting details for the continuing job to be supplied on Monthly Return by the end of month following the date of leaving or opting out of the Scheme
7)	**Contracting out of services**	
7.1	**Contact the Fund to discuss the pension implications of the contracting out of services** which will involve a TUPE transfer of staff to another organisation.	Immediately if contracting out of services is being considered as a possibility and certainly before making any decisions to contract out services
7.2	**Notify the Fund of the intention to contract out of services** which will involve a TUPE transfer of staff to another organisation by completing TUPE 1 form to instruct the actuary	At least 6 weeks before going out to tender
7.3	Work with the Fund to **arrange for an admission agreement to be put in place** when contracting out a service, and assist in ensuring it is complied with	In advance of the date of contract (admission agreement must be completed and signed before the contract signing)
7.4	Notify the Fund if the Employer ceases to admit new Scheme Members or is considering terminating membership of the Fund	During exploratory discussions or as soon as the decision is made
8)	**Monthly Return**	
8.1	Provide the Fund with a Monthly Return containing all required data each month. Because of the critical nature of this data for statutory reporting and annual benefit statement production, there is a separate Charging Policy for late and/or inaccurate returns – see Appendix 1	An accurate return to be submitted in the approved format no later than the end of the following month. For example information for March to be submitted by the end of April.

3.2 The Fund's responsibilities

3.2.1. This section outlines the key responsibilities of the Fund, what the Fund will do and by when. It is focussed on the key activities which Scheme Employers and Scheme Members are involved in and should not be viewed as an exhaustive list. See section 3.2 for a list of key tasks which are benchmarked annually against other LGPS Funds and are reported to the Essex Pension Fund Strategy Board (PSB).

General Duties and Responsibilities

Function/task		Expectation
1)	**General information**	
1.1	Regularly review the Fund's Administration Strategy and consult with all Scheme Employers	Review generally every 3 years and consult with Employers before revised Strategy agreed
1.2	Regularly review the Fund's Funding Strategy Statement at each Triennial Valuation, following consultation with Scheme Employers and the Fund's Actuary	Publish by 31 March following the valuation date or as otherwise required
1.3	Regularly review the Fund's Communications Policy	Informally reviewed annually with a formal review every 3 years. Revised Policy published within 30 days of being agreed by the PSB
1.4	Regularly review the Fund's Governance Policy and Compliance Statement	Reviewed and updated at least every three years sooner if the governance arrangements or other matters included within in merit reconsideration. Revised Policy published within 30 days of being agreed by the PSB
1.5	Publish the Fund's Annual Report and Accounts	By 1 December, following the year-end
1.6	Publish the Fund's final audited and approved Accounts	By 31 July following the year-end

Function/task		Expectation
2)	**Employer Contribution Requirements**	
2.1	Consult with Employers on the outcomes of the Triennial Valuation	The Fund will endeavour to provide outcomes at least two months in advance of the signing of the final rates and adjustment certificate
2.2	Notify Employers of contribution requirements for three years effective from the April following the Actuarial Valuation date	On or before 1st April following final issue of rates and adjustments certificate by the Actuary
2.3	Notify new Scheme Employers of their contribution requirements	Within six weeks of receipt of the notification of admission application if all data has been supplied as requested or commencement as a Scheme Employer
3)	**Support for Employers**	
3.1	Provide support for Employers through: • a dedicated helpline • written guidance and communications; • face to face meetings; and • YouTube videos	Dedicated helpline: Monday-Thursday 8.30am-5.00pm Friday 8.30am-4.30pm Written communication as per the Fund's Communications Policy Employer forum held at least annually
3.2	Organise and provide coaching sessions on the Scheme Employer role	In accordance with the Fund's Communications Policy
3.3	Notify Scheme Employers and Scheme Members of changes to the Scheme rules	As per disclosure requirements
3.4	Provide a facility for Employers to submit data via a web portal	Employers being on boarded regularly from 2017/18 onwards
3.5	Issue monthly return submission queries to Employer and/or payroll provider (validation stage)	Accepted or Rejected email sent to Employer within 1 month
3.6	Query list sent to Employer and/or Payroll Provider requesting information re Monthly Return (processing stage)	Query list sent to Employer within 20 working days of return being accepted at validation stage

Function/task		Expectation
4)	**Member information and general administration**	
4.1	Produce annual benefit statements for Active Members as at 31 March	By 31 August following the year-end
4.2	Produce annual benefit statements for Deferred Members as at pensions increase date in April	By 30 June following pensions increase date
4.3	Produce and issue pension savings statements each year to Members who have exceeded their standard annual allowance	By 6 October following the end of the tax year, (provided receipt of all relevant information from the Scheme Employer)
4.4	Issue P60s to pensioners and beneficiaries	By 31 May following the year-end
4.5	Publish and keep up to date all forms required for completion by Scheme Members or Employers	Publish within 30 days from any revision
4.6	Letters/e-mails from Members (or Member's representatives)	Answer or acknowledge within 5 working days

Performance measurement and key tasks

3.2.2 The Fund monitors its performance against the following tasks and a number of the key tasks are also benchmarked annually against industry standard performance indicators. The benchmarking also compares the Fund's performance to that of other LGPS Funds as part of the CIPFA benchmarking club. The Fund's performance against these key tasks, and its performance comparative to other Funds, is reported to the PSB and is included in the Fund's annual report & accounts.

3.2.3 The table below set out the Fund's performance indicators in relation to processing scheme member records and benefits and the separate table on page 16 sets out the key performance indicators which are benchmarked annually. The Fund aims to maintain performance at 95% in respect of key performance indicators and 90% in respect of other performance indicators.

The Fund's Key Performance Indicators

Performance Area		Measurement
1)	**New joiners & changes**	
1.1	Set up a new starter and provide statutory notification	Portal submissions Within 5 working days of receipt of correct data file from Employer Monthly Return submissions Within 40 working days of receipt of correct data file from Employer
1.2	Changes to a Member's details	Within 20 working days of receipt of notification from Employer
2)	**Transfers**	
2.1	Transfer-in quotations processed	Within 10 working days of receipt of all the required information
2.2	Transfer notification of transferred-in membership to be notified to the Scheme Member	Within 10 working days of receipt of payment
2.3	Transfer-out quotations processed	Within 10 working days of receipt of all the required information
2.4	Transfer-out payments processed	Within 20 working days of receipt of all the required information
2.5	Provision of estimate for divorce purposes	Within 15 working days of written request
3)	**Additional contributions**	
3.1	Notify the Scheme Employer of any Scheme Member's election to pay additional pension contributions (APCs), including all required information to enable deductions to commence	Within 10 working days of receipt of election from a Scheme Member
3.2	Process Scheme Member requests to pay/amend/ cease additional voluntary contributions (AVCs)	Within 5 working days of receipt of request from a Scheme Member

Performance Area		Measurement
4)	**Leavers**	
4.1	Notify Members of their deferred options	Within 10 working days of receipt of the leaver notification
4.2	Deferred benefits calculated	Within 30 working days of receipt of all necessary information
4.3	Deferred benefits processed for payment following receipt of election	Within 5 working days from receipt of all necessary information
4.4	Refund payments	Within 5 working days from receipt of all necessary information
5)	**Retirements**	
5.1	Provision of retirement options to Members	Within working 10 days of the later of (i) the Member's leaving date or (ii) receipt of all necessary documentation
5.2	New retirement benefits processed for payment following receipt of election	Lump-sum payment within 5 working days of receipt of all necessary documentation First pension payment on next available payroll run
5.3	Changes to bank details made	By next payroll cut-off date
6)	**Deaths**	
6.1	Acknowledgement of a death	Within 5 working days of receiving the notification.
6.2	Notification of benefits payable to dependents will be issued	Within 5 working days of receiving the required information
6.3	Payment of death lump-sum will be made	Within 10 working days of receipt of all the required information

Performance Area		Measurement
7)	**Customer service**	
7.1	Calls received to the customer helpline to be answered	85% of calls received to the customer helpline to be answered within 5 rings
7.2	Calls received to the Employer helpline to be answered	85% of calls received to the Employer helpline to be answered within 5 rings
7.3	Provide an answer or acknowledgement to Scheme Members/Scheme Employers/ personal representatives/dependents and other authorised persons	Within 10 working days from receipt of enquiry

Benchmarking Key Performance Indicators

3.2.4 The following key tasks are benchmarked annually against the performance other LGPS Funds as part of the CIPFA benchmarking club. Please note that the tasks benchmarked each year and the standards measured against are subject to change from time to time, at the discretion of the benchmarking club's steering group; the standards are currently measured against the legal time limits. The Fund's performance against these key tasks and its performance comparative to other Funds are reported to the PSB and also included in the Fund's Annual Report & Accounts.

	Performance Area	Standard
1	Transfer In - letter detailing transfer in quote	**2 months**
2	Transfers Out – letter detailing transfer out quote	**2 months**
3	Refund – process and pay refund	**2 months**
4	Deferment – calculate and notify deferred benefits	**2 months**
5	Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Active)	**2 months**
6	Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred)	**2 months**

	Performance Area	Standard
7	Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Active)	**2 months**
8	Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred)	**2 months**
9	Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Active)	**2 months**
10	Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Deferred)	**2 months**
11	Deaths - Initial letter acknowledging death of Active/ Deferred/Pensioner Member	**2 months**
12	Deaths - Letter notifying amount of dependent's benefit	**2 months**
13	Divorce Quote - Letter detailing cash equivalent value and other benefits	**3 months**
14	Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order	**3 months**
15	Joiners - Send notification of joining the LGPS to Scheme Member	**2 months**
16	Deferred into Pay - Process and pay lump sum retirement grant	**2 months**

4. Achieving the Objectives

4.1 There are currently in excess of 700 Employers in the Fund differing in size, structure and capability which represents a significant logistical challenge to the management of information, processes and services within the Fund. The number of Employers in the Fund continues to grow as does the demand for more accurate and timely information. We need to meet the expectations and demands of Scheme Members and comply with the data requirements of ever-increasing scrutiny both at a local and national level. Furthermore, TPR introduced higher levels of compliance and the Fund will be required to demonstrate heightened governance and administrative efficiency.

4.2 There are four key elements necessary to achieving the Fund's Administrative Objectives:

◊ **Communications**

The Fund aims to provide easy to follow, relevant, accurate, accessible and timely information to all Stakeholders. To this end, the Funds' Communications Strategy is already well developed providing a wide range of solutions for all parties. However, with the increasing number of Scheme Employers and membership creating an increased need for information, the Fund is developing its Communications Strategy, embracing technology to enable both Member and Employer online access to the administration system.

◊ **Training and Engagement**

The objectives of the Fund have always been to keep stakeholders informed of new developments providing guidance, training and workshops for Employers and the Fund's staff alike when new Regulations are implemented or are under consideration.

Additionally, guidance and training are offered on an ongoing basis to new Scheme Employers or relevant new HR/Payroll staff. With this in mind, it is important that both Employers and the Fund ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes.

Notwithstanding future changes, there is an ongoing need to continuously maintain the quality of Member records and the administrative processes by improving the quality of information received from Employers.

The Fund's guidance and training aims are therefore:

- To ensure that relevant staff within each Employer have sufficient knowledge and skills to effectively discharge administrative processes by working with Employers' Human Resources, Payroll and other staff to identify relevant skills and knowledge gaps and provide appropriate guidance and training;
- To ensure that Employers are fully aware of the risks involved in poor administration and maintenance of Member pension records and if they fail to discharge their discretionary functions;

- To continually develop the technical skills and competencies of the Fund's staff and retain knowledge in the application of historic regulations.

The Fund will provide guidance and training for Employers' relevant staff, to build up and maintain a level of professional expertise which together with the Employer's own systems and processes will enable Employers to deliver information required by the Fund to efficiently administer the Scheme.

The primary contact at the Employer has an important role to play in ensuring both they and other relevant staff (or their successor) build up and retain sufficient knowledge and skills to enable the Employer to comply with its statutory LGPS duties.

◊ Information & Communications Technology

As part of its digital ambitions, the Fund has invested in upgraded software which has the facility to enable Employers to submit data online, via a web portal enabling Employers to review and update their staff's individual Member records or notify the Fund of changes in their employment details.

This development allows Employers to submit certain changes, notifications and requests online, including Joiners, 50/50 switches, Changes of Address, Changes of Personal Circumstances, Changes of Hours and Breaks in Service, Early Leaver Notifications, Estimate Requests, General Queries, Leaver Notifications, Maternity Commencement and Return and Opt outs within 3 months.

The ambition is to eventually have all Fund Employers submitting data electronically via the Portal.

◊ Performance standards

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. The Scheme itself sets out a number of requirements for the Administering Authority or Scheme Employers to provide information to each other, Scheme Members and prospective Scheme Members, dependants, other pension arrangements or other regulatory bodies.

The locally agreed performance standards, covered in section 3 above, cover all aspects of the administration of the Scheme and, where appropriate, go beyond the overriding legislative requirements.

The Fund and Scheme Employers will ensure that all functions/ tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- work to be completed and submitted in the required format and/or on the appropriate forms;
- information to be legible and accurate;
- communications to be in a plain language style;
- information provided to be checked for accuracy by an appropriately trained Member of staff before submission;

- information submitted to be appropriately authorised; and
- actions carried out, or information provided, within the timescales set out in this Strategy document.

For the avoidance of doubt "accuracy" in this Strategy is defined as when we have received a completed form/data with no gaps in mandatory areas and with no information which is either contradictory within the document or which we need to query.

The timeliness relates to a date of event being either the date the Member started or left the Fund or any other material change that affects a Scheme Member's pension record.

5. Procedures for ensuring Compliance

5.1 Ensuring compliance is the responsibility of the Fund and Scheme Employers. We will work closely with all Scheme Employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy.

5.2 We will also work with Employers to ensure that overall quality and timeliness is continually improved. Various means will be employed, to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

Performance monitoring

5.3 The Employer should monitor its own performance against its Scheme Employer duties and responsibilities and seek to improve its performance where it is not achieving the required level of performance.

5.4 The Fund will also monitor the Employer's performance against the agreed performance levels and will work closely with Employers in identifying any areas of poor performance, provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.

5.5 The Fund will also monitor its own performance against its administering authority duties and responsibilities. The Fund participates each year in the CIPFA Benchmarking Club to measure its performance against other LGPS Funds and performance against key performance indicators are reported to the PSB and included in the Fund's Annual Report and Accounts.

Unsatisfactory performance

5.6 Where persistent and ongoing failure occurs and no improvement is demonstrated by an Employer, and /or unwillingness is shown by the Employer to resolve the identified issue(s), the following sets out the steps we will take in dealing with the situation in the first instance:

- The Fund will contact and/or meet with the Employer to discuss the area(s) of poor performance and how they can be addressed;
- An Improvement Plan will be agreed setting out the improvements required and a timescale for achieving those improvements;
- Where no improvement has been demonstrated by the Employer within the agreed timescale, or where there has been a failure to take agreed action by the Employer, the Fund will issue a formal written notice to the Employer setting out the area(s) of poor performance that has been identified, the steps taken to resolve those area(s) and giving notice that the additional costs may now be reclaimed;
- The Fund will clearly set out the calculations of any loss or additional costs resulting to the Fund, taking account of time and resources in resolving the specific area of poor performance; and
- The Fund make a claim against the Scheme Employer, setting out the reasons for doing so, in accordance with the Regulations.

6. Work not included in the Administration Charge (and for which the Fund will make an additional charge)

6.1 The following table details work which the Fund may do for Scheme Employers, but which is not covered by the administration charge which is included in the Employer contribution rate. This may be because there is no statutory requirement for the Fund to do the work or because not all Employers require the work to be done. As such work is not included in the administration charge, the following additional charges will apply:

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
IAS19/FRS17 production for accounts	All work relating to IAS19/FRS17 production for accounts Nb. this is in addition to the Actuary's charges	£165-£660 depending on no. of Members Additional Officer time can be charged for additional auditor enquiries.
Late payment of contributions (Ees/Ers/deficit) & late submission of return	Receipt of income late - regulations require within 19 days of end of the month.	£66 for late payment (includes part payment being paid late, e.g. deficit), and interest is also charged £66 for late submission of return
Working out average hours for a Scheme Member	Working out average hours for a Scheme Member (an Employer duty)	£22 per Member/per Scheme Year
Coding changes for CAYs/ teachers compensation	Input new code on pension payroll	£110 < 100 Members £165 100-250 Members £220 > 250 Members
Early Retirement Estimates (1st for that Member in the calendar year)	Accelerated turnaround time	A charge will usually only be made if, in the Fund's view, excessive requests are being made by a Scheme Employer: 2 - 3 week turnaround - No charge 1 - 2 week turnaround - £27.50 per estimate < 1 week turnaround - £55 per estimate

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
Early Retirement Estimates (Additional requests in calendar year)	Provision of additional early retirement estimates	A charge will usually only be made if, in the Fund's view, excessive requests are being made by a Scheme Employer: 2 - 3 week turnaround – £27.50 per estimate 1 - 2 week turnaround - £55 per estimate < 1 week turnaround - £82.50 per estimate
Bulk early retirement estimates E.g. Running report to capture pension, lump sum, strain for everyone over age 55	Bulk early retirement estimates	3 week turnaround - £750
TUPE & Outsourcings - Admission body process (including re-lets)	Any work relating to a Fund Employer tendering or outsourcing a service, TUPE transferring staff and contractor/ community body entering into admission agreement with the Fund. Nb. this is in addition to the Actuary's report fee	Charge is 25% of the actuary's fee for the risk and contribution report. Charge includes: • Generic guidance of the process • Provision of standard draft agreements • Reasonable cleansing of records • Providing data to the Actuary • Liaising with the Actuary • 60 minutes of Officer support & guidance by phone, e-mail or in person • Sealing of agreements by ECC • Provision of copy of sealed agreements to all parties • Amendment of UPM records Any additional work necessary, such as amendments to the standard draft admission agreement, will be chargeable at £55 - £110 per hour depending on which Officer does the work

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
Academy conversions/ free schools	Any work relating to the conversion of a school to Academy status or the setting up of a free school. Nb. this is in addition to the Actuary's report fee.	15% of the Actuary's fee
Bond Review	Any work in relation to reviewing a bond level Nb. this is in addition to the Actuary's report fee.	15% of the Actuary's fee
Internal fund transfers	Any work in relation to an internal transfer of Members between Employers in the Fund Nb. this is in addition to the Actuary's report fee.	15% of the Actuary's fee
Non- standard Actuarial work	Non-standard actuarial work instigated by, or because of the actions of, the Employer – e.g. bespoke requests Nb. this is in addition to the Actuary's report fee.	15% of the Actuary's fee
Cessation work when an Employer exits the Fund	All work in relation to the cessation of an Employer exiting the Fund Nb. this is in addition to the Actuary's report fee.	20% of the Actuary's fee

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
Accelerating work - Employer asking for work to be done quicker than normal agreed turnaround times	Prioritising work over other work	Charge will depend on how many cases to be accelerated and how quickly turnaround is required
Assistance with wording of the Employer's communications or policies etc	Writing/Re-writing Employer communication	Chargeable at £55 - £110 per hour depending on which Officer does the work

Nb. Any charges shown as a cash amount will be reviewed periodically and any revised charges published in an updated version of this Strategy.

7. Approval and Review

7.1 This Administration Strategy was approved on ******** by the PSB. It will be formally reviewed and updated by the PSB at least every three years or sooner if Administration arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

8. Further Information

If you require further information about the Fund's Administration Strategy, please contact:

David Tucker, Technical Hub Manager, Essex Pension Fund
Email – David.tucker@essex.gov.uk

Jody Evans, Director for Essex Pension Fund
Email – Jody.evans@essex.gov.uk

Essex Pension Fund
Seax House
County Hall
Chelmsford
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CM1 1QH

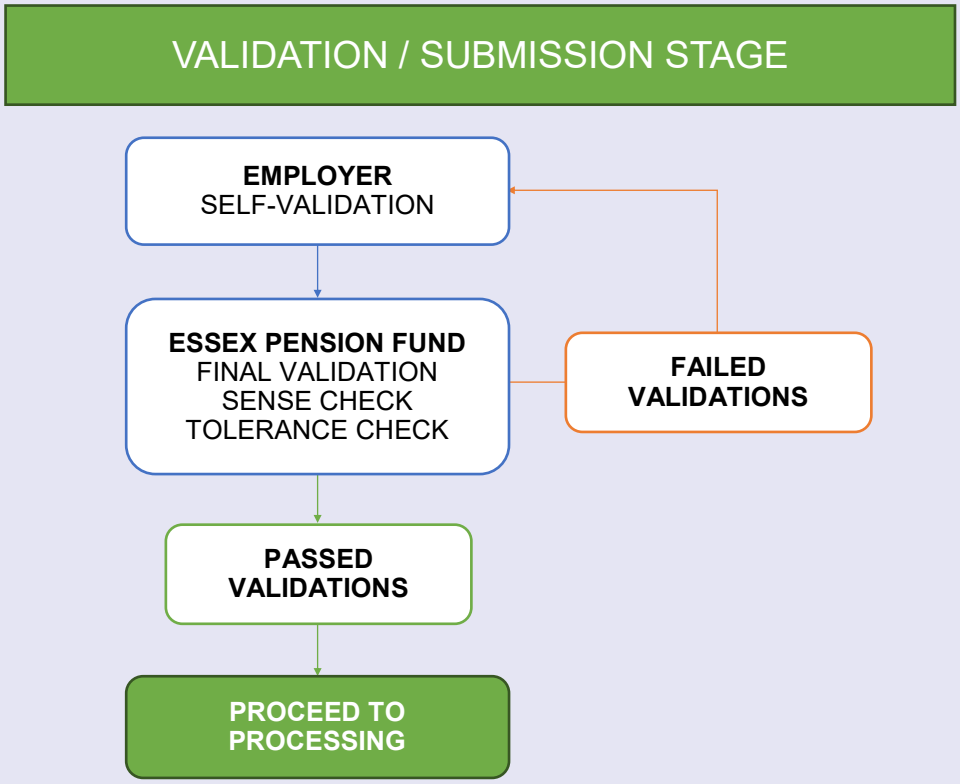
Policy on charging for late and/or inaccurate returns

Effective date: 01/04/2022

An accurate return must be submitted in the approved format no later than the end of the following month. For example, information for March to be submitted by the end of April.

- If a Return is late and/or contains errors, or data omissions are identified, then charges can be incurred by an Employer at both the Validation/Submission stage and at the Processing stage.
- Any charges incurred by Employers for either stage will be invoiced at the earlier of (i) within 1 month of correct data being received or (ii) 3-month anniversary of deadline.

Details of the two acceptance stages are outlined below:



- Employers will be expected to undertake many of the formatting and tolerance checks themselves, by using the self-validation facility built into the monthly return spreadsheet, before they submit their Return.
- Any Return submitted with Red or Amber validation errors without explanatory comments, or not submitted on the correct layout provided for the month in question, will be rejected and returned to be corrected and resubmitted.
- Correctly submitted Returns will then be subject to additional validation and tolerance checks by Officers which must be passed before the return can be accepted and proceed to the Processing stage.

No Submission Charge if:

- the Return is received by the end of the month following the submission month and passes the validation and tolerance checks within 10 working days of original rejection.

Submission Charge if:

- the Return is received by the end of the month following the submission month and does not pass the validation and tolerance checks within 10 working days of original rejection, or
- the Return is received after the end of the month following the submission month.

Submission Charge Doubled if:

- Accurate data is not received within 3 months of the deadline, and Submission Charge B will apply.

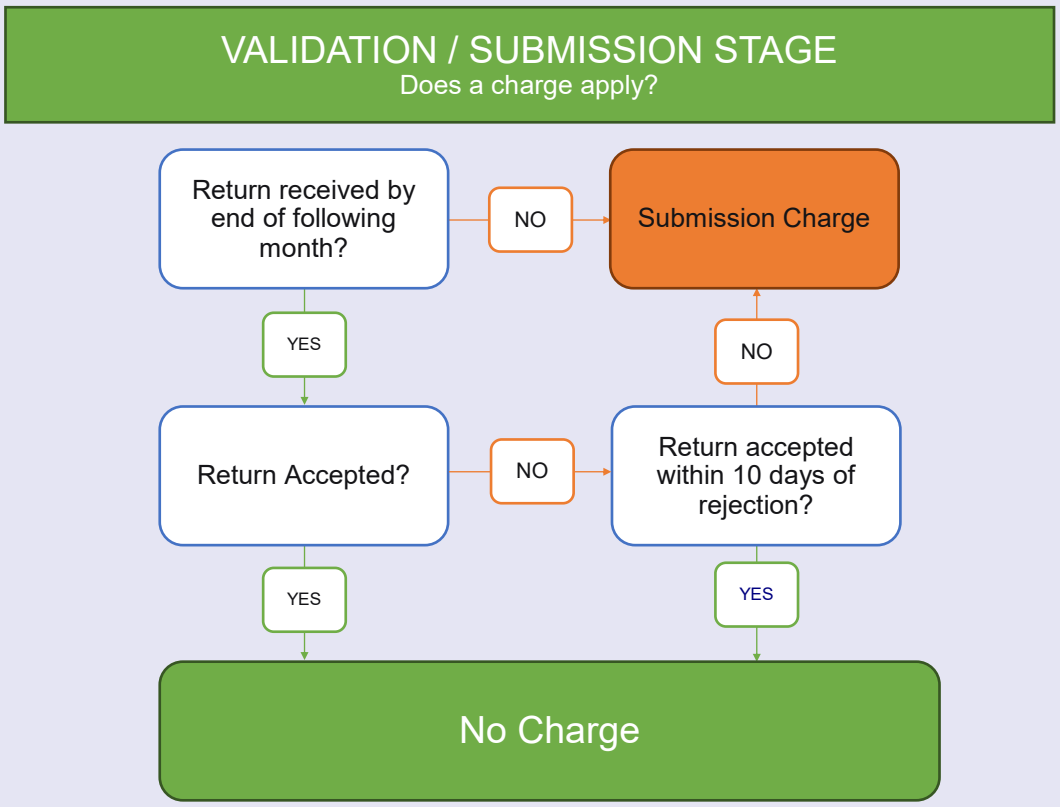
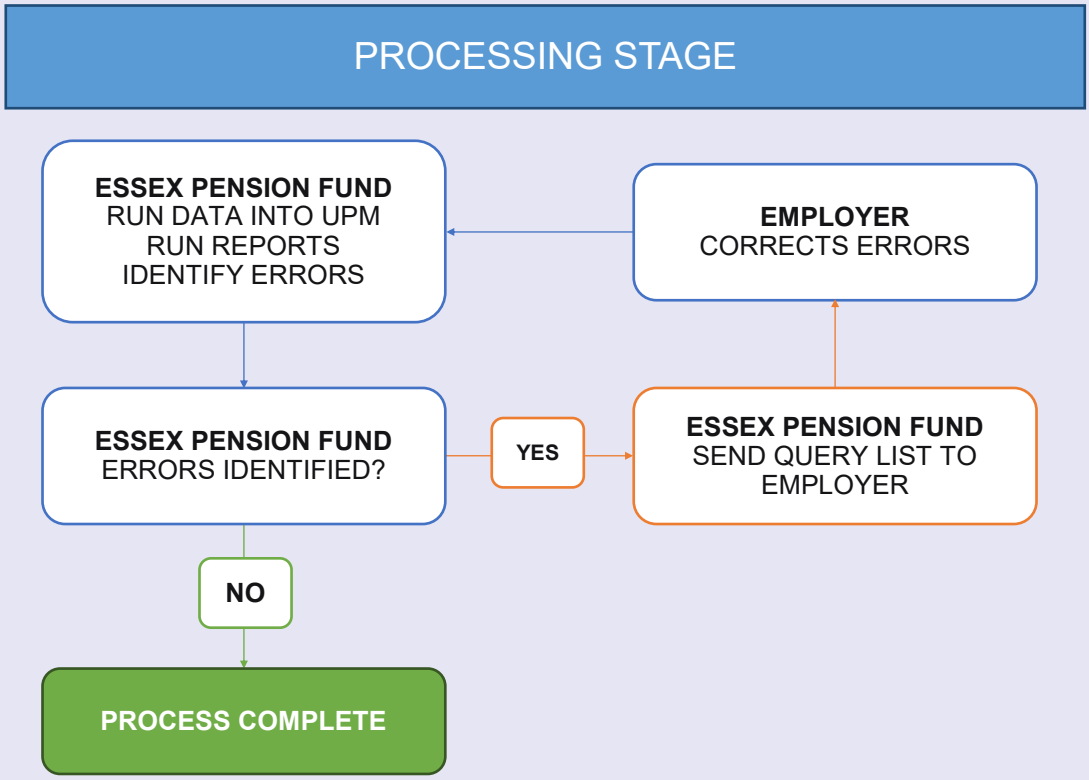


Table 1: Validation / Submission Stage Charges	
Number of members on file	**Submission Charge**
1 to 25	£25.00
26 to 50	£50.00
51 to 100	£100.00
101 to 250	£175.00
251 to 500	£275.00
501 to 1000	£400.00
1001 to 5000	£550.00
5001 to 10000	£725.00
10001+	£925.00
These charges will be increased each April by the previous September's Consumer Price Index (CPI) annual inflation figure	



- Data provided on the Return is run into the administration system to identify any errors on the individual data lines (e.g. missing starter or leaver notifications).
- If any errors/omissions/queries are identified, a list of these will be sent to the Employer and the Employer will be given 14 calendar days to rectify the errors/omissions/queries.
- If the errors/omissions/queries are not rectified within 14 calendar days from notification by the Fund, there will be a Processing Charge.
- The Processing charge will be based on the number of errors, omissions and queries in the list sent to the Employer and the level of charges is shown in Table 2.
- If completely correct data is not received within 28 calendar days from notification by the Fund, the charge will be doubled, and Processing Charge B will apply.

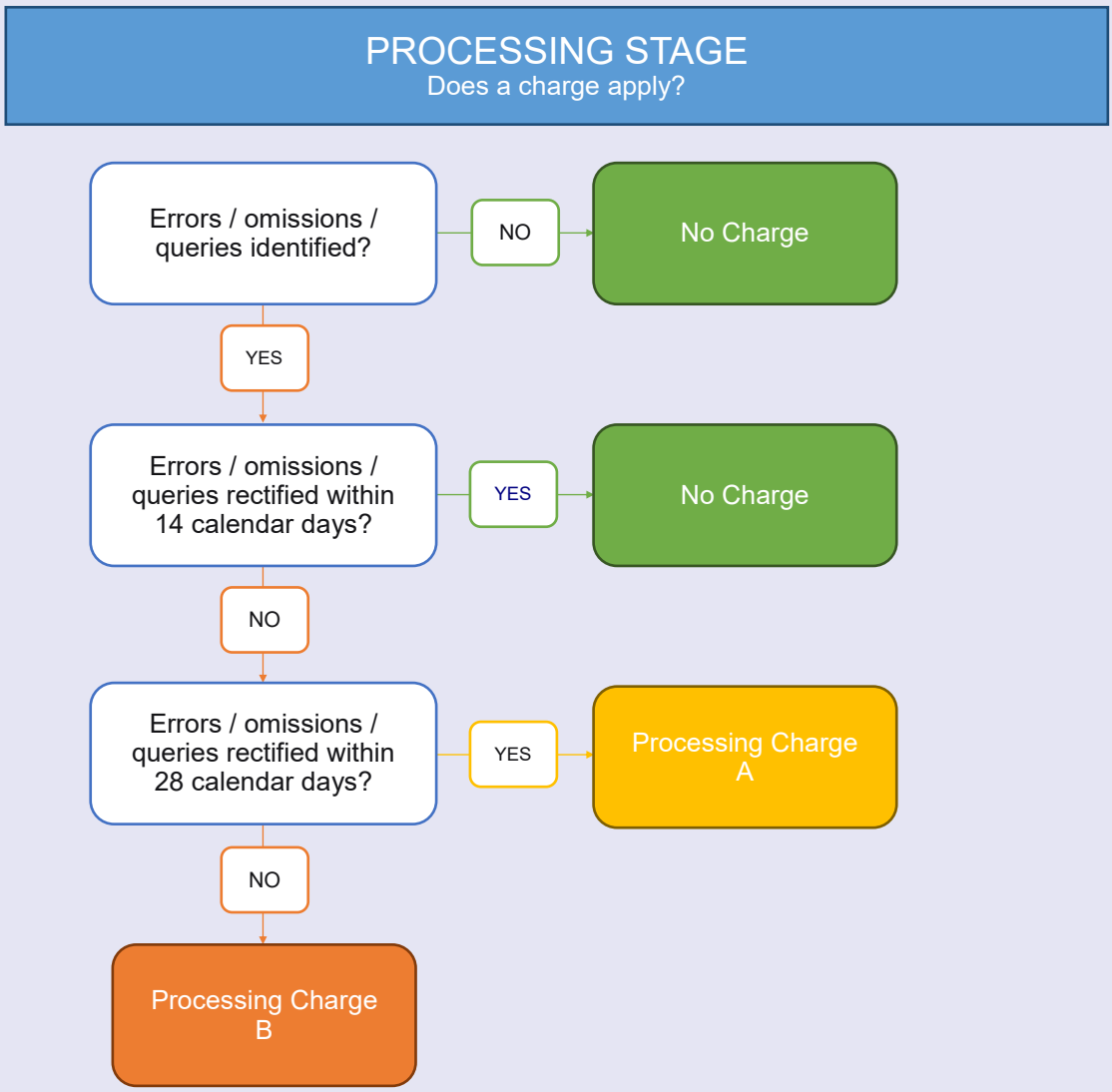


Table 2 – Processing stage charges		
No. of errors, omissions & queries	**Processing Charge A**	**Processing Charge B***
1 – 10	£60.00	£120.00
11 – 20	£120.00	£240.00
21 – 30	£180.00	£360.00
31 – 40	£240.00	£480.00
41 – 50	£300.00	£600.00
51 – 100	£600.00	£1,200.00
101 – 250	£1,500.00	£3,000.00
251 – 500	£3,000.00	£6,000.00
501 – 750	£4,500.00	£9,000.00
751 – 1000	£6,000.00	£12,000.00
1001+	£8,000.00	£16,000.00
If the original data supplied turns out to be correct or a query is resolved within deadlines then that query will be deducted from number of errors, omissions and queries used to determine the charge		
These charges will be increased each April by the previous September's Consumer Prices Index (CPI) annual inflation figure		

Additional charges

Additional charges will be incurred by an Employer if correct returns are submitted too late;

- to be included in the annual benefit statements (ABS) run, or
- for correct data to be included in the annual submission/return to the Actuary, Government Actuary's Department or the LGPS Scheme Advisory Board.

Also, if the Fund should incur a fine from TPR as a result of an Employer action or inaction then the Employer will be required to reimburse the Fund for the amount of the fine.

Essex Pension Fund Strategy Board	PSB 06a
Date: 18 March 2022	

LGPS Reform – National Pensions Dashboard

Report by the Independent Governance & Administration Adviser (IGAA)

Enquiries to Amanda Crawford 03330 321763

This Report is for noting

Executive Summary

The Fund's Three-Year Business Plan has featured an 'On the Horizon' topic called 'National Pensions Dashboard' for the last couple of years.

During the recent months more clarity has been provided around the project timeline and for your information Aon have provided an update.

In addition, there is currently a DWP consultation in circulation and the Fund support the draft response issued by LGA.

1. Purpose of the Report

1.1 To present the update issued by Aon in regard to the National Pensions Dashboard to the Board.

2. Recommendations

2.1 That the Board note the update.

3. Background

3.1 The Pension Schemes Act 2021 supports the Framework for the Department for Work and Pensions (DWP) National Pensions Dashboard. There is currently a consultation in circulation regarding this.

3.2 The Local Government Association (LGA) previously issued a response on behalf of all Local Government Pension Schemes (LGPS) and it is the intention of Fund Officers to continue to support their approach. A draft of LGA's response has been provided at Appendix A.

3.3 The attached update from Aon, at Appendix B, provides detail on the consultation on the regulations for the Board to note.

4. Link to Essex Pension Fund Objectives

4.1 The National Pensions Dashboard links in with the following Fund objectives:

- Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice;
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved; and
- Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology.

5. Risk Implications

5.1 Risks associated with the National Pensions Dashboard include:

- 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; and
- Due to failure to administer scheme correctly in line with all relevant Regulations and policies owing to circumstances such as, but not limited to: lack of regulatory clarity; system issues; insufficient resources; would result in reputational damage.

6. Communication Implications

6.1 Communications with Scheme Employers and Scheme Members will be imperative in implementation of the National Pensions Dashboard.

7. Finance and Resources Implications

7.1 It is envisaged that there will be an increase in workload to ensure data is accurate and up to date.

8. Background Papers

8.1 None.

Department for Work and Pensions

Answers to be submitted online to pensionsdashboard@dwp.gov.uk

11 March 2022

Dear Sir or Madam

Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022

Thank you for the consultation on the draft Pensions Dashboards Regulations 2022.

I respond on behalf of the Local Government Association (LGA) and the Local Government Pensions Committee (LGPC) in respect of the Local Government Pension Scheme (LGPS).

The LGA is a politically led, cross-party membership organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. 328 councils in England including district, county, metropolitan, unitary, London boroughs and the City of London are members of the LGA. There are 22 Welsh unitary authorities in membership via the Welsh Local Government Association (WLGA). The LGPC is a committee of councillors constituted by the LGA, the WLGA and the Convention of Scottish Local Authorities (COSLA). The LGPC considers policy and technical matters affecting the LGPS in England & Wales, a scheme which has approximately 6.2 million members. Of those 6.2 million members, approximately 4.4 million members represent active and deferred members.

This response sets out the LGA's view, where appropriate, on the questions posed in the consultation.

I hope the content is helpful; if you have any questions, please do not hesitate to contact me.

Yours faithfully

Lorraine Bennett
LGPC | Committee Secretary

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Questions raised in the consultation

Chapter 1: Overview of Pensions Dashboards

Question 1. Do you have any comments on any aspect of the Regulations or consultation, that is not covered in the following consultation questions?

Yes.

Pension credits

We are not clear how pension credit information will be displayed on pensions dashboards. We understand that this data is to be included in value data as pension credit members fall within the definition of deferred member under section 124(1) of the Pensions Act 1995.

However, given that some of the administrative data is not relevant for pension credit members, eg date of employment and name of employer, will they need to be identified under a separate pension status code? Also, we assume that the date they become a member under regulation 23(1)(iv) of the draft regulations will be the transfer day.

Deferred pensioners

In the LGPS we have deferred pensioners. These are people whose ill health pension is put into pension for a maximum period of three years. When their pension is suspended, they then become deferred pensioners under the LGPS regulations. We think these people would expect to see their deferred pension entitlement included on pensions dashboards, but we are not clear whether the policy intent is to include them.

Signpost data

To confirm, in our view, this does not apply to apply to the LGPS as it is not a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

Deregistering a pension identifier

Regulation 22(6) states that where a match is made but the member subsequently leaves the scheme, the trustees or managers must de-register the pension identifier immediately. We are not clear what the term 'leaves' is referring to here. Does it mean that the member no longer has a right to benefits under that scheme, for example, because they have transferred out or trivially commuted their benefits? Or are you referring to a member who leaves active membership? Are schemes required to provide a new pension identifier if an individual's status in the scheme changes after a match is made?

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AVCs

Each LGPS administering authority is required to provide access to an in-house Additional Voluntary Contribution (AVC) arrangement. The LGPS regulations provide for the AVC arrangements to be established by an agreement between the administering authorities and the AVC providers. The LGPS administering authority is technically the policy holder.

Given the above, we would like to clarify that the AVC provider is responsible for providing the view data in respect of LGPS members who have taken out an in-house AVC. We understand from the consultation document that contextual information will show that the AVC is linked to the LGPS main benefits, but we cannot see that this is delivered by the draft regulations.

To confirm, it will not be feasible for LGPS administering authorities to provide AVC view data.

Question 2. Do you agree with the proposed approach to the oversight and approval of standards?

Yes.

Chapter 2: Data

Question 3. User testing shows that the inclusion of date of birth for display logic purposes could be useful for individuals using dashboards, so we are minded to include it. Does this cause concern?

No.

Question 4. Will it be feasible for trustees or managers to provide administrative data to new members making a request for information within three months of joining the scheme?

This is dependent on employers providing timely and accurate data to the pension scheme. In the LGPS in England and Wales there are in excess of 16,000 employers of various sizes and with varying levels of expertise and resource. There will be some instances where the data is not provided to make this possible.

Also, we don't understand how this proposal will work in practice. The consultation states that 'trustees or managers would be required to be able to provide administrative data to a new member who seeks view data within three months of joining the scheme, no later than three months after the member joined the scheme'. How will this work if an individual submits their find data request within their first few weeks and the individual has not yet

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been set up on the pension administration system? There will be no match and consequently no data will be stored with the pension scheme. So how is the pension scheme supposed to know who these people are so that they can send them the information within the three-month period?

Question 5. To what extent do schemes currently make use of the exemptions under Disclosure Regulations 2013, regulation 17(6)(c), which exempt money purchase schemes from issuing projections if certain criteria are met? Do many choose instead to issue SMPIs to individuals in these circumstances?

This is not applicable to the LGPS because it is not a money purchase scheme. However, we think it would be appropriate to have a similar exemption for defined benefit schemes where the member has no pensionable pay in the last scheme year. This is quite common in the LGPS for casual or zero-hour employees. For these members accrued and projected values will be the same, assuming projected values are based on pension accrued in the last year.

Question 6. Do schemes apply exemptions when providing information in respect of cash balance benefits, which they think should be transferred over to dashboard regulations?

Not applicable.

Question 7. Do the Regulations reasonably allow for our policy intent for deferred non-money purchase schemes to be achieved, and does it reflect current practice?

We don't think this will affect the LGPS. In the LGPS deferred benefits are increased in line with the Pensions Increase Act 1971 in accordance with the annual Pensions Increase (Review) Order.

In addition, the HMT Direction titled 'Section 59A of the Social Security Pensions Act 1975' dated 6 April 2021, provides for all members who reach State Pension age on or after 6 April 2016, who have a Guaranteed Minimum Pension, to receive full statutory increases on all of their benefits held in the public service pension scheme.

Question 8. Would provision of an alternative, simplified approach to calculating deferred non-money purchase benefits as described make a material difference in terms of coverage, speed of delivery or cost of delivery of deferred values for any members for whom the standard calculation (pension revalued to current date in line with scheme rules) is not available?

See our answer to question 7.

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Question 8a If a scheme were to use the alternative, simplified approach to calculate the deferred non-money purchase value, would the resulting values be accurate enough for the purposes of dashboards and as a comparison with other pension values? Is the potential for this degree of inconsistency of approach reasonable? What are the potential risks to consumers or schemes in providing a value based on a simplified calculation?

Not applicable.

Question 9. Do the regulations as drafted fulfil our policy intent for cash balance benefits, and do the requirements reflect current practice in delivering values?

Not applicable.

Question 10. Is displaying more than one value, to account for legacy and new schemes, in respect of members affected by the McCloud judgement and Deferred Choice Underpin a feasible approach? Do consultees believe it is the correct approach in terms of user experience?

No comment. The LGPS does not have a legacy scheme – see our answer to question 24.

Question 11. We have proposed that hybrid schemes should return the value data elements as outlined for money purchase/non-money purchase schemes depending on the structure of the individual's benefit within the scheme, within the relevant timescales. Are the regulations drafted in such a way as to deliver the policy intent stated, and is this deliverable?

Not applicable.

Question 12. Our policy intention is that where a benefit is calculated with reference to both money purchase and non-money purchase values (as opposed to hybrid schemes with separate values), schemes should only provide a single value. The regulations do not currently make this explicit. Would a requirement that a scheme must supply only the data for the greater benefit of the two cover all scenarios with mixed benefits? Are there other hybrid scenarios which are not covered within these regulations?

Not applicable.

Question 13. Are the accrued values for different scheme and member types deliverable, and can they be produced in the time frames set out in the 'Response times' section? Are these values necessary for optimal user experience?

1. The requirement set out in regulations 25(3) provides a disincentive for LGPS administering authorities to issue annual statements before the statutory deadline of

31 August each year. Regulation 25(3) states that all value data must be from:

- a statement provided within the 12 months (even if the values in that statement were calculated more than 12 months ago), or
- a calculation performed within the last 12 months.

The LGPS is required to issue annual statements to all active, deferred, deferred pensioner and deferred pension credit members by 31 August each year. This is set out in the Scheme regulations and is also a requirement of the Public Service Pensions Act 2013 for active members.

If an LGPS administering authority issues their active annual statements on 30 June 2024, these values can be used for value data requests from 30 June 2024 until 29 June 2025. If the next year they issue their annual statements on 31 August 2025, there will be a two-month window during which they would need to perform an individual calculation for each request received ie from 30 June 2025 until 31 August 2025. The additional work created by having to provide individual statements in the interim period will be a disincentive to issue statements before the statutory deadline of 31 August each year. It will also make it harder for pension schemes to stagger issuing annual statements for different groups of members.

In our view, it would be more appropriate to either allow value data to be used from a statement provided in the last 17 months or for a maximum period of 12 months from the statutory deadline of 31 August.

2. The proposal for accrued and projected values to be provided to all active members will be problematic for members with short service for several reasons:

- in the LGPS there is no requirement to collect data monthly. Although many administering authorities do there are still a significant number that don't. These authorities will find the 10-working day timescale very challenging for newer employees who join part way through the Scheme year. They will need to request, validate and upload pay information from the employer and produce a calculation (benefit statement or equivalent) showing accrued benefits and benefits projected to NPA. The employer will have their own turnaround time for responding to information requests which is likely to eat into at least 8 of the 10 working days. The LGPS in England and Wales has approximately 16,000 employers many of which are small employers who do not have a dedicated pension liaison role. In addition, many of these employers will be schools whose administration staff will work term-time only. For these reasons, we think a timescale of 30 working days is more realistic.
- currently, the LGPS runs an annual statement programme once a year, based on members who are in the scheme on 31 March. The proposals will require a new

programme for members who join the scheme in the same scheme year as the view request is received. This will need to be developed by software suppliers at a time when they are fully focussed on delivering the McCloud remedy software changes.

- where an annual statement should have been issued but hasn't, this is likely to be because the administering authority has identified data issues with the member record. This could be because data is missing or has been queried with the employer, or the member is querying the accuracy of the data held on their record. It will not always be appropriate, or possible, to return data for these members within the 10-day timescale.
- a member does not qualify for accrued benefits in the LGPS until they meet the vesting period. To meet the vesting period, a member must pay into the LGPS for a period of at least two years, although the vesting period can be met in other circumstances. Whilst we issue annual benefit statements to these members before they meet the vesting period, the statements are accompanied by notes which explain that the values shown are not payable unless the member meets the vesting period. We strongly recommend that pensions dashboards also provide this caveat.
- members on zero hours or casual contracts who joined the LGPS more than three months ago may submit a find data request before they have been paid. We think these members should be excluded otherwise we will have to return accrued and projected values of zero.
- each LGPS administering authority is required to provide access to an in-house Additional Voluntary Contribution (AVC) arrangement. Draft regulation 25(5)(b)(ii) provides that value data must be returned within three working days of a find request for LGPS AVC s. Around 60 of the 86 LGPS administering authorities in England and Wales use the Prudential to provide their in-house AVC s. Over the past 18 months Prudential have failed to provide a consistent, timely facility across all aspects of their service. We therefore have concerns that a three-day timescale is not currently achievable. Prudential's performance has been brought to the attention of the Pensions Regulator, the FCA and the Scheme Advisory Board for the LGPS in England and Wales.

We agree the accrued values are necessary for the optimal user experience but the timescales will not be achievable in all cases. LGPS administering authorities that are not currently collecting data monthly will not be a position to do so before the connection deadline of 30 April 2024.

Question 14. Do you believe our proposals for data to be provided and displayed on dashboards, particularly on value data, provide the appropriate level of coverage to meet the needs of individuals and achieve the aims of the Dashboard programme?

No, in our response to the Staging Call for Input, we expressed our concern that

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dashboards will not display information about frozen refunds ie where an individual leaves a pension scheme without an accrued right. To qualify for a pension in the LGPS an individual usually has to be an active member for two years or more. If a member does not qualify for a pension in the LGPS, they can take a refund of contributions or, if eligible, request a cash transfer sum to another registered pension scheme.

There are tens of thousands of unclaimed frozen refunds in the LGPS. If frozen refunds were included in the dashboard this could help reunite members with them and, where possible, allow for a transfer to be paid to another pension arrangement increasing the individual's income in retirement. We suggest that a different pensions status code be created with a message for the individual to contact the pension scheme. There will be no accrued or projected value data for these members.

One of the stated aims of the pensions dashboards is to reunite individuals with lost pots and transform the way people think about and plan for their retirement. In our view, if the dashboard only includes information for active and deferred members this aim cannot be fully achieved.

Question 15. Are there ways in which industry burden in terms of producing and returning value data could be reduced without significant detriment to the experience of individuals using dashboards?

No comment.

Chapter 3: How will pensions dashboards operate? Find and View

Question 16. Is 30 days an appropriate length of time for individuals to respond to their pension scheme with the necessary additional information to turn a possible match into a match made?

Paragraph 3 of Chapter 3 of the consultation document states that schemes are expected to resolve possible matches within 30 days. However, paragraph 36 of Chapter 3 says that individuals should have 30 days to contact the pension scheme and supply all the relevant, additional information necessary to satisfy the scheme that they have a match for that individual. So, it appears the scheme is provided no time to check the information supplied if the individual returns the information on day 30 of the period. We think this is unrealistic and unachievable. Pension schemes should be provided a 10-working day period from the date the information is returned to confirm if a match can be made.

If we identify a possible match, it is unclear without sight of the matching guidance from the Secretary of State how this will be resolved. Depending on the content, this may impact on response times.

Question 17. Do you think that the response times proposed are ambitious enough?

We think they are too ambitious in some circumstances – see our answers to questions 13 and 16.

Question 18. What issues are likely to prevent schemes being able to return data in line with the proposed response times?

See our answers to question 13, 16 and 24.

Question 19. We are particularly keen to hear of where there could be specific difficulties to providing this data for exceptional cases, how many cases this might include, and whether consultees have views on how exceptions could be made without damaging the experience of individuals using dashboards for most cases where values can be provided more readily. Are there any specific cases when providing the information asked for would be particularly difficult?

Yes, in our answer to question 13 we have already mentioned there will be difficulties providing value data for:

- individuals on zero hours or casual contracts that have not yet been paid
- cases where there is an unresolved data query.

In addition to these, we think it would be appropriate to make an exception for members that have recently left the Scheme. It would be inappropriate to provide projections for people that have recently left a pension scheme. In addition, some leavers will have the choice of deferring or taking their pension and there will be a period of uncertainty while the pension scheme awaits their decision.

For leavers entitled to a deferred pension, missing or inaccurate employer data may mean that there is an extended period in which the pension scheme is not able to calculate a deferred benefit.

It is not clear what response the scheme should supply to a find request if the member has left but their record has not yet been updated to reflect the change in status.

Chapter 4: Connection: What will occupational pension schemes be required to do?

Question 20. Do the proposed connection requirements seem appropriate and reasonable? If not, what alternative approach would you suggest and why?

Yes.

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Chapter 5: Staging – the sequencing of scheme connection

Question 21. Do you agree that the proposed staging timelines strike the right balance between allowing schemes the time they need to prepare, and delivering a viable pensions dashboards service within a reasonable timeframe for the benefit of individuals?

No, see our answer to question 24.

Question 22. Apart from those listed in the table 'classes of scheme out of scope of the Regulations' are there other types of schemes or benefits that should be outside the scope of these Regulations? If you have answered 'yes,' please provide reasons to support your answer.

No comment.

Question 23. Do you agree with the proposed sequencing as set out in the staging profile (Schedule 2 of the Regulations), prioritising Master Trusts, DC used for Automatic Enrolment and so on?

Yes, but subject to our answer to question 24.

Question 24. (Cohort specific) If you represent a specific scheme or provider, would you be able to connect and meet your statutory duties by your connection deadline? If not, please provide evidence to demonstrate why this deadline is potentially unachievable and set out what would be achievable and by when.

No. The draft regulations indicate that public service pension schemes will have a connection deadline of 30 April 2024, though in reality the connection window might be up to three months earlier. This is a full 12 to 15 months earlier than we stated, in previous consultation responses, that the LGPS could be ready.

To confirm, the LGPS is a locally administered public service pension scheme. The schemes are administered by:

- 86 administering authorities in England and Wales
- 11 administering authorities in Scotland
- 1 administering authority in Northern Ireland.

In our view, the LGPS will not be able to connect and meet its statutory duties until April 2025. The reasons for this are set out below:

Value data requirements

We have stated previously that, provided the value data required matches what the LGPS

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is currently required by law to provide on annual statements, a lead in time of 18 months would be achievable. We also stated that the 18-month lead in time would start from the date the regulations are in force. We stated that, if additional data items were required, a further 12 months would be necessary. This is because annual benefit statement routines will need to be rewritten on pensions software.

The draft regulations provide that the value data required will go beyond what is required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 because it will include projections to normal pension age. This will require a significant amount of pension software changes and testing, meaning that a connection deadline of 30 April 2024 is unachievable.

McCloud

We expect the McCloud remedy regulations to come into force from 1 October 2023. LGPS administering authorities will already be under huge pressure at this time to re-visit calculations in respect of leavers since 1 April 2014, including:

- recalculating member and survivor pensions, paying arrears and interest
- dealing with the resulting pension tax implications and compensation
- recalculating deferred benefits and concurrent calculations
- exchanging scheme membership information with other LGPS administering authorities for members who have transferred
- re-visiting past trivial commutation payments, CETVs, death grants and Club transfers.

Therefore, a connection deadline of 30 April 2024 is completely unachievable and will only serve to distract administering authorities from carrying out this important work.

In addition, the consultation document says “the LGPS is in a different position to the other, unfunded public service pension schemes in that they have an automatic ‘underpin’ approach to the McCloud remedy, rather than an options exercise. Hence LGPS would not need to report two different potential values for the projected benefits”. It is not clear from this what McCloud data, if any, is expected to be included in the value data for the LGPS.

Our strong preference would be to provide value data that matches the data we are required to provide in annual benefit statements. However, the Government department responsible for the LGPS, DLUHC, has yet to respond to its consultation on the McCloud remedy – so we don’t know if, or in what format, we will be required to display McCloud remedy data on annual statements.

If we are required to provide McCloud remedy data in annual statements but not in value data provided to the dashboard, or vice versa, this inconsistency in message could

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undermine the value of pensions dashboards and potentially cause a considerable amount of work for LGPS administering authorities in queries. This delay and uncertainty make the proposed connection deadline even more unachievable.

Even when we have certainty on this, the proposed connection deadline means that when we first connect, we will be using annual statements produced in the five months from the end of the Scheme year that ends on 31 March 2023. Because the McCloud regulations will not come into force until 1 October 2023, the annual statements will not include any McCloud remedy data. Given that we expect there to be extensive communication with our members about McCloud at this time, it will be potentially confusing for them to not see this data when they request their pension information on the pensions dashboards. This could undermine the value of the pensions dashboards.

Monthly data collection

As mentioned in our answer to question 13, the proposed response times for value data essentially mean that pension schemes will need to collect and validate data monthly. LGPS administering authorities that are not currently collecting data monthly will not be in a position to do so before the connection deadline of 30 April 2024.

Recruitment and retention

We mentioned in our response to the Staging call for input that recruitment and retention of staff is a real issue in the LGPS. There are a significant number of vacancies across the LGPS sector which makes the challenges the sector is currently facing harder to deal with. Recruiting and retaining staff with the knowledge and experience to deal with the complexities of the Scheme is a further barrier to the LGPS being able to meet the connection deadline.

Question 25. Do you agree that the connection deadline for Collective Money Purchase schemes/Collective Defined Contribution schemes (CDCs) should be the end of April 2024?

Not applicable.

Question 26. Do you agree with our proposition that in the case of hybrid schemes, the connection deadline should be based on whichever memberships falls in scope earliest in the staging profile and the entire scheme should connect at that point?

Not applicable.

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Question 27. Do you agree that the Regulations meet the policy intent for hybrid schemes as set out in Question 26?

Not applicable.

Question 28. Do you agree with our proposals for new schemes and schemes that change in size?

No comment.

Question 29. Do you agree with the proposed approach to allow for deferral of staging in limited circumstances?

We agree with the proposed approach for the circumstances outlined, but we believe deferral of staging should also be allowed in other circumstances. See our answer to question 30.

Question 30. Are there any other circumstances in which trustees or managers should be permitted to apply to defer their connection date to ensure they have a reasonable chance to comply with the requirements in the Regulations?

In relation to the LGPS, whilst we think it would be preferrable for all LGPS administering authorities to connect within the same three-month window for consistency of message, the proposed connection deadline is unachievable for the whole of LGPS. Our preference is for the connection deadline to be moved to 30 April 2025 for all LGPS administering authorities. However, if it is not, we think deferral of staging should be considered on an individual basis because of the pressures we have mentioned in our answer to question 24.

Chapter 6: Compliance and enforcement

Question 31. Do you agree that the proposed compliance measures for dashboards are appropriate and proportionate?

Yes, subject to the caveat below.

It is unclear if a third-party compliance notice, referred to in chapter 6, could be issued to a Scheme employer that either does not provide data, or provides incorrect data, resulting in an LGPS administering authority failing to meet their legislative timescales to provide value data. As already stated, this is one of the barriers to pension schemes being able to provide the required view data in the suggested timescales. Therefore, it would be helpful if the regulations provide that a third-party compliance notice can apply to Scheme employers, where appropriate.

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Chapter 7: Qualifying Pensions dashboard services

Question 32. Do you agree that our proposals for the operation of QPDS ensure adequate consumer protection? Are there any risks created by our approach that we have not considered?

No comment.

Question 33. We are proposing that dashboards may not manipulate the view data in any way beyond the relatively restrictive bounds set out in Regulations and Standards, as a means of engendering trust in Dashboards. Do you agree that this is a reasonable approach?

Yes, we agree this is necessary.

Question 34. Do you agree that not constraining the content placed around dashboards is the right approach for dashboard providers and users?

Yes, we agree.

Question 35. Do the proposals set out here provide the right balance between protecting consumers and enabling dashboards to deliver the best user experience? Are there ways in which consumers might be afforded more protection without negatively impacting the user experience?

Yes, we believe the proposals set out here provide the right balance between protecting consumers and enabling pensions dashboards to deliver the best user experience.

No, we are not aware of ways in which consumers might be afforded more protection without negatively impacting the user experience.

Question 36. Does the introduction of a 3rd party audit sound workable for potential dashboard providers? We are particularly keen to receive views on:

1. The deliverability of such an approach.
2. The availability of relevant organisations to deliver such an audit.
3. The degree of assurance that individuals can take from this third-party audit approach.
4. Who should be this third-party trusted professional to carry out the assessment on dashboards compliance with design and reporting standards?

Not applicable.

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Question 37. In what ways might prospective dashboard providers expect a third-party auditor to assume any liabilities?

Not applicable.

Question 38. What would dashboard providers expect the cost of procuring such a service to be?

Not applicable.

Question 39. What are your views on the potential for dashboards to enable data to be exported from dashboards to other areas of the dashboard providers' systems, to other organisations and to other individuals?

We have concerns about LGPS data being exported away from pensions dashboards as this may increase the risk of scams or other malicious activity. It may also encourage imprudent decision making - it is acknowledged by TPR and FCA that transferring defined benefits to a defined contribution scheme is generally not in most members' best interest.

However, we do appreciate that in some circumstances individuals may find the option desirable. We agree that if the option is taken forward, the dashboard itself should no longer be visible. We also think the risks should be fully investigated beforehand and kept under constant review.

Question 40. If data exports were prohibited, would prospective dashboard providers still be keen to enter the market to provide dashboards?

Not applicable.

Question 41. Do you have any comments on the impact of our proposals on protected groups and/or views on how any negative effects may be mitigated?

No comment.

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Public Service Pension Schemes: Pensions Dashboards

Consultation on pension dashboards

The Pension Schemes Act 2021 (the Act) provides a framework to support pensions dashboards, and in particular gives new powers compelling schemes to provide information. The Department for Work and Pensions (DWP) has now released its promised consultation on the regulations to put these provisions into place.

At a glance…

- Schemes with more than 1,000 members (excluding pensioners) will start to connect with dashboards from April 2023, with deadlines in bands to September 2024.
- It is expected that Public Service Pension Schemes will need to connect with dashboards between October 2023 and April 2024.
- Schemes must be prepared to match data with member requests and provide specified pensions information, some of which goes beyond existing disclosure requirements.

Background – how dashboards will work

Pensions dashboards will be online platforms providing one place for individuals to access pensions information from multiple sources, including on their State Pension. The Government hopes that this will give individuals a better understanding of their pensions and support their retirement planning. As required under the Act, the Money and Pensions Service (MaPS) will develop and host its own pensions dashboard.

The aim is that an individual will submit a request to find their pensions information (confirming their identity and giving the relevant consent). A 'pension finder service' then sends this 'find request' to all pension schemes: if a pension scheme finds a match with this individual it will confirm this with the dashboard service and, if the individual then requests to view their information, the dashboard will pull the individual's data directly from the pension scheme.

Why bring you this note?

The DWP is consulting on its plans for dashboards in England, Wales and Scotland and welcomes views from the industry, including scheme managers and administrators.

It is envisaged that Northern Ireland will make corresponding legislation.

Next steps

The consultation closes on 13 March 2022.

The DWP is planning a number of consultation webinars. The Pensions Dashboards Programme (PDP) has issued initial information about the standards it will set and will consult in summer 2022 about the actual standards.

Prepared for: Public Service Pension Schemes
Prepared by: Aon
Date: 3 February 2022

QAS Institute and Faculty of Actuaries ® Quality Assurance Scheme

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Requirements for Public Service Pension Schemes

The draft regulations propose that pension schemes must connect to the digital architecture (which includes being able to respond to find and view requests) within prescribed timescales as set out below.

Schemes must identify whether information held in the 'find request' matches with an individual's pension and, if it does, return a pension identifier. Schemes should have discretion over which data elements they use to search their records for a match, but will need to minimise the risks of either not returning pensions matches or returning incorrect matches. Schemes will need to have regard to any guidance issued by the Pensions Regulator (TPR) on matching.

In December 2021, the Pensions Administration Standards Association (PASA) published initial guidance on the data conventions for matching their records.

Schemes must then return 'view data' to individuals. Much of the proposed view data is already provided by schemes under the Disclosure Regulations. However, certain 'administrative data' must also be provided such as information about the scheme and the administrator, and where relevant, the individual's employment.

Certain 'signpost data' must also be provided where relevant, via website addresses – we know there is signpost data requirements relevant to the private sector including information on member borne charges, the scheme's statement of investment principles and the scheme's implementation statement. We are seeking clarification if this would also cover the Investment Strategy Statement in the LGPS.

Schemes will also have to provide 'value data' quantifying the member's benefits. The DWP proposes, for example, that money purchase arrangements will have to provide both accrued and projected values, including annual income amounts. The guidance underlying the present money purchase illustrations (which we think will impact on members with Additional Voluntary Contributions) is to be amended to reflect and build on these new requirements—this will not be expected until October 2023, so the annualised values will not need to be provided until then. Defined benefit arrangements must show the accrued deferred benefit at the illustration date (or revalued to that date for a deferred member). Active members will also need to see a projected benefit at retirement but based on current salary.

There will be some exemptions from providing this information –it is proposed that pensioners are out of scope.

The draft regulations propose timescales for schemes to provide this information to the dashboard. Administrative data and signpost data should be provided immediately. Value data should also be provided immediately if it relates to information already prepared in a recent benefit statement and otherwise within 10 days (or 3 days if the information only includes defined contribution (i.e. AVCs) information).

Actions

Continue to get your house in order to enable your data to be 'dashboard ready'. This may include clearing a deferred backlog or clearing frozen refund cases.

Continue discussions with your software supplier and external administrator (if outsourced) on how they are preparing for dashboards

Ensure that 'preparing for Pensions Dashboards is on your Fund's Business Plan'

Intermediaries

The DWP acknowledges that scheme managers may rely on intermediaries such as administrators or software providers. However, the scheme manager remains responsible for complying with the legislation, and for ensuring that their administrators can work properly to achieve this compliance.

Requirements for pensions dashboards services

Organisations other than MaPS will be able to develop and host dashboards if they meet requirements set out in the draft regulations. They will be known as Qualifying Pensions Dashboard Services if they meet all the requirements, including authorisation from the Financial Conduct Authority, compliance with relevant standards and connection to the specified digital architecture.

Dashboards must also show an individual's State Pension: as a 'current amount' and 'forecast amount'.

Reporting and enforcement action

The DWP proposes that schemes will need to report information such as the number of find requests received, how many positive matches were notified to MaPS, and how many possible matches arose (and how soon these were resolved into full matches, or whether they resulted in a non-match or remained unresolved). They would also report on the number of view requests received, and the time taken to respond to each one.

For breaches of the requirements, TPR would have the option to issue a compliance notice to the scheme manager (or to third parties who have caused a compliance breach).

Standards

The DWP proposes that there will be a range of standards covering the legislative requirements, including: data; design and messaging; technical matters; and reporting. It is expected that MaPS will set these standards, although TPR may set the reporting standards.

Timescales for joining dashboards

All schemes in scope will have to register with the MaPS Governance Register and must then connect to the dashboard. The current proposed onboarding deadline for Public Service Pension Schemes is 30 April 2024.

There will be a limited provision for schemes to request an extension to their staging date, if they had in good faith embarked on a programme to transition data to a new administrator before staging dates were known.

Schemes can volunteer to connect to the dashboard early if permitted to do so by MaPS and TPR.

Timescales

The timescales for providing information to the dashboard are considerably shorter than current disclosure rules with value data needing to be provided within 10 days or immediately if it relates to information already prepared in a recent benefit statement.

Penalties for non-compliance

These could be up to £5,000 for individuals (£50,000 otherwise). TPR might impose them on a 'per request' basis.

McCloud

The draft regulations currently allow for Public Service Pension Schemes (excluding the LGPS) to provide more than one pension value to those members impacted by transitional protection, and this is one question where the DWP would like views on the feasibility of this suggested approach. LGPS would not need to report two different values, due to giving an automatic “underpin” approach to the McCloud remedy, rather than an options exercise.

DWP recognises the scale of the work placed on Public Service Pension Schemes in response to the McCloud Judgment, and reflects this in its proposal to stage all Public Service Pension Schemes by the end of April 2024.

DWP has also affirmed that it recognises further mitigation may be afforded to Public Service Pension Schemes following this consultation to help Public Service Pension Schemes to successfully onboard to pension dashboards in line with their staging principles.

Jun 2023

Large private schemes

Large schemes (1,000+ members) and Master trusts have staging deadlines between June 2023 and September 2024, depending on type and whether used for automatic enrolment. See the table.

Apr 2024

Public service and CDC

Public service and collective defined contribution (CDC) schemes stage by April 2024.

Oct 2024

Medium schemes

Medium schemes (100-999 members) have deadlines between October 2024 and October 2025.

2026

Small schemes

The DWP expects small schemes (99 or fewer members) to have to comply by 2026.

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Essex Pension Fund Strategy Board	PSB 07a
Date: 18 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

The ISC have met on one occasion since the last Essex Pension Fund Strategy Board (the Board) meeting on 23 February 2022.

The focus of the meeting was: the progress against the Fund's Responsible Investment (RI) Project Plan which included: the outcome of the investment manager engagement meetings with the Fund's Property and Infrastructure Managers; the development and approval of the Investment Engagement Strategy; and agreement of the next steps regarding the draft 2020 Financial Reporting Council (FRC) UK Stewardship Code Submission.

The Committee also received training on impacting investing and agreed an approach to be adopted in regard to aligning the Fund's index tracking mandate to its RI Policy and Priorities.

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, 23 February 2022.

4. Report of the meeting of ISC on 23 February 2022

4.1 Details of the Fund's investment manager performance for the quarter ended 31 December 2021 were discussed.

4.2 Members were provided with an overview of the Treasury Management Strategy highlighting that it reflected the separate governance arrangements for the Fund. It was noted that some minor revisions had been made to the Strategy in regard to: Treasury Management Practices; forecasts and the Global Liquidity Fund limits to bring in line with the appreciation of the Fund. The Strategy was subsequently **approved** by the Committee.

4.3 Another key focus for Members was the update on the current progress against the RI Project Plan. It was noted that since the last Meeting further engagements had been held with the Fund's Property and Infrastructure Managers. It was **agreed** that Officers and Advisers would now undertake engagement meetings with the Managers who oversee the Fund's direct lending, private equity and timber mandates. The Fund had also developed an Investment Engagement Strategy which was subsequently **approved**.

4.4 Following an update on the progress of the drafting of the Fund's 2020 FRC UK Stewardship Code Submission the Committee **agreed** to utilise the Out of Committee Decision Making Process to approve the final Submission, in order that the Fund could meet the FRC deadline of 30 April 2022.

4.5 A high-level Investment Strategy Decision Framework was discussed and subsequently **approved** by the Committee noting that it was formalising the approach already adopted. In addition, following a discussion Members **agreed** the solution and next steps for aligning the index tracking mandate to the Fund's RI Policy and Priorities.

4.6 Training was provided on Impact Investing where the spectrum of capital philosophy was discussed.

4.7 Following discussion, the Committee **agreed** that Officers and Advisers ascertain the potential to invest more impactfully within the Fund's existing mandates in the first instance noting that there was also appetite following more detailed analysis to agree a monetary amount that could be directed to more impactful investment over the medium term.

4.8 The Committee were also provided with an update from the last ACCESS Joint Committee meeting held in December 2021, where the main areas that directly impacted the Fund were discussed. These included: the transition of M&G's Alpha Opportunity fund to the Link managed sub fund; the Committee's agreement regarding their approach with the Fund's emerging market equity allocation; and the agreement to accept ACCESS's S151 Officers' recommendation to approve the ACCESS 2022/23 Business Plan and the Fund's contribution to the Budget totalling £124k (£1.366m overall).

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.

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:

- £113,000 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 23 February 2022 – Agenda and Draft Minutes.

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

9.3 ISC meeting of 13 October 2021– Agenda and Minutes.

Essex Pension Fund Strategy Board	PSB 07bi
Date: 18 March 2022	

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

The Essex Pension Fund Strategy Board (PSB) meeting that was held on 15 December 2021 was discussed in full and no issues were raised.

The outcome of their Governance Effectiveness Review was considered and recommendations were agreed to be feedback to the PSB.

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 15 December 2021.

4. Report of the meeting of PAB on 15 December 2021

4.1 The PAB received a report from the Director for Essex Pension Fund outlining the work undertaken by the PSB at their 15 December 2021 meeting which had taken place that morning.

4.2 Points covered were:

- the recommendation being forward by the Board to the Audit Governance, and Standards Committee (Audit Committee) to utilise the Public Sector Audit Appointments (PSAA) process;
- the update in regard to the Fund's Audit Completion report noting that it had not yet been approved by the Audit Committee and the PSB's disappointment in delays;
- the good progress noted against the Business Plan with twenty areas of activity completed;
- the noting of the 8% underspend against the Fund's Budget;
- the PAB's continuation of a red Scorecard Measure due to the vacant Scheme Member representative position which would be green at the next meeting;
- the reassessment of Risks G3 and G4 in regard to the knowledge and expertise of the Fund's Advisers;
- the completion of both the PAB Scheme Member and Independent Chairman recruitments;

- the outcome of the 2021 Actuarial Interim Review;
- an update on the business discussed and agreed at the Investment Steering Committee (ISC) meetings on 13 October and 29 November 2021;
- an update in regard to the outcome of the PAB meeting held on 22 September 2021;
- the approval to consult Scheme Employers on the Draft Administration Strategy and for Officers to consider issuing the YouTube Training video to assist Employers understanding; and
- an update in regard to Employers exiting the Fund and the progress in regard to a Deferred Debt Arrangement (DDA) application.

4.3 The PAB considered the outcome of their Governance Effectiveness Review.

4.4 In addition, following a request PAB Members received a Hot Topic presentation on Guaranteed Minimum Pension (GMP).

4.5 The PAB also reviewed the Fund's 100% compliance against The Pensions Regulator (TPR) Code of Practice 14 which has been provided at Appendix A for noting by the Board.

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 15 December 2021 meeting.

7.2 PSB Minutes of 15 December 2021 meeting.

Information for scheme managers and pension board members

The essential guide to the public service code

January 2015

The Pensions Regulator

Code of practice no. 14 – Governance and administration of public service pension schemes helps you understand how to approach the administration and governance of a public service scheme. The full version of the code can be viewed at **www.tpr.gov.uk/code14**.

This essential guide provides an overview of the code and gives details of where to go to find out more. It can help you use the code but is obviously not exhaustive and it's not a substitute for reading the full code – which we expect all those involved with public service schemes to do.

What is a code of practice?

Codes help the people who run pension schemes fulfil their legal duties. They aren't statements of the law, but they outline an approach that schemes can take to complying with the law. The courts have to take account of codes when considering whether legal requirements have been met, and we may refer to them when we exercise our powers. **Code of practice no. 14 – Governance and administration of public service pension schemes** (the public service code) was laid before Parliament in January 2015.

The public service code

This code provides scheme managers and pension board members with a summary of their key governance and administration duties, standards of conduct and practice we expect in relation to those duties, and practical guidance on how they can comply.

Governance

Knowledge and understanding

It's crucial that the people responsible for public service schemes know how to govern them as efficiently and effectively as possible. At the most basic level, pension board members need to understand how the scheme works so that they can effectively assist the scheme manager. However, there is a specific requirement for pension board members to have knowledge and understanding of the following areas:

- the scheme rules, eg eligibility for the scheme and scheme benefits
- documented administration policies, eg risk assessments/ management, reporting breaches, keeping records and the responsibilities of the scheme manager, the pension board and individual pension board members, and
- the law relating to pensions eg relevant law that applies to their scheme.

There are also other areas that need to be understood if a scheme is to be governed well.

Schemes should keep track of training and other learning activities undertaken by board members and there should be someone responsible for ensuring that a training programme is developed and implemented. This should include preparing a list of the documents that pension board members need to be familiar with.

Pension board members should invest time in their learning and development and regularly undertake a personal training needs analysis to review their skills and knowledge.

Our e-learning programme can help meet the needs of pension board members, whether or not they have access to other learning.

Conflicts of interest

It's important to be aware of any potential conflicts of interest on a pension board. A conflict of interest occurs when an individual has another interest which is likely to prejudice the way they carry out their role as a pension board member.

The scheme manager of a public service scheme must be satisfied that no pension board member has a conflict of interest. Schemes should have an agreed and documented policy which includes identifying, monitoring and managing potential conflicts of interest.

Representation on pension boards

Having a variety of people and representation on the pension board should help to ensure that pension board discussions or decisions take into account the views and interests of those involved in the scheme.

Pension boards must have an equal number of employer and member representatives. It is also important for schemes to consider the mix of skills and experience needed on their pension boards so that they operate effectively.

See the chapter of the code entitled 'Governing your scheme' for more detailed information about knowledge and understanding, conflicts of interest and representation on pension boards.

Risk

Internal controls

Good internal controls are crucial. These are the arrangements, systems and procedures that the scheme has in place for scheme administration and management, overseeing that administration and management, and the security of scheme assets. Scheme managers must establish and operate controls which are adequate for ensuring that the scheme is administered and managed in line with the scheme rules.

Internal controls can help protect schemes from risks which could be detrimental to the scheme and the members if they are not addressed.

Schemes should ensure that sufficient time and attention is spent identifying, evaluating and managing risks. This includes developing and monitoring the controls that they use to keep these risks in check.

All schemes should carry out a risk assessment. Start by:

- setting out the objectives of the scheme
- identifying the activities that are carried out in the course of running the scheme, and
- pinpointing the main risks that could mean that the objectives and activities aren't met or delivered.

Not all risks are equal. Consider how likely they are to occur and the impact that they could have when deciding an order of priority for managing risks. Schemes should focus on risks where the likelihood and impact of one materialising is high.

Once risks are identified and assessed, they should be recorded in a risk register and reviewed regularly. For each risk there should be one or more internal controls to address it. See the chapter of the code entitled 'Managing risks' for more detailed information.

Administration

Keeping records

Complete, accurate and up-to-date records are key to the effective administration of a public service scheme. Good records make it easier to communicate, allocate contributions and pay benefits to the right people at the right time, without making costly mistakes. Scheme managers must keep the records set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.

To ensure that the appropriate records are kept, they should be discussed and reviewed regularly. If there are problems with scheme records, there should be a plan to resolve them. Doing this early can save significant expense later.

It's important to regularly evaluate the accuracy of member records and that the scheme receives timely and accurate member updates from participating employers.

Schemes should review records at least annually, which should include an assessment of the accuracy and completeness of the information held. If a scheme outsources the management of records there must be effective controls in place to ensure the integrity of those records.

Maintaining contributions

Receiving accurate contributions on time is very important. Contributions that are late or go unpaid may need to be reported to us.

Where member contributions are deducted from their pay, the amount deducted must be paid to the scheme by the 19th day of the month following the deduction (or by the 22nd day if paid electronically).

Employer contributions must be paid to the scheme in line with any requirements in the scheme regulations.

A public service scheme should have an effective process to identify and resolve payment failures with the employer. If scheme managers think that a payment failure is likely to be of material significance to us then it must be reported to us.

Providing information to members

The information communicated to members will affect the decisions they make about their pension. This, in turn, can have a major bearing on the value of their pension.

Communications to members should be clear and easy to understand. They should avoid jargon and recognise that many members may not be familiar with financial words and phrases.

A range of methods to provide general information to members can be used, including post and email, although in some cases a particular method must be used, and in others a specific procedure must be followed before providing information electronically.

There is some specific information which must be provided to members (or prospective members), like basic scheme details when they join and annual statements showing the value of their benefits. Other information, for example about transfer credits or the constitution of the scheme, must be provided upon request from members (or others) (unless an exemption applies).

See the chapter of the code entitled 'Administration' for more detailed information on record-keeping, maintaining contributions and providing members with information.

Resolving issues

Whether it relates to a breach of the law or a complaint from a member, issues that arise in public service schemes should be dealt with promptly and effectively.

Internal disputes

Schemes must have an internal dispute resolution procedure (IDRP) to help resolve issues raised by members and others with an interest in the scheme. The IDRP can have one or two stages and decisions must be made and communicated within a reasonable period of the issue being raised under IDRP. The IDRP must state how someone can apply to have a pension dispute resolved (including any time limits), the details which must be included, and how and by when decisions are to be reached.

Members and others who make a complaint must be given information about The Pensions Advisory Service when the complaint is received, and the Pensions Ombudsman, when the decision is given, who may be able to help them.

Reporting breaches of the law

It's important that breaches of the law are identified and assessed quickly, and reported if necessary. Scheme managers and pension board members (amongst others) must report breaches which they consider likely to be of material significance to us, so there should be effective procedures to enable them to identify and assess breaches. These should include giving those involved with public service schemes the opportunity to raise concerns, consider risks, and where necessary submit a report within an appropriate timescale. Do not wait for someone else to report.

We have an online service called **Exchange** where reports can be made. If they don't use **Exchange**, schemes should report to us by post, email or fax. We will not disclose information reported to us except where we are required to do so by a court and we'll take all reasonable steps to maintain reporter confidentiality.

See the chapter of the code entitled 'Resolving disputes' for more detailed information about the dispute and breach procedures that should be in place.

This document relates to Code of practice no. 14 – Governance and administration of public service pension schemes, which has been laid before Parliament and the Northern Ireland Assembly. The code is currently subject to Parliamentary and Assembly procedure and has no legal effect until it is brought into force by order. This document should be read in the light of this.

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An essential guide to the public service code
Information for scheme managers and pension board members

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The Pensions Regulator

Results

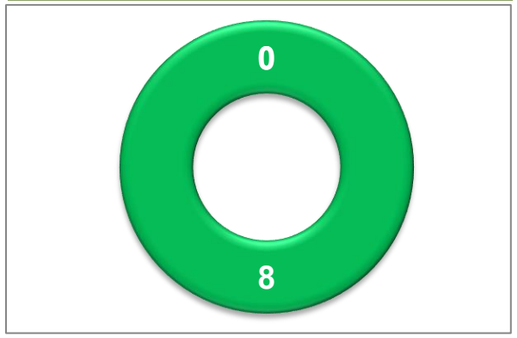
Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

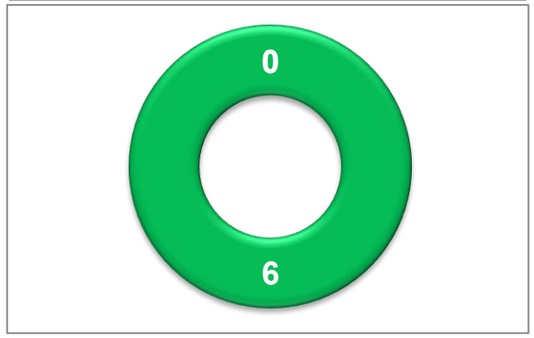
A summary of your results

Governing your scheme



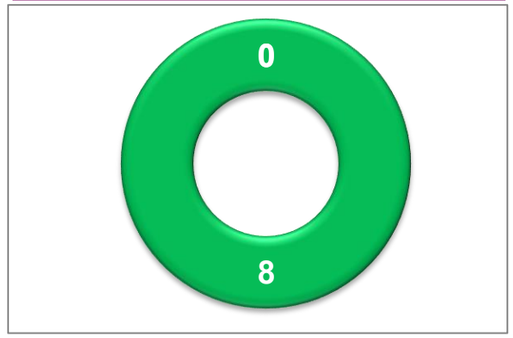
Percentage of questions answered: **100%**

Managing risks and issues



Percentage of questions answered: **100%**

Administration



Percentage of questions answered: **100%**

Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails. You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.	

Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete. You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.	
Useful Links:	Code of Practice 14: Publishing information about schemes Website: Publishing scheme information	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?		
Your Answer:	Yes	Green
Feedback:	Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place. You should keep your processes under regular review to ensure they remain effective and fit for purpose.	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members	

Question 4 - Do you use the following for your pension board? a) Training Plans		
Your Answer:	Yes	Green
Feedback:	Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development. Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information is in our code and our quick guide to personal development.	

b) Individual training needs analysis		
Your Answer:	Yes	Green
Feedback:	Using individual training needs analysis can help board members identify specific individual training needs. Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.	

c) Training log		
Your Answer:	Yes	Green
Feedback:	Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements. You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members Quick guide to personal development Template: Assessing your Learning Needs	

Question 5 - Do you have a conflicts policy and procedure for pension board members?		
Your Answer:	Yes	Green
Feedback:	Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts. You should review the policy and procedures regularly to ensure they remain fit for purpose.	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Question 6 - Do you have a register of interests (or equivalent)?		
Your Answer:	Yes	Green
Feedback:	A register is a simple and effective way of recording and monitoring interests. Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	Green
Feedback:	You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code provides practical guidance on risk management to consider in your review.	
Useful Links:	Code of Practice 14: Managing risks Checklist: Internal Controls	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	Green
Feedback:	You should review risks regularly. Three in five public service schemes assess risks at least every quarter. The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.	
Useful Links:	Code of Practice 14: Managing risks Example Risk Register	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?		
Your Answer:	Yes	Green
Feedback:	You should review the effectiveness of your internal controls regularly, including those of your outsourced service providers. You should ensure that you receive sufficient assurance from providers on the services they provide – it should be sufficiently detailed and comprehensive for you to properly assess the effectiveness of their internal controls. Our code provides further guidance on internal controls.	
Useful Links:	Code of Practice 14: Managing risks	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?		
Your Answer:	Yes	Green
Feedback:	The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements. You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.	
Useful Links:	Code of Practice 14: Managing risks	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?		
Your Answer:	Yes	Green
Feedback:	You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do. You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code.	
Useful Links:	Code of Practice 14: Internal dispute resolution	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?		
Your Answer:	Yes	Green
Feedback:	You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed. If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code details information you should include in a report.	
Useful Links:	Code of Practice 14: Reporting breaches of the law	

Results - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?		
Your Answer:	Yes	Green
Feedback:	You must provide us with certain information and keep this information up to date, and complete a scheme return when asked. To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.	
Useful Links:	Website: Reporting requirements Exchange	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?		
Your Answer:	Yes	Green
Feedback:	Processes should cover all membership types and you should review your these regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and on our website.	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?		
Your Answer:	Yes	Green
Feedback:	Receiving good data from your employer(s) is key to your ability to maintain accurate scheme records. Though nine in ten public service schemes require employers to provide timely, accurate and complete data, schemes have reported that a significant proportion of employers do not provide this as a matter of course. This can create significant record-keeping issues, even in single employer schemes. You should work with employers to ensure that scheme and employer processes are effective and fit for purpose. Our guide to issuing annual benefit statements highlights examples of best practice for communicating and working with employers.	
Useful Links:	Code of Practice 14: Scheme record-keeping Quick guide to issuing annual benefit statements	

Question 4 - When did you last carry out a data review exercise?		
Your Answer:	Within the last year	Green
Feedback:	You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform. Further information on record-keeping can be found in our code and on our website.	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?		
Your Answer:	Yes	Green
Feedback:	Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?		
Your Answer:	Yes	Green
Feedback:	You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and our Managing contributions checklist.	
Useful Links:	Code of practice 14: Maintaining contributions Checklist: Managing contributions	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?		
Your Answer:	Yes	Green
Feedback:	You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members. Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements.	
Useful Links:	Quick guide to issuing annual benefit statements	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?		
Your Answer:	Yes	Green
Feedback:	You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.	

Action plan

Using this action plan

You can use this section to set out the actions you are planning to take to address any risks identified in your results report, or actions you will take to help you achieve best practice.

You should review progress against this plan regularly. To help you do so, you can put in a review date against each action.

Action plan - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?	
Your Answer:	Yes
Scheme Action Plan:	The annual review of the Terms of Reference for the Essex Pension Fund Advisory Board (PAB) was carried out at the beginning of this Financial Year and was reported to the Essex Pension Fund Strategy Board (PSB) at their 07 July 2021 meeting. The PAB subsequently noted their Terms of Reference at their meeting also held on 07 July 2021.
Review Date:	Q2 2022

Question 2 - Have you published information about the pension board and ensured it is kept up to date?	
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business
Scheme Action Plan:	The review of the Governance Policy and Compliance Statement was undetaken in early 2021 and was approved by the PSB at their 17 March 2021 meeting.
Review Date:	Mar-24

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?	
Your Answer:	Yes
Scheme Action Plan:	The Fund reviewed the Knowledge and Skills Strategy for Board/Committee Members during 2020 which was for approved by the PSB at their 16 December 2020 meeting. Fund Officers monitor Members training against the Strategy and Two-Year Training Plan using a Training Log and encourage Members to attend various conferences and seminars throughout the year.
Review Date:	Dec-23

Question 4 - Do you use the following for your pension board? a) Training Plans	
Your Answer:	Yes
Scheme Action Plan:	The Board are updated on progress against the Two-Year Training Plan peiodically at the PSB meetings. In addition, all Members of the Board were provided with their Individual Training Plans during September 2021 as a result of their Individual Training Needs Analysis one to one meetings with the Director for EPF.
Review Date:	Sep-23
b) Individual training needs analysis	
Your Answer:	Yes
Scheme Action Plan:	All Board/Committee Members have completed their Individual Training Needs Analysis. One to one meetings have been held with the Director for EPF which has assisted in the production of Individual Training Plans.
Review Date:	Sep-23
c) Training log	
Your Answer:	Yes
Scheme Action Plan:	The Fund maintain a Training Log of all Board/Committee Members training and use this information to update the Fund's Scorecard on a quarterly basis which is reported to each PSB meeting.
Review Date:	Sep-23

Question 5 - Do you have a conflicts policy and procedure for pension board members?	
Your Answer:	Yes
Scheme Action Plan:	The PSB approved the Fund's Conflict of Interest Policy at their 4 March 2020 meeting.
Review Date:	Mar-23

Do you have a register of interests (or equivalent)?	
Your Answer:	Yes
Scheme Action Plan:	This is maintained by the Fund's Compliance Team and is updated after each PSB, ISC and PAB meeting.
Review Date:	Ongoing

Action plan - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?	
Your Answer:	Yes
Scheme Action Plan:	The Fund have a Risk Strategy that was approved by the PSB at their 23 September 2020 meeting.
Review Date:	Sep-23

Question 2 - Do you have a risk register?	
Your Answer:	Yes
Scheme Action Plan:	The Fund have a Risk Register which is maintained and updated on a continuous process. EPF Officers liaise with the Compliance Team to highlight any new risks as and when required. Risk are continually monitored and assessed by the Management Team but formally on a quarterly basis at their MT Meeting.
Review Date:	Ongoing

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?	
Your Answer:	Yes
Scheme Action Plan:	Fund Officers liaise with all 3rd party suppliers to ensure their mitigation actions are captured within the Fund's Risk Register.
Review Date:	Ongoing

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?	
Your Answer:	Yes
Scheme Action Plan:	A contract with CIVICA is monitored by the Systems Manager and Compliance Manager to ensure compliance against KPIs and the required Service Levels.
Review Date:	Ongoing

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?	
Your Answer:	Yes
Scheme Action Plan:	This is published on the Fund's Website and on all Retirement Letters.
Review Date:	Ongoing

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?	
Your Answer:	Yes
Scheme Action Plan:	The Fund have a Policy for the Recording and Reporting of Breaches of the Law which was approved by the PSB at their 23 September 2020 meeting.
Review Date:	Sep-23

Action plan - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?	
Your Answer:	Yes
Scheme Action Plan:	The Technical Hub Manager and Compliance Manager ensure all TPR returns are completed by the deadlines provided.
Review Date:	Ongoing

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?	
Your Answer:	Yes
Scheme Action Plan:	Regular monitoring is conducted by the Systems Team and any issues identified are communicated to the Management Team for action.
Review Date:	Ongoing

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?	
Your Answer:	Yes
Scheme Action Plan:	The Employer Team, Systems Team and Technical Hub Team ensure communications with Employers is utilised to the full. The Administration Strategy is the key document for communication between the Fund and its Employers detailing what is required and when.
Review Date:	Ongoing

Question 4 - When did you last carry out a data review exercise?	
Your Answer:	Within the last year
Scheme Action Plan:	The Systems Team carry out regular reviews on the data held within UPM (Pension Administration Software provided by CIVICA).
Review Date:	Ongoing

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?	
Your Answer:	Yes
Scheme Action Plan:	The Fund have an annual data cleansing exercise that is carried out annually in addition to the newly implemented Monthly Returns from Employers. The Fund have been maintaining a data Improvement Plan since Oct 2018 to ensure 'Common Data' is clean to a 95% target. The Plan now also includes TPR scheme specific data reporting.
Review Date:	Ongoing

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?	
Your Answer:	Yes
Scheme Action Plan:	This is managed through the Employer Team, Systems Team and Technical Hub Team through the Administration Strategy.
Review Date:	Ongoing

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?	
Your Answer:	Yes
Scheme Action Plan:	This is reviewed annually to capture lessons learnt from the issuing of ABS.
Review Date:	Annually

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?	
Your Answer:	Yes
Scheme Action Plan:	The Communications Policy was reviewed by Fund Officers and approved by the PSB at their 4 March 2020 meeting.
Review Date:	Mar-23

Essex Pension Fund Strategy Board	PSB 07bii
Date: 18 March 2022	

Essex Pension Fund Advisory Board (PAB) Scheme Member Representation

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

This Report requires a decision

Executive Summary

The report notifies the Board that an existing PAB Scheme Member Term of Appointment is due to cease in May 2022 with a recommendation to extend the current term in line with the PAB's Terms of Reference.

1. Purpose of the Report

1.1 To notify the Board that an existing PAB Scheme Member Term of Appointment is due to cease 31 May 2022 and to outline a proposal to extend their current term for the Board's consideration.

2. Recommendations

2.1 That the Board **agree** to extend the current term for Debs Hurst up to six years in line with the PAB's Terms of Reference.

2.2 That the Board note the content of the report.

3. Background

3.1 The PAB is appointed by Essex County Council as its Local Pensions Board in accordance with Section 5 of the Public Service Pensions Act 2013 and Part 3 of the Local Government Pension Scheme Regulations 2013.

3.2 In line with the PAB's Terms of Reference, it shall consist of nine members and be comprised of:

i. Four employer representatives made up of one from each of the following groups of employers in the Essex Pension Fund:

- Essex County Council (an elected member);
- the District, City and Borough Councils of Essex (an elected member);
- Southend-on-Sea and Thurrock Unitary Authorities (an elected member);
- all other employers;

ii. four scheme member representatives of which:

- one will be nominated by the trade unions; and
- the rest will be drawn from the total Essex Pension Fund active, deferred and pensioner membership;

iii. one independent Chairman.

4. Scheme Member Representative Term of Appointment

4.1 Debs Hurst was appointed as a Scheme Member Representative on the PAB on 01 June 2018 for a term of four years.

4.2 In line with the PAB Terms of Reference it states that this period may be extended up to six years if agreed by the Director for Essex Pension Fund.

4.3 The PAB has undergone some turnover during 2021/22 with two new Scheme Employers and one new Scheme Member representative appointed during the year.

4.4 In order to maintain continuity Fund Officers have reached out to ascertain her desire to remain a Scheme Member representative. It has subsequently been acknowledged that Debs would like to continue in her current role.

5. Recommendation

5.1 It is therefore recommended, that in order to maintain the current level of knowledge and expertise, and provide a good level of continuity, that the Term of Appointment for Debs Hurst be extended up to the maximum term to 31 May 2024.

6. Link to objectives

6.1 Act with integrity and be accountable to our stakeholders.

6.2 Ensure the Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise.

7. Risk Implications

7.1 Without full membership of the PAB, the Fund are in breach of the Public Service Pensions Act 2013 and therefore are at risk of not fulfilling their duties as advisers to the PSB.

7.2 Links to Risk Register include:

- Failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage; and

- A lack of expertise, insufficient knowledge and maintenance of the PSB, ISC and PAB arising out of high turnover and/or changes within the LGPS benefit structure, regulations and associated directives/deliverables.

8. Communication Implications

8.1 Other than ongoing reporting to the Board, there are no further communication implications.

9. Finance and Resource Implications

9.1 None.

10. Background Papers

10.1 Essex County Council Constitution and the Essex Pension Fund Advisory Board Terms of Reference therein.

Essex Pension Fund Strategy Board	PSB 08
Date: 18 March 2022	

Essex Pension Fund Advisory Board (PAB) Governance Effectiveness Review – Outcome

Joint report by the Compliance Manager and Independent Governance & Administration Adviser

Enquiries to Amanda Crawford on 03330 321763

This Report requires a decision

Executive Summary

A summary of the findings of the PAB Governance Effectiveness Review survey undertaken in October 2021 as provided by the Fund's IGAA. The results of the survey are extremely positive with no significant issues identified.

The PAB discussed the results at their 15 December 2021 meeting and have put recommendations forward for the Board to consider.

1. Purpose of the Report

1.1 To provide the Board with the key findings and recommendations from the review of the effectiveness of the Fund's governance arrangements which has been undertaken by the Fund's IGAA.

2. Recommendations

2.1 That the Board **agree** 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 provided at Agenda Item 5.

2.2 That the Board note the contents of the report and the attached summary of the PAB Governance Effectiveness Review.

3. Overview

3.1 The IGAA was asked to review the effectiveness of the Fund's Governance Arrangements and to recommend any potential areas of improvement. In doing this the IGAA considered the following areas which are the key elements of Aon's Governance Framework:

- Direction – does the Fund have clear Strategies and Policies that meet Legislative requirements and Best Practice;
- Delivery – does the Fund have a clear plan for implementing its Strategies and appropriate monitoring of whether they are being achieved and is there good Risk Management to ensure effective and efficient delivery;
- Decisions – does the Fund have an appropriate Governance Structure with the right people, with the right attitude and appropriate knowledge and skills.

3.2 The first part of the review was carried out with Members of the PSB and ISC. The overall conclusion from this element of the review was that the Fund's Governance is Excellent, reflecting Best Practice and was shared with the Board at their 07 July 2021 meeting.

3.3 The second part was asking PAB members views on 19 questions relating to areas including:

- Meeting Effectiveness;
- Accessibility, Format and Usefulness of Information;
- Knowledge, Understanding and Succession Management; and
- The Board's and Independent Chairman's role;

3.4 The findings showed an overwhelmingly positive view of the governance of the Fund.

3.5 A summary of the PAB's Effectiveness of the Fund's Governance and next steps is provided at Appendix A.

4. Next Steps identified by IGAA

4.1 Within the report provided at Appendix A, the IGAA has highlighted three next steps for the PAB to consider.

- Meeting format – the long-term format of meetings should be considered (whether hybrid or in-person), and we know Fund Officers are already planning this work in 2022/23. If deemed necessary, the Board's Terms of Reference should be updated to reflect the any further amendments to these arrangements.

- Succession planning – Although succession planning has been highlighted as an area for further consideration it is an extremely difficult area to manage given the different challenges in appointing individuals to employer representative roles (some of which are elected members subject to local authority democratic process) and scheme member representative roles on the PAB.

- Meeting content – ensure PAB agenda(s) continue to include matters relevant to Members i.e. Scheme Member communications.

5. PAB Discussion on 15 December 2021

5.1 PAB Members discussed the findings and next steps, in particular the point raised around succession planning and discussed the possibility of the development of a pamphlet to explain the role of the PAB, setting out the expectations of Members, the time, on average, Members would need to set aside for the reading of packs, attendance at meetings and training requirements. In addition, the pamphlet would illustrate the high-level of support that is provided by Officers to all Members on the Board.

5.2 Another point of discussion was the approach to Hybrid Meetings. It was confirmed that Hybrid would always be an approach offered to PAB Members going forward to accommodate and assist those members who have work commitments. However, the PAB could review the frequency of face-to-face meetings once the restrictions have been lifted at County Hall. This is an item to be discussed at the PAB's next meeting.

5.3 Following on from this, Fund Officers discussed with the PAB Independent Chairman the possibility of developing a PAB Annual Workplan which would include the work to be developed for the Pamphlet plus other key elements of the Fund's Business Plan that the PAB could be involved in. This included: the review if the Fund's Communication Policy, the Scheme Advisory Board (SAB) Good Governance Project and The Pensions Regulator (TPR) Single Code. This was provided as part of the Three-Year Business Plan at Agenda Item 5 for the Board's approval.

6. Risk Implications

6.1 A review of the Effectiveness of the Fund's Governance is particularly important given the Fund's key risks are managed as part of the Governance Arrangements. Further, appropriate Risk Management is a key element of those Governance Arrangements.

7. Communication Implications

7.1 None directly relating to this report.

8. Finance and Resource Implications

8.1 The cost of the Governance Effectiveness Review has been met from the existing 2021/22 Budget. The cost of implementation of any recommendations will be met from the 2022/23 Budget.

9. Background Papers

9.1 PAB Governance Effectiveness Review, PAB 04, 15 December 2021.

9.2 Governance Effectiveness Review, PSB 13, 07 July 2021.

Appendix A

Governance Effectiveness Review

Summary of findings from the recent Pensions Advisory Board (PAB) Governance Effectiveness Survey

Prepared for: Jody Evans, Director for Essex Pension Fund and Amanda Crawford, Compliance Manager, Essex Pension Fund.

Prepared by: Karen McWilliam, Independent Governance and Administration Adviser, Mary Lambe, Senior Benefits and Governance Consultant, Aon

Date: 26 November 2021

QAS Institute and Faculty of Actuaries ® Quality Assurance Scheme

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Introduction

As Independent Governance and Administration Advisor (IGAA) to the Essex Pension Fund, we are undertaking an independent review of the effectiveness of the Fund's governance.

Effectiveness Survey

As part of this review, the effectiveness of the PAB is being considered and a survey was carried out to understand the views of the Pension Advisory Board (PAB) in the following areas:

- Meeting effectiveness
- Accessibility, format and usefulness of information
- Knowledge, understanding and succession management
- The Board's role
- The Independent Chairman's role
- Summary and final comments.

We had responses from all PAB members[1] (8 respondents), in online submissions, of which the consensus was overwhelmingly positive. The findings from the survey responses are set out below.

Contents

Introduction 2
Summary of Survey Findings 3
Conclusions and next steps 7
Appendix – Charts 8

Why bring you this report?

To share the findings from the recent survey that PAB members completed, which is a key input into the review of the effectiveness of the Fund's governance being undertaken by the Fund's IGAA.

Next steps

The next steps include:

- Discuss the findings in this report
- Engage with the PAB about the findings of this report (December 2021)
- The IGAA will then produce a final report for the Pensions Strategy Board (PSB) (March 2022).

[1] There was one vacancy for a scheme member representative at the time the survey was completed.

Summary of Survey Findings

The responses point to a very positive view of the effectiveness of the PAB.

Who responded?

The survey was issued to all 8 members of the PAB (noting one scheme member representative vacancy existed at the time of the survey). As part of the survey members of the PAB were asked to answer 19 questions.

Findings

The charts showing the survey results are included in the appendix and we have summarised the key findings from each of the sections below:

Highlights

The overwhelming consensus across the PAB was very positive with no significant issues raised.

In respect of how meetings are held there were individual preferences, which is expected; for example there is an equal split preferring hybrid meetings and in-person meetings with clear rationale provided for those preferences.

Meeting effectiveness

The overall view on the running of the PAB meetings was overwhelmingly positive. All PAB members stated that sufficient opportunity is provided to ask questions or raise concerns at PAB meetings, with everyone indicating their comfort raising questions irrespective of the simplicity of those questions. The length of meetings was also seen as sufficient by all members.

All PAB members felt that there was sufficient time for governance, administration and communication matters to be covered during meetings. One comment highlighted a desire to understand more about how the Fund communicates with its members, i.e. member self-service, roadshows/webinars etc.

In respect of question 2.5 there was an equal split of PAB members indicating a preference for all members attending meetings in-person and a hybrid approach (allowing members to choose whether to attend in-person or virtually). For the members preferring in-person attendance:

- two members felt this approach allows members to get to know each other better
- one mentioned greater ease of networking
- the fourth member indicated that it worked better for them and made them feel more engaged but they acknowledged that for some members it may not be a preferable approach.

In terms of those PAB members selecting a preference for hybrid

- three indicated it suited their work situation and was more convenient and that offering the opportunity of hybrid meetings offers the 'best of both worlds'
- the fourth member actually clarified in the comments that their preference is to attend in-person meetings but they also appreciated it would not be everyone's preference.

Accordingly, it does appear, in my view, that having the flexibility of hybrid meetings would be appropriate (at least some of the time).

Accessibility, format and usefulness of information

All respondents were confident they understood the matters considered at PAB meetings. All members agreed that information was provided ahead of PAB meetings in a timely manner (with a comment noting this information was very good) and it allows them to effectively carry out their role on the PAB.

Knowledge, understanding and succession management

All respondents indicated that they are given sufficient training in relation to relevant Pension Fund matters. Of the three members who indicated they joined recently they all felt the induction process was effective in supporting them in their new PAB responsibilities. Those three new members also felt the information they received when they applied to the Board gave them an appreciation of the commitment required for the role. One member mentioned that the one-to-one meetings with Fund Officers and electronic information provided was good. There was a further comment highlighting the challenges of succession planning, and the need to keep replacing elected members as they lost their seats or step down, as being concerning in relation to effective governance.

The Board's role

All respondents indicated they understand their role and responsibilities on the PAB with all members also being aware of how to raise any relevant and appropriate items to the PSB via the PAB Chairman. Seven members answered question 5.3 about breakout groups (e.g., task and finish groups) with all agreeing they are an effective way of carrying out some of the PAB's business.

The Independent Chairman's role

All Members, with the exception of the Independent Chairman, answered the questions in this area. All agreed the PAB meetings are well chaired, with one member stating, "the Chairman is extremely knowledgeable on the LGPS and allows ample opportunity for board members to raise questions and comments" and another member indicated that "I think the Chair/Vice Chair do a super job in chairing the meetings. When joining initially I had no experience of any Local Government Meetings and through the excellence of the Chair my understanding has improved". All respondents also agreed that the Chairman provides them with the support they need (as outlined in the PAB Terms of Reference).

Summary and Final Comments

All members stated that the effectiveness of governance of the Fund has either improved or stayed the same in the last two years. A number of positive comments were received in relation to this question including:

- noting improvements in documentation with them being easier to digest and explanations from Officers
- the relationship between the Chairman/Vice-Chairman and Officers helping PAB effectiveness
- the PAB has become more vocal in expressing areas of concern to the PSB.

Two members referenced PAB member turnover during the past two years and noted the need for new members to have time to bed into their role.

Conclusions and next steps

As the IGAA to the Fund, I am delighted with the responses to the PAB effectiveness survey which demonstrates a high level of confidence in how the PAB is operating. I also am of the view that the PAB is effective and the dedication of the PAB members and of the officers managing and providing information to the PAB is excellent. The leadership and knowledge provided by the Chairman and Vice-Chairman are in my view a key element of the effectiveness of the PAB, as is the close working relationship between the PSB and the PAB.

There are a small number of areas within the survey that merit further consideration or action as summarised below:

- Meeting format – the long-term format of meetings should be considered (whether hybrid or in-person), and we know Fund Officers are already planning this work in 2022/23. If deemed necessary, the Board's Terms of Reference should be updated to reflect the any further amendments to these arrangements.
- Succession planning – Although succession planning has been highlighted as an area for further consideration it is an extremely difficult area to manage given the different challenges in appointing individuals to employer representative roles (some of which are elected members subject to local authority democratic process) and scheme member representative roles on the PAB.
- Meeting content – ensure PAB agenda(s) continue to include matters relevant to Members i.e. Scheme Member communications.

As I would expect, I understand that Fund Officers have already confirmed that the Pension Regulator's New Code of Practice will to be a focus for the PAB over a number of meetings, once it is released, given this is part of the statutory role of the PAB.

IGAA final words

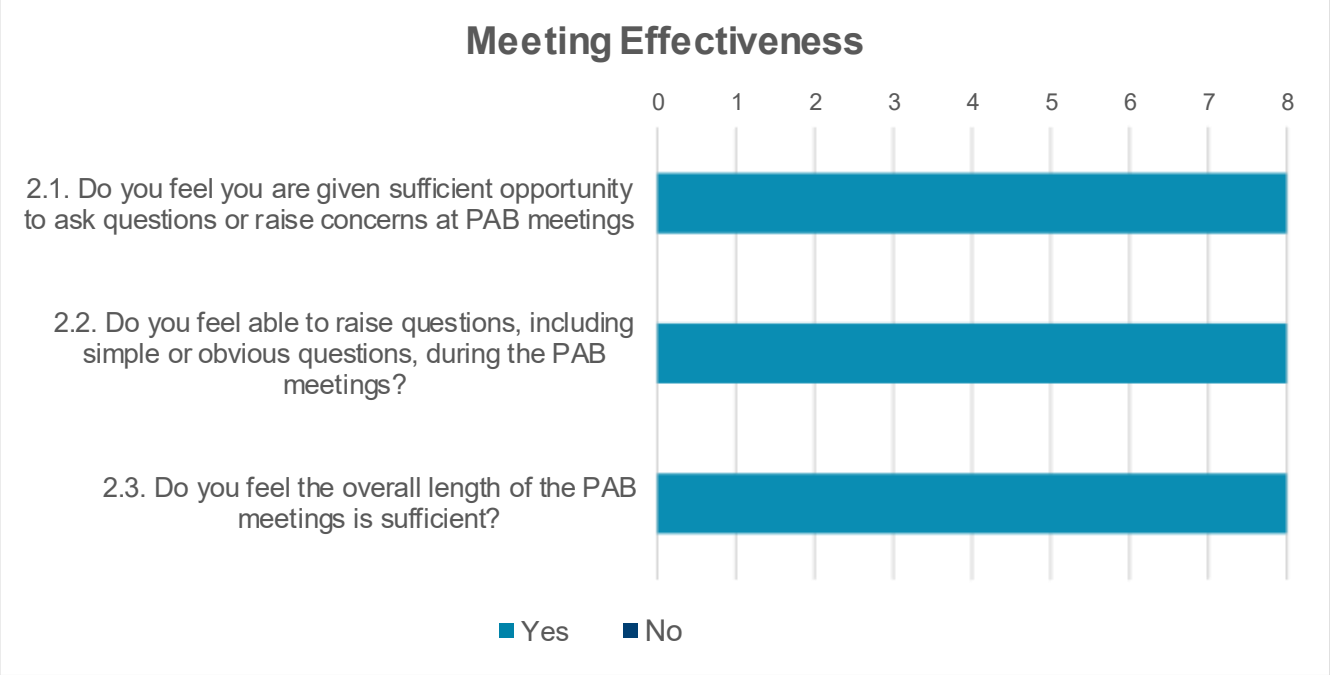
There is an overwhelming consensus from the PAB survey results showing an extremely positive picture of the effectiveness of the PAB. The views shared provide some valuable comments for consideration. I look forward to discussing these findings at the PAB in December 2021 and then further at the PSB in March 2022.

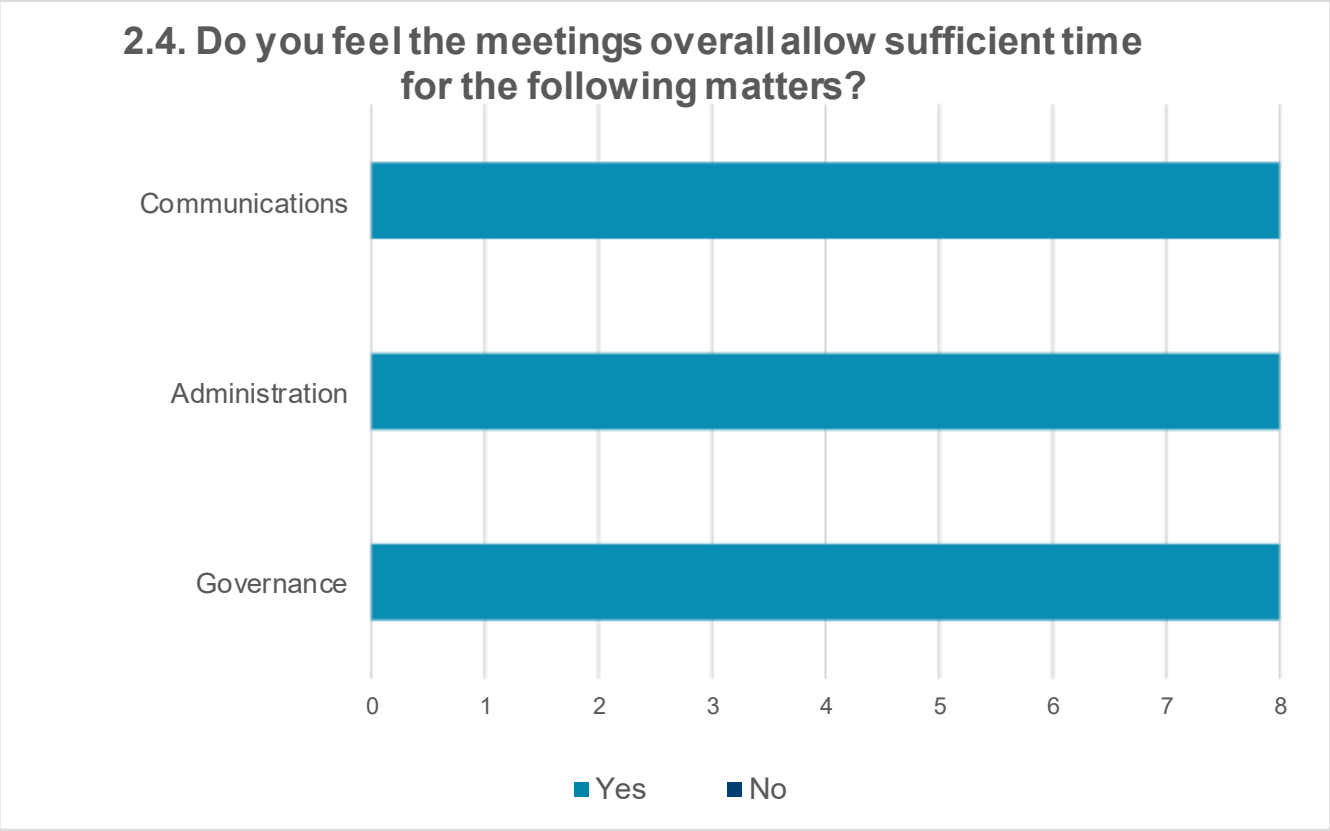
I would like to thank PAB members and officers of the Fund for their time and assistance in carrying out this survey.

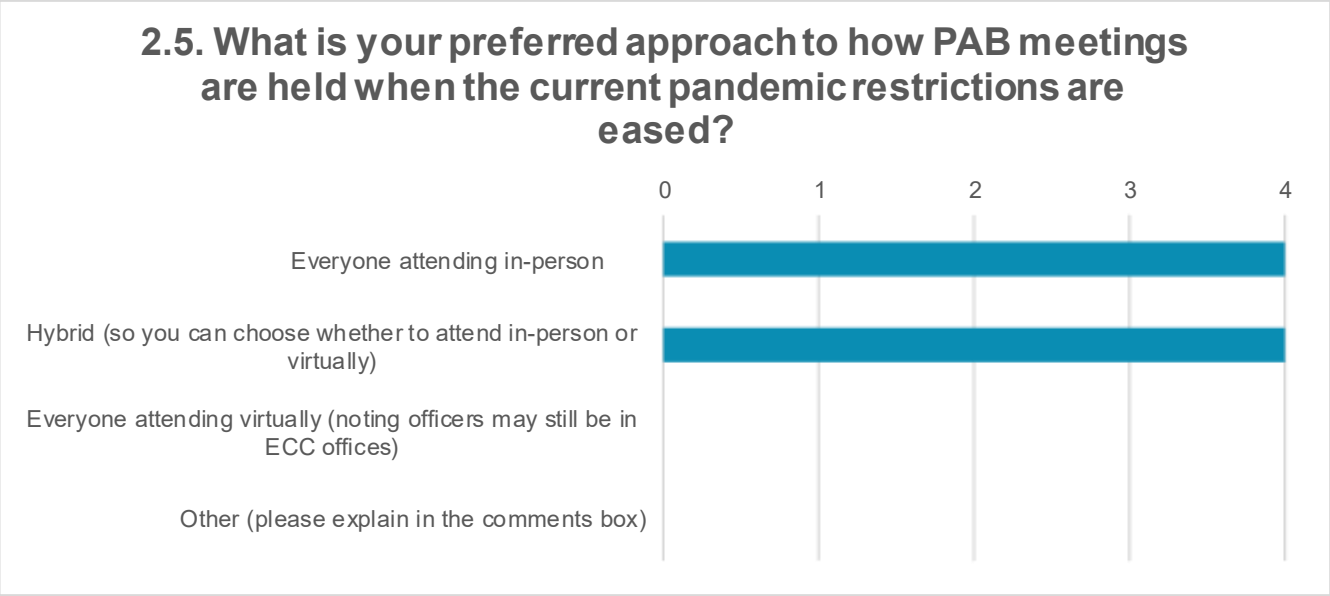
Appendix – Charts

Charts showing the responses to the recent survey are shown below

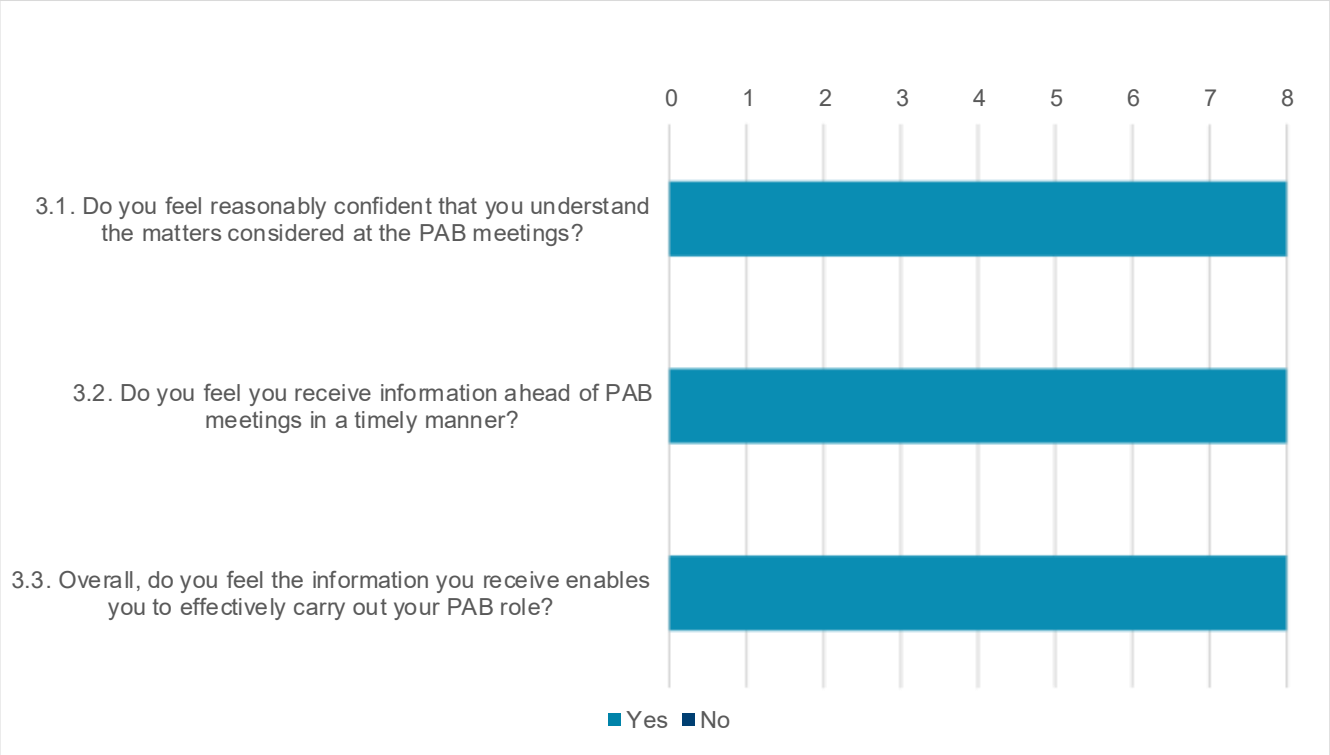
Section 2 – Meeting Effectiveness



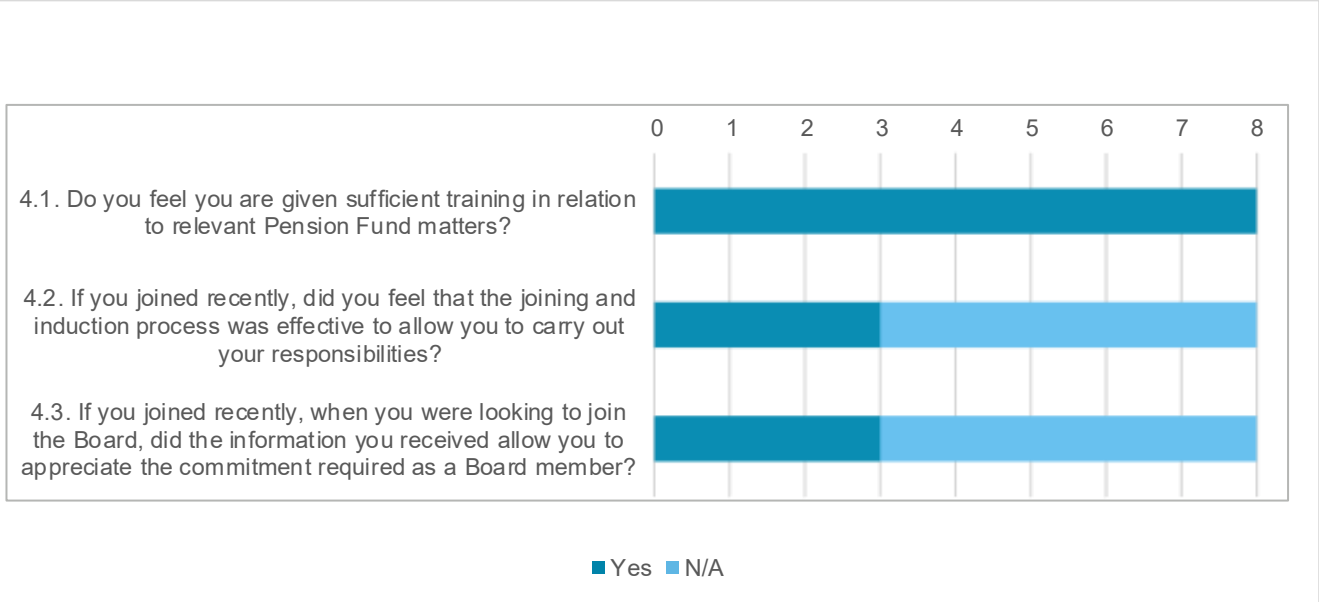

2.4. Do you feel the meetings overall allow sufficient time for the following matters?
Communications
Administration
Governance
0
1
2
3
4
5
6
7
8
Yes
No


2.5. What is your preferred approach to how PAB meetings are held when the current pandemic restrictions are eased?
0
1
2
3
4
Everyone attending in-person
Hybrid (so you can choose whether to attend in-person or virtually)
Everyone attending virtually (noting officers may still be in ECC offices)
Other (please explain in the comments box)

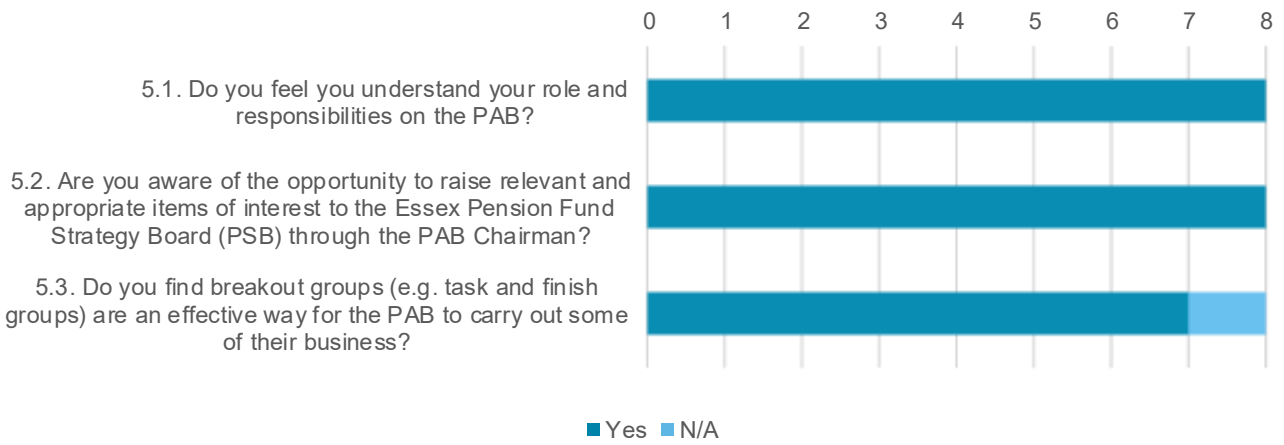
Section 3 - Accessibility, format and usefulness of information



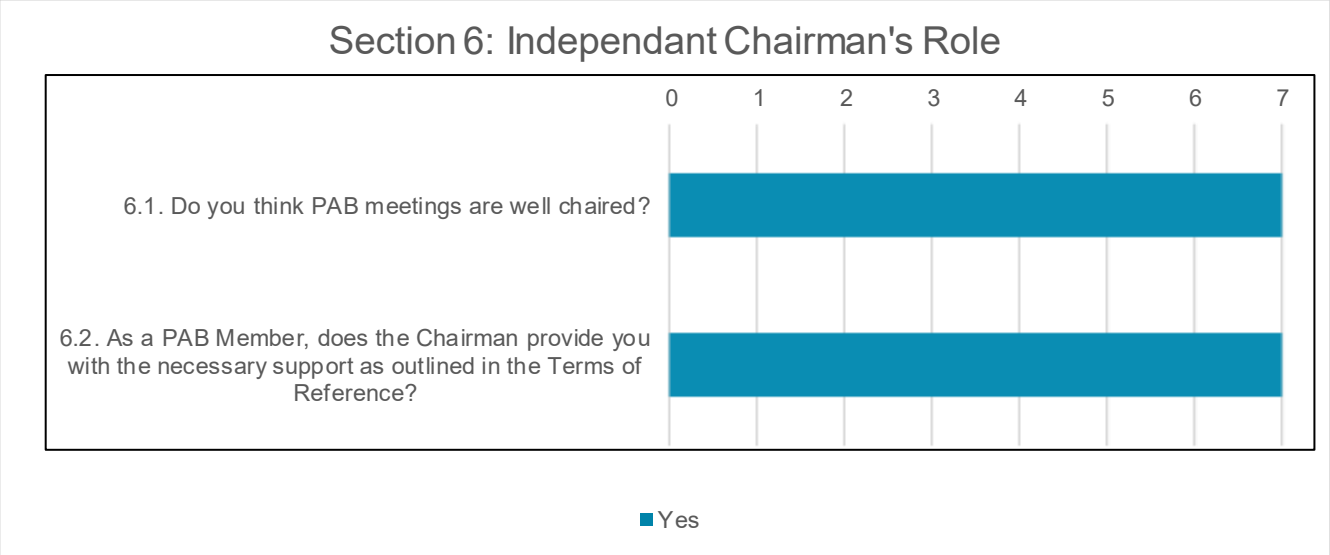
Section 4 – Knowledge, understanding and succession management



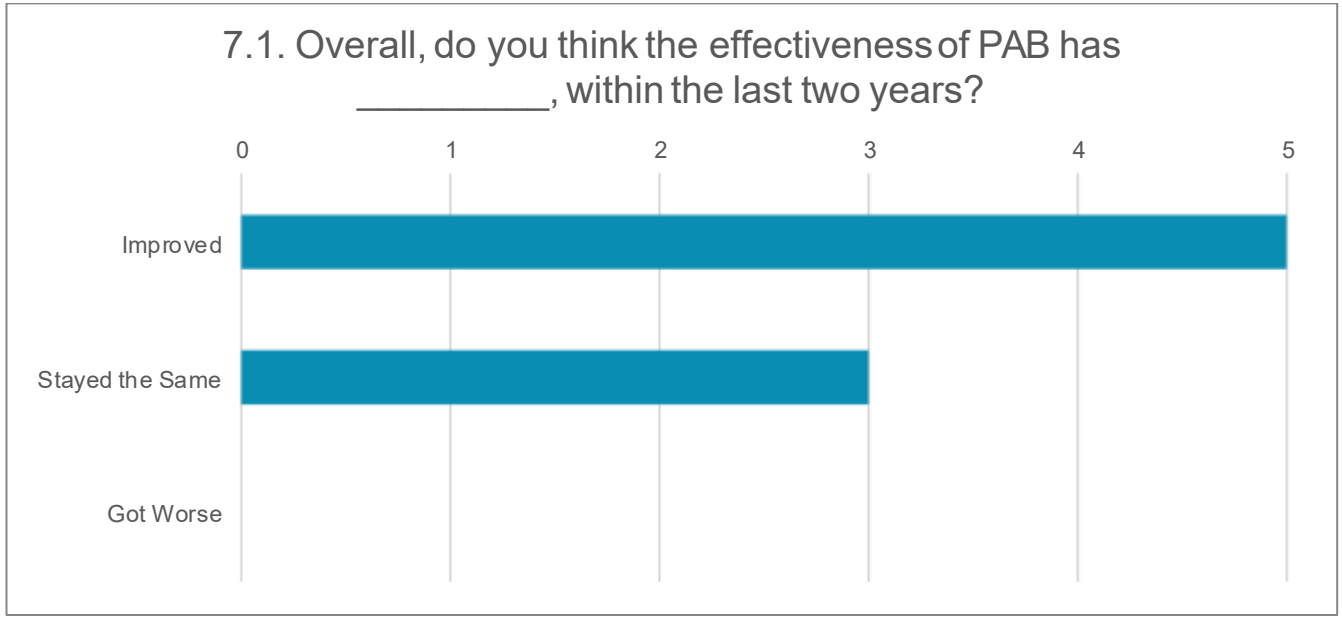
Section 5 – The Board's role



Section 6 – The Independent Chairman's role



Section 7 – Summary and Findings



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Essex Pension Fund Strategy Board	PSB 10
Date: 18 March 2022	

Schedule of Future Meetings and Events

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

This Report requires a decision

Executive Summary

Following agreement of the 2022/23 PSB meeting dates at the last meeting Members are also requested to provisionally agree the 2023/24 meeting dates.

1. Purpose of the Report

1.1 To provide the Board with an update on the schedule of future meetings and events.

1.2 To propose a schedule of PSB meeting dates for the 2023/24 municipal year.

2. Recommendation

2.1 That the Board **agree**:

- the proposed PSB meeting dates for 2023/24 as detailed in Section 6; and
- to 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.

4.2 The Compliance Team have been made aware of the following webinar for the Board to consider:

Event	Date/Time
Barnett Waddingham Pre-2022 Valuation Webinar	Tuesday 29 March 2022 – 10am

5. Schedule of Meetings

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

Pension Strategy Board	
Wednesday 06 July 2022	10am – 1pm
Wednesday 21 September 2022	10am – 1pm
Wednesday 07 December 2022	10am – 1pm
Wednesday 22 March 2023	10am – 1pm

Investment Steering Committee	
Wednesday 15 June 2022	10am – 4pm
Wednesday 12 October 2022	10am – 1pm
Wednesday 30 November 2022	10am – 4pm
Wednesday 22 February 2023	10am – 1pm

Training Days	
EPF Back to Basics	TBC

6. Proposed 2023/24 Schedule of Meetings

6.1 The proposed schedule of meetings for the new municipal year 2023/24 are as follows:

Pension Strategy Board	
Wednesday 05 July 2023	10am – 1pm – to be agreed
Wednesday 20 September 2023	10am – 1pm – to be agreed
Wednesday 13 December 2023	10am – 1pm – to be agreed
Wednesday 20 March 2024	10am – 1pm – to be agreed

6.2 The Fund will hold an Annual Back to Basics Training Day with the date yet to be confirmed.

6.3 In addition, the Essex Pension Fund Advisory Board will continue to meet on the same day as the PSB with a start time of 2pm.

7. Finance and Resources Implications

7.1 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.

8. Background Papers

8.1 Schedule of Future Meetings and Events, PSB 08, 15 December 2021.

8.2 Schedule of Future Meetings and Events, ISC 06, 23 February 2022.