



Essex County Council

## Essex Pension Strategy Board

<b>10:00</b>	<b>Wednesday, 22 September 2021</b>	<b>Committee Room 1 County Hall, Chelmsford, CM1 1QH</b>
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**For information about the meeting please ask for:**

Amanda Crawford, Compliance Manager

**Telephone:** 03330 321763

**Email:** Amanda.Crawford@essex.gov.uk

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### **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

- |           |   |
|-----------|---|
| <b>12</b> | <b>Employer Update</b> <ul style="list-style-type: none"> <li>Information relating to the financial or business affairs of any particular person (including the authority holding that information);</li> </ul> |
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**13**

**Update on Aon Combination**

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

**14**

**Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 01</b>
<b>Date: 22 September 2021</b>	

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

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

### Executive Summary

No Membership changes since the last meeting.

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

- 1.1 To present Membership, Apologies and Declarations of Interest for the 22 September 2021 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 07 July 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 A Hedley	
Cllr M Hoy	
Cllr D King	
Cllr C Souter	

#### District/Borough Councils in Essex Representatives

Cllr C Riley	Castle Point Borough Council
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#### Scheme Member Representative

Sandra Child (UNISON)

#### Other Employing Bodies Representative

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

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

The following Officers and Advisers were present remotely via Zoom:

Daniel Chessell	Retirement Manager
Helen Pennock	Compliance Analyst
Farzaneh Bahramzadeh	Compliance Team Assistant (Summer Intern)
Mary Lambe	Representing the Independent Governance & Administration Adviser (IGAA), Aon
Graeme Muir	Barnet Waddingham, Fund Actuary

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
Cllr M Bracken	Employer Representative
James Durrant	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 newly formed Board, Observers and Advisers to the meeting and introduced the two new elected Members to the Board, Cllr M Hoy and Cllr D King.

### **Apologies for Absence**

It was noted that Cllr A Goggin and Cllr M Dent were unable to attend the meeting. In addition, PAB Member, Debs Hurst also sent her apologies.

### **Declarations of Interest**

Declarations were received from:

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

Cllr M Platt declared that his daughter is in receipt of a LGPS Pension, in addition is a Deputy Cabinet Member and is Vice Chairman of the Audit, Governance and Standards Committee;

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

Cllr M Hoy declared that his brother-in-law and nephew are members of the LGPS and that he is a Member of the Audit, Governance and Standards Committee;

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

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

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

**Resolved:**

The Board noted the report.

**2. Confirmation of Chairman and Vice Chairman Arrangements**

The Board received a report from the Compliance Manager outlining the process in regard to the annual Chairman and Vice Chairman arrangements of the PSB and the appointment of the Fund's representative on the ACCESS Joint Committee (JC).

It was noted that at the Essex County Council (ECC) Full Council meeting held on 25 May 2021, Councillor Susan Barker was appointed as the Chairman of the PSB and Investment Steering Committee (ISC) for the Essex Pension Fund. In addition, at the first meeting of the ISC held on 16 June 2021, Councillor Mark Platt was appointed as Vice Chairman of both the PSB and ISC. It was also agreed at that meeting that the Chairman, and in her absence, the Vice Chairman act as the Fund's representative on the ACCESS JC.

**Resolved:**

The Board noted:

- the appointment of the Chairman and Vice Chairman of the PSB;
- the Chairman act as the Fund's representative on the ACCESS JC and that in their absence the Vice Chairman would deputise as agreed at the 16 June 2021 ISC meeting.

**3. Minutes of PSB meeting 17 March 2021**

The Minutes of the meeting of the PSB held on 17 March 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 link to The Pensions Regulator (TPR) Single Modular Code Consultation was issued to the Board on 18 March 2021 and a further update in regard to the Fund's response would be provided at Agenda Item 11a;
- an update would be provided at Agenda Item 13 in regard to the outcome of the Governance Effectiveness Review; and
- Agenda Item 9b(iii) would set out a proposal in regard to the vacant position on the PAB.

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

#### **4. Essex Pension Fund Strategy Board Terms of Reference**

The Compliance Manager brought to the attention of the Board the key aspects of the PSB Terms of Reference which were pivotal to their role.

These included:

- to ensure the proper administration of the Fund, including compliance with the LGPS and other legislation, ensuring that it delivers best value and compliance with Statutory and non-statutory best practice guidance where considered appropriate;
- to agree Administering Authority responses to consultations by Central Government, professional and other bodies;
- to both appoint and terminate the appointment of the Fund's Advisers, including Actuaries, Governance Advisers, and specialist lawyers (where required) and periodically review those arrangements; and
- to consider the Fund's financial statements and to approve an Annual Report on the activities of the Fund in line with legislation and guidance.

**Resolved:**

The Board noted their Terms of Reference as detailed in Appendix A to the report.

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

The Board received the Essex Pension Fund Annual Report for 2020/21, which had been approved by the Chairman prior to the meeting.

Members were advised that the Report would be taken to next week's Full Council meeting.

A point of clarification was raised in regard to one of the PAB's Employer Representative's mentioned in the report. The Compliance Manager confirmed that the Fund would revert back to James Durrant for confirmation of his correct Employer name.

**Resolved:**

The Board noted the report.

#### **6. Pension Fund Activity: Quarterly Update Report**

The Compliance Manager provided the Board with the final Scorecard position as at 31 March 2021 and an update on progress in relation to the 2021/22 Business Plan and Risk Register as at 31 May 2021.

Of the forty-five areas of activities highlighted in the Business Plan, the Board noted that eight of these had been completed.

The Fund's achievement against Scorecard measures was discussed on an exception basis, noting two red measures in regard to the PAB Vacancy and the annual measure relating to the calculation and notification of deferred benefits.

In addition, a positive movement from red to green was also noted in regard to PAB meeting attendance.

A Risk Management update was provided detailing the current risk scores against those reported at the previous meeting. It was confirmed that no new risks have been identified since the last meeting. However, following the outcome of the recent local Elections and Full Council meeting on 25 May 2021 which resulted in minimal change to the composition of Board/Committee Membership, Risk G3 had been downgraded reverting back to its target score of 4.

**Resolved:**

The Board noted the update on Pension Fund Activity.

**7. Audit Update**

**7a. Internal Audit Annual Report 2020/21**

The Investment Manager provided the Board with the outcome of the two Pension Fund internal audit reviews: Administration; and Funding & Investments. It was noted that both reviews received 'Good Assurance', the highest level of assurance that can be given which has marked a decade of 'Good Assurance', or equivalent outcomes received by the Fund.

In addition, it was noted the Fund received no recommendations for the third consecutive year.

The Investment Manager informed the Board that ECC are due to move to a new financial system later this year, which could have an impact on the outcome of the 2021/22 internal audit review as well as Scorecard measures reported to the Board.

It was also confirmed that via the 2020/21 National Fraud Initiative (NFI) monthly data matching exercise, overpayments of £30k had been identified, which equated to 0.015% of the total payments made during 2020/21.

Members were keen to understand the process undertaken by the Fund in identifying a fraudulent recipient. Officers took an action to provide a Case Study to Members.

**Resolved:**

The Board noted:

- the outcomes of the 2020/21 Internal Audit Reports;

- the outcome of the 2020/21 National Fraud Initiative; and
- the planned audits of the Pension Fund for 2021/22.

**7b. External Audit 2020/21: Audit Planning Report Year Ending 31 March 2021**

An update was provided in relation to BDO LLP's Audit Planning Report for the 2020/21 External Audit of the Essex Pension Fund, which was provided at Appendix A of the report. It was explained that since its approval at the 22 March 2021 Audit, Governance and Standards Committee meeting, a revision to the timetable had recently been communicated to Officers.

The Board noted that the External Audit due to commence on 21 July 2021 had been moved back by BDO LLP and was now scheduled to commence on the 26 July 2021.

The Board raised their concerns with this development sighting that the shorter timeframe would now be more challenging for BDO LLP to complete the Pension Fund audit and be in a position to report its findings and provide their opinion by the revised statutory deadline of 30 September 2021. Members requested that their concerns be brought to the attention of the Audit, Governance and Standards Committee.

**Resolved:**

The Board concerns and content of the report was noted.

**8. Essex Pension Fund Draft Accounts 2020/21**

The Board received a report from the Investment Manager in relation to the Fund's Draft Accounts 2020/21. It was explained that following feedback received by Members a Summary Dashboard drawing out the key highlights from the Financial Statements had been developed which Officers hoped Members would find useful and informative.

The key takeaway highlighted was that the Fund had rebounded significantly over the last twelve months closing on £8.739bn as at 31 March 2021, an increase of over £2bn from the prior year.

The Compliance Manager requested that those Members who had completed the Fund's Accounting and Audit training notify the Compliance Team to enable their training record to be updated accordingly. In addition, any Member having difficulties with viewing the training presentation were invited to contact the Compliance Team who would arrange for an online training session to take place.

**Resolved:**

The Board noted the report.

## **9. Quarterly Reports**

### **9a. Investment Steering Committee (ISC) Quarterly Report**

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

It was confirmed that the ISC had met on two occasions the 24 March 2021 and 16 June 2021.

#### 24 March 2021

The main focus of the meeting was in regard to the outcome of the Direct Lending OJEU Procurement and the appointment of a new Direct Lending Manager. The outcome of the Institutional Investment Consultant procurement was also noted.

The other main areas of business discussed were the outcome of the Responsible Investment (RI) workshop and the agreement that the RI Policy and Beliefs remain appropriate and that the RI Priorities should be viewed holistically. It was also agreed that the passive mandate be reviewed in the first instance in terms of its alignment with the Fund's RI Policy.

#### 16 June 2021

The main focus of the meeting was the agreement by Members of a detailed RI Project Plan which highlighted key dates when deliverables would need to be completed and reported, so the Fund could achieve this year's Business Plan areas of activities, in particular being in a position to sign up to the Financial Reporting Council (FRC) UK Stewardship Code 2020.

The other main areas of business discussed were the Fund's Annual Investment Manager Performance Review and outcome of the CEM management fee benchmarking exercise. It was also noted the agreement of a further £60m be committed to new private equity opportunities in 2021/22.

The outcome of the recent collaborative procurement undertaken by eight of the ACCESS authorities for the provision of global custodian service arrangements was noted with the agreement that Northern Trust be reappointed as the preferred provider.

#### **Resolved:**

The Board noted the content of the report.

### **9b(i). Essex Pension Fund Advisory Board (PAB) 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 17 March 2021.

The main areas of business discussed by the PAB were the:

- noting of the PAB's red Scorecard Measures resulting from the resignation of a Scheme Member representative and PAB attendance;
- process agreed by the PSB to be undertaken for the recruitment of the vacant Scheme Member representative position and the UNISON Scheme Member arrangements on the PAB;
- interactive session undertaken in regard to the Governance Review and Effectiveness Survey; and
- outcome of the Training Needs Analysis (TNA) completed by PAB Members.

**Resolved:**

The Board noted the report.

**9b(ii). Essex Pension Fund Advisory Board (PAB) Annual Report**

The Compliance Manager provided the Board with an overview of the PAB Annual Report which detailed their activities during 2020/21 confirming that the Report had been approved by the Independent Chairman, Nicola Mark and the Vice Chairman, Andrew Coburn in June 2021.

It was also confirmed that following the Full Council meeting on 25 May 2021, Councillor Lewis Barber was appointed as the new ECC Employer Representative for the PAB, replacing Councillor Simon Walsh and that Councillor Jack Duffin had been appointed by Thurrock Council Cabinet as Southend-on-Sea and Thurrock Unitary Authority new representative, replacing Councillor Shane Hebb.

**Resolved:**

The Board noted:

- the content of the 2020/21 Annual report and acknowledged it would be published within the Fund's Annual Report & Accounts and sent to the Local Government Pension Scheme Advisory Board;
- the appointment of Councillor Lewis Barber as the new Essex County Council Employer Representative on the PAB replacing the vacancy left by Councillor Simon Walsh; and
- the appointment of Councillor Jack Duffin as the Southend-on-Sea and Thurrock Unitary Representative on the PAB replacing Councillor Shane Hebb.

**9b(iii). Essex Pension Fund Advisory Board (PAB) Recruitment**

The Director for Essex Pension Fund updated the Board on the revised approach and timeline in regard to the recruitment of a new Scheme Member representative to the PAB.

It was explained that Officers will look to explore and utilise different media forums to advertise the position including: Active Members Annual Benefit Statements and a YouTube video advertisement.

It was also confirmed that Andrew Coburn had been reappointed the UNISON Scheme Member representative on the PAB for a further term.

**Resolved:**

The Board **agreed:**

- for Fund Officers to re-commence the recruitment process for a Scheme Member representative; and
- the proposed timetable for the recruitment.

The Board noted:

- the continuation of Andrew Coburn as UNISON's Scheme Member representative on the PAB for a term of up to six years;
- the Membership of the Appointment's Panel in line with the PAB's Terms of Reference; and
- the content of the report.

## 10. Update on Members Training

The Compliance Manager provided the Board with an update in relation to their Two-Year Training Plan following the feedback received thus far from some Members completed Training Needs Analysis (TNA) questionnaires and one to one meetings.

It was explained that due to a number of the TNA's and one-to-one meetings still outstanding, Officers could only provide the Board with an example of a draft Training Plan based on one PSB and ISC Member.

The new Members of the Board were informed that their TNA's would be carried out after they had completed six months on the Board.

**Resolved:**

The Board noted the review undertaken of the TNA's to date and the next steps.

The Chairman informed Members that the meeting would reconvene at 10:57am following a short adjournment.

The meeting was adjourned at 10:47am.

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The Board reconvened at 10:57am.

## **11. Consultations**

### **11a. The Pensions Regulators (TPR) Single Modular Code Consultation**

The Director for Essex Pension Fund confirmed that the Fund's response to TPR's Single Modular Code Consultation was submitted on 25 May 2021.

It was explained that the response template was 420 pages in length, covering 51 different modules and as such a link was provided should Members wish to view the Fund's response in full. An overview of the key themes of the response was provided. However, the Fund's consensus was the draft Code consulted upon was poorly structured, confusing and lacked clarity in many areas as the TPR had attempted to use a coverall approach.

**Resolved:**

The Board noted the key themes of the Fund's response to the Single Modular Code Consultation, which was submitted to TPR on 25 May 2021.

### **11b. HM Treasury Consultations**

The Board's attention was drawn to two recently issued Consultations that were announced on 24 June by HM Treasury, these being:

- SCAPE discount rate methodology; and
- Cost control mechanism.

The Board were informed that the Out of Committee decision making process may need to be enacted over the Summer should the consultation be determined as relevant, and a response be required.

**Resolved:**

The Board noted the report.

## **12. Funding Update**

### **12a. Amendments to the Funding Strategy Statement (FSS)**

The Employer Manager updated the Board that following the agreement via the Out of Committee process in April 2021, the Flexibility Policies had now been developed, approved, and published within the FSS.

A recent LGPC bulletin on Exit Credits was also brought to Member's attention with confirmation that an update regarding any Employers in the Fund affected would be brought to a future meeting.

**Resolved:**

The Board noted the content of the report.

**12b. Government Actuary's Department (GAD) Section 13 (S13)**

The Board received bitesize training from Barnett Waddingham, the Fund's Actuary, on the outcome of the 2019 Triennial Valuation and how it aligns with GAD's S13 Valuation.

It was explained that this Valuation is undertaken by GAD following completion of all LGPS funds triennial valuations.

Members were informed of the Fund's positive outcome with GAD assessing all measures as green by applying the standardised assumptions. The full report along with a Summary from GAD was provided at Appendices A and B to the report.

A question was raised in regard to the Asset Shock Reserve used by GAD. It was confirmed that GAD S13 Valuation did not take account of the 5% Asset Shock Reserve that the Fund has applied within the FSS, but use their own 'Asset Shock' taking 15% from the return which was then applied across all funds.

**Resolved:**

The Board noted the content of the report and the training presentation.

**13. Governance Effectiveness Review**

The Independent Governance and Administration Adviser (IGAA) provided the Board with the findings of the recent Governance Effectiveness Review undertaken, concluding that the Fund's Governance was 'excellent'.

The Director for Essex Pension Fund highlighted that of the three recommendations outlined within the report, the Fund was already in the process of implementing two of the recommendations and had commenced initial conversations in regard to the third.

**Resolved:**

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

**14. Schedule of Future Meetings and Events**

The Board received a report detailing the planned Board meetings dates and training day for the remainder of the municipal year. Information on upcoming training events was also provided.

**Resolved:**

The Board noted:

- the dates of the PSB meetings for the remainder of the municipal year;

- the requirement to notify the Compliance Team of any training sessions they would like to attend; and
- the content of the report.

## **15. Urgent Part I Business**

There were none.

### **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.

## **16. Employer Update**

The Employer Manager provided an update in regard to two Employers which had gone into liquidation as a result of the Covid-19 pandemic. It was confirmed that the Actuary had calculated the final termination positions for both of these Employers and Officers were waiting the outcome of claims that had been filed with the liquidators.

Members were informed that the Fund had recently been notified of a further Employer liquidation and that an update will be brought to a future meeting.

An update was also provided in regard to the termination of an Admitted Body of the Fund which resulted in the identification of an Exit Credit payment.

#### **Resolved:**

The Board noted the content of the report.

## **17. Essex Pension Fund Printing and Posting Procurement**

Following the agreement by the Board in April 2021 via the Out of Committee process to the commencement of the Printing and Posting procurement, Officers updated the Board, outlining the proposed timeline for completing the procurement.

#### **Resolved:**

The Board noted:

- the Out of Committee decision made during April 2021 to agree the procurement of a Printing and Posting Supplier in conjunction with the ECC Procurement Policy and Procedures;
- the update in regard to the procurement; and
- the content of the report.

#### **18. Urgent Exempt Business**

The IGAA notified the Board about a recent development in regard to the proposed merger involving Aon and Willis Towers Watson. The Board were reassured by the IGAA that this new development would not impact the service provided by Aon to the Fund.

#### **Closing Remarks**

There being no further business, the meeting closed at 11:59am.

**Chairman**  
**22 September 2021**



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 03</b>
<b>Date: 22 September 2021</b>	

## **Outcome of Individual Training Needs Analysis (TNA) and proposal for Online Training**

Report by the Compliance Manager

Enquiries to Amanda Crawford 03330 321763

### Executive Summary

Following the conclusion of all TNAs, a PSB/ISC Two-Year Training Plan, PAB Training Plan and Individual Training Plans have been developed with the overall Plans provided at Appendix A and B respectively for the Board's approval.

Taking onboard feedback from Members, Steven Law from Hymans Robertson has been invited to demonstrate their Online Learning Academy for Members consideration.

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

- 1.1 To provide the Board with the outcome of the Individual TNA and agree the proposed Essex Pension Fund Strategy Board (PSB) and Investment Steering Committee (ISC) Training Plan for the next two-years. In addition, along with the Essex Pension Fund Advisory Board (PAB) Training Plan.
- 1.2 To provide the Board with a demonstration in regard to the Hymans Robertson Online Learning Academy.

## **2. Recommendations**

- 2.1 That the Board **agree:**

- to note the outcome of the TNA's and the two-year PSB/ISC and PAB Training Plans; and
- the Fund sign up to the Hymans Robertson Online Learning Academy.

### **3. Background**

- 3.1 The Board approved the new Knowledge and Skills Strategy at their 16 December 2020 meeting.
- 3.2 The Strategy was developed to aid PSB, ISC and PAB Members in performing and developing personally in their individual roles, with the ultimate aim of ensuring the Fund is managed by individuals who have appropriate levels of knowledge and skills and are able to fulfil and discharge their role effectively.
- 3.3 The revised Strategy incorporates the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA), The Pensions Regulator (TPR), Markets in Financial Instruments Directive (MiFID II) and Ministry of Housing, Communities and Local Government (MHCLG) Statutory Governance Guidance.

### **4. Board/Committee and Individual Training Plans**

- 4.1 A two-year PSB/ISC and PAB Training Plans have been developed and are provided at Appendices A and B of this report.
- 4.2 In addition, each Member should now be in receipt of their Individual Training Plans.
- 4.3 All Training Plans will be updated periodically to ensure Members can keep track of their performance.
- 4.4 In addition, this will be reported to the Board as part of the Fund's Scorecard.

### **5. Training Approach**

- 5.1 The Strategy outlines a variety of methods for the delivery of training including:
  - One-to-One Briefings with Officer/Adviser(s);
  - Members' Briefing Notes;
  - Bitesize training / Hot Topics;
  - In-house Training Events / Workshops;

- External Conferences & Training Seminars; and
- E-Learning / Webinars.

- 5.2 Based on the outcome of the Individual TNA discussions, it was concluded there was preference by Members for a mixture of training methods, from formal face to face to self-learning.
- 5.3 As a consequence, Officers have investigated the market for appropriate self-learning platforms and have identified Hymans Robertson Online Learning Academy as an option that could assist Members in completing their Training Plans, should Members wish to utilise the self-learning option.
- 5.4 The Online Learning Academy allows the users to complete the six Modules at their own pace. Each Module comprises of a short video in a variety of formats which is then followed by an end of Module self-assessment.

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

- 6.1 The receipt of the relevant training for Board/Committee Members will assist the Board in achieving the following Fund objectives:
- act with integrity and be accountable to our stakeholders;
  - ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise; and
  - to ensure the Fund's investments are properly managed before, during and after Pooling is implemented.

## **7. Risk Implications**

- 7.1 Failure for Members to undertake relevant training could result in:
- failure of governance arrangements to match up to statutory requirements and recommended best practice leads to financial loss and reputational damage;

- 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; and
- the implementation of MiFID II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' – the result of which could reduce the range of sub asset classes in which the Fund is able to invest and may even require disinvestment from the current portfolio.

## **8. Communication Implications**

- 8.1 The Board will be updated on progress via the Scorecard against the Training Plan.
- 8.2 Other than ongoing reporting to the Board, there are no communication implications.

## **9. Finance and Resources Implications**

- 9.1 The cost for the Learning Academy has been quoted at £4,770 for 27 licences per annum and will be met out of the Fund's budget.

## **10. Background Papers**

- 10.1 Update on Members Training, PSB 10, 07 July 2021.
- 10.2 Essex Pension Fund Policies, PSB 06, 16 December 2020.



# Essex Pension Fund

## Training Plan



# Essex Pension Fund

## PSB/ISC Training Plan

### PSB/ISC Training Needs Analysis - Results

**1. The Fund's Governance Structure including the roles of:**

- Essex County Council as Administering Authority;
- the S151 Officer;
- the Monitoring Officer; and
- the Senior Officers in the Fund

**2. The roles of the PSB, ISC and PAB including Scheme Employer and Scheme Member representatives**

**5. Statutory requirements for the compliance with Account and Audit Regulations including the roles of Internal and External Audit**

**6. The Fund's Policies, Strategies and Publications: Business Plan; Governance Policy and Compliance Statement; Risk Strategy**

**7. How potential Conflicts of Interest are identified and managed**

**11. The different types of Employer including Employer risk e.g. Employer covenant and the requirements for Employer specific Funding Objectives**

**12. Employing Authority Discretions and Delegations**

**13. Communications of IAS19/FRS102 requirements to Employer**

**17. The Fund's approach to Responsible Investment as contained in the Investment Strategy Statement**

**18. The Fund's membership of and role in the Local Authority Fund Forum (LAPFF)**

**19. Cost transparency initiative and the review of Investment fees through Benchmarking**

**23. The Fund's Pensions Administration Strategy and the benefit structure**

**24. The difference between LGPS Fund discretions and Employers' Page 28 of 146 discretionary policies**

**25. Regulatory impacts on the Fund in regard to wider pensions and LGPS Landscape**

# Essex Pension Fund

## PSB/ISC Training Plan



Completed



Partially Completed

**3.** The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform

**4.** Codes of Practice: TPR and Chartered Institute of Public Finance and Accountancy (CIPFA)

**8.** An understanding of how breaches in law are reported

**9.** An understanding of how the Fund procures, monitors and manages its 3rd party suppliers

**10.** The Actuarial Valuation process, including developing the Funding Strategy in conjunction with the Fund Actuary including the role of the Actuary

**14.** The risk and return characteristics of the main asset classes (equities, bonds, property etc) the role of these asset classes in the Funding Strategy

**15.** Awareness of the Fund's Investment Strategy

**16.** Key aspects of Investment Strategy and Investment Manager performance monitoring

**20.** Asset management including the safeguarding of Fund's assets, the role of the Global Custodian and Treasury Management

**21.** Investment Pooling Collaboration and the Fund's role within the ACCESS Pool

**22.** Regulations including Statutory Guidance, CIPFA Investment Pooling Principles and markets in Financial Instruments Directive (MiFID II)

**26.** The Fund's ambition for Greater Digitalisation and Digital Transformation and delivery methods and what this involves

**27.** The maintenance of accurate Member data

**28.** The Fund's Communications Policy and how it communicates with Key Stakeholders

Page 29 of 146

# Essex Pension Fund

## PSB/ISC Training Plan

### Areas identified for further Training

No.	Training Title	✓
1	The Fund's Governance Structure including the roles of: Essex County Council as Administering Authority; the S151 Officer; the Monitoring Officer; and the Senior Officers in the Fund	
2	The roles of the PSB, ISC and PAB including Scheme Employer and Scheme Member representatives	
3	The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform	
4	Codes of Practice: The Pensions Regulator (TPR) and Chartered Institute of Public Finance and Accountancy (CIPFA)	
5	Statutory requirements for the compliance with Account and Audit Regulations including the roles of Internal and External Audit	✓
6	The Fund's Policies, Strategies and Publications: Business Plan; Governance Policy and Compliance Statement; Risk Strategy	
7	How potential Conflicts of Interest are identified and managed	
8	An understanding of how breaches of the law are reported	
9	An understanding of how the Fund procures, monitors and manages its 3rd party suppliers	

# Essex Pension Fund

## PSB/ISC Training Plan

No.	Training Title	✓
10	The Actuarial Valuation process, including developing the Funding Strategy in conjunction with the Fund Actuary including the role of the Actuary	50%
11	The different types of Employer including Employer risk e.g. Employer covenant and the requirements for Employer specific Funding Objectives	
12	Employing Authority Discretions and Delegations	
13	Communications of IAS19/FRS102 requirements to Employers	✓
14	The risk and return characteristics of the main asset classes (equities, bonds, property etc) the role of these asset classes in the Funding Strategy	
15	Awareness of the Fund's Investment Strategy	
16	Key aspects of Investment Strategy and Investment Manager performance monitoring	
17	The Fund's approach to Responsible Investment as contained within the Investment Strategy Statement	50%
18	The Fund's membership of and role in the Local Authority Fund Forum (LAPFF)	
19	Cost transparency initiative and the review of Investment Manager fees through CEM Benchmarking	✓
20	Asset management including the safeguarding of Fund's assts, the role of the Global Custodian and Treasury Management	
21	Investment Pooling Collaboration and the Fund's role within the ACCESS Pool	

# Essex Pension Fund

## PSB/ISC Training Plan

No.	Training Title	✓
22	Regulations including Statutory Guidance, CIPFA Investment Pooling Principles and markets in Financial Instruments Directive (MiFID II)	
23	The Fund's Pensions Administration Strategy and the benefit structure	
24	The difference between LGPS Fund discretions and Employers' discretionary policies	
25	Regulatory impacts on the Fund in regard to wider pensions and LGPS Landscape (Regulatory Reform quarterly update	
26	The Fund's ambition for Greater Digitalisation and Digital Transformation and delivery methods and what this involves	
27	The maintenance of accurate Member data	
28	The Fund's Communications Policy and how it communicates with Key Stakeholders	

Score	Delivery Method
Red (No knowledge)	Small Group/Large Group training sessions (Board Meeting or Training Day) or one to one training specifically for the subject matter
Amber (Limited Knowledge)	Large group training session (Board Meeting or Training Day)
Yellow (Some Knowledge)	Refresher training via Training video, webinar, e-learning, Bitesize Training at Board Meeting
Green (Fully Conversant)	Training delivered (if applicable)

# Essex Pension Fund

## PSB/ISC Training Plan

### Other Training Offered and/or Undertaken linked to TNA

No.	Training from 01 April 2021	Date
17	Responsible Investment Project Plan	16 Jun 21
19	Bitesize Training: Investment Manager Monitoring - Annual Performance Review	16 Jun 21
10	Bitesize Training: Government Actuary's Department Section 13 Review	07 Jul 21
5 & 13	Essex Pension Fund Audit & Accounts Training by online video	Various

### Other Training Offered and/or Undertaken

Other Training from 01 April 2021	Date
Aon Webinar: Earth, Wind & Fire: Considering and Communicating on Climate Risk	12 Jul 21

### Planned Training

No.	Upcoming Training
3	The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform
8	Recording and Reporting Breaches of the law
17	Responsible Investment

# Essex Pension Fund

## PSB/ISC Training Plan

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### Further Information

If you require further information about this Training Plan, please contact:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email – [Amanda.crawford@essex.gov.uk](mailto:Amanda.crawford@essex.gov.uk) or  
[compliance.team@essex.gov.uk](mailto:compliance.team@essex.gov.uk)

Essex Pension Fund  
Seax House  
County Hall  
Chelmsford  
Essex  
CM1 1QH

# Essex Pension Fund

## Training Plan



# Essex Pension Fund

## PAB Training Plan

### PAB Training Needs Analysis - Results

**1. The Fund's Governance Structure including the roles of:**

- Essex County Council as Administering Authority;
- the S151 Officer;
- the Monitoring Officer; and
- the Senior Officers in the Fund

**2. The roles of the PSB, ISC and PAB including Scheme Employer and Scheme Member representatives**

**5. Statutory requirements for the compliance with Account and Audit Regulations including the roles of Internal and External Audit**

**6. The Fund's Policies, Strategies and Publications: Business Plan; Governance Policy and Compliance Statement; Risk Strategy**

**7. How potential Conflicts of Interest are identified and managed**

**11. The different types of Employer including Employer risk e.g. Employer covenant and the requirements for Employer specific Funding Objectives**

**12. Employing Authority Discretions and Delegations**

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**23. The Fund's Pensions Administration Strategy and the benefit structure**

**24. The difference between LGPS Fund discretions and Employers' Page 36 of 146 discretionary policies**

**25. Regulatory impacts on the Fund in regard to wider pensions and LGPS Landscape**

# Essex Pension Fund

## PAB Training Plan



Completed



Partially Completed



Not Applicable

**3.** The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform

**4.** Codes of Practice: TPR and Chartered Institute of Public Finance and Accountancy (CIPFA)

**8.** An understanding of how breaches in law are reported

Jul 21

**9.** An understanding of how the Fund procures, monitors and manages its 3rd party suppliers

**10.** The Actuarial Valuation process, including developing the Funding Strategy in conjunction with the Fund Actuary including the role of the Actuary

Jul 21

**14.** The risk and return characteristics of the main asset classes (equities, bonds, property etc) the role of these asset classes in the Funding Strategy

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**26.** The Fund's ambition for Greater Digitalisation and Digital Transformation and delivery methods and what this involves

**27.** The maintenance of accurate Member data

**28.** The Fund's Communications Policy and how it communicates with Key Stakeholders

# Essex Pension Fund

## PAB Training Plan

### Areas identified for further Training

No.	Training Title	✓
1	The Fund's Governance Structure including the roles of: Essex County Council as Administering Authority; the S151 Officer; the Monitoring Officer; and the Senior Officers in the Fund	
3	The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform	
4	Codes of Practice: The Pensions Regulator (TPR) and Chartered Institute of Public Finance and Accountancy (CIPFA)	
6	The Fund's Policies, Strategies and Publications: Business Plan; Governance Policy and Compliance Statement; Risk Strategy	
7	How potential Conflicts of Interest are identified and managed	
8	An understanding of how breaches of the law are reported	✓
10	The Actuarial Valuation process, including developing the Funding Strategy in conjunction with the Fund Actuary including the role of the Actuary	50%
15	Awareness of the Fund's Investment Strategy	
17	The Fund's approach to Responsible Investment as contained within the Investment Strategy Statement	50%

# Essex Pension Fund

## PAB Training Plan

No.	Training Title	✓
21	Investment Pooling Collaboration and the Fund's role within the ACCESS Pool	
23	The Fund's Pensions Administration Strategy and the benefit structure	
24	The difference between LGPS Fund discretions and Employers' discretionary policies	
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26	The Fund's ambition for Greater Digitalisation and Digital Transformation and delivery methods and what this involves	
27	The maintenance of accurate Member data	
28	The Fund's Communications Policy and how it communicates with Key Stakeholders	

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# Essex Pension Fund

## PAB Training Plan

### Other Training Offered and/or Undertaken linked to TNA

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10	Bitesize Training: Government Actuary's Department Section 13 Review	07 Jul 21
8	An understanding of how breaches of the law are reported	07 Jul 21
5 & 13	Essex Pension Fund Audit & Accounts Training by online video	Various

### Other Training Offered and/or Undertaken

Other Training from 01 April 2021	Date
Bitesize Training: Investment Manager Monitoring - Annual Performance Review	16 Jun 21

### Planned Training

No.	Upcoming Training
3	The wider pensions and LGPS Landscape including LGPS Regulations, Ministry of Housing, Communities and Local Government (MHCLG), Scheme Advisory Board (SAB), Pensions Ombudsman, The Pensions Regulator (TPR) and Regulatory Reform

# Essex Pension Fund

## PAB Training Plan

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### Further Information

If you require further information about this Training Plan, please contact:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email – [Amanda.crawford@essex.gov.uk](mailto:Amanda.crawford@essex.gov.uk) or  
[compliance.team@essex.gov.uk](mailto:compliance.team@essex.gov.uk)

Essex Pension Fund  
Seax House  
County Hall  
Chelmsford  
Essex  
CM1 1QH



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 04</b>
<b>Date: 22 September 2021</b>	

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

Report by the Compliance Manager

Enquiries to Amanda Crawford 03330 321763

### Executive Summary

The Quarterly Update Report is provided at Appendix A.

Business Plan – of 45 priorities, 13 activities have already been completed for 2021/22.

Budget – the Fund is forecasting an underspend of 7%.

Scorecard – one movement in Governance from amber to green in relation to the number of risks at their target score.

Risk – since the 07 July 2021 meeting, two further risks have been reduced back to their target score due the Fund being able to carry out Business as Usual throughout the Covid-19 Pandemic and the likelihood reduced due to the lift in restrictions.

## **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 30 June 2021; and

- Risk Management.

## **2. Recommendations**

- 2.1 That the Board **review** the full Scorecard and Risk Register as part of the Annual Review and **agree** for these to be shared with the Essex Pension Fund Advisory Board (PAB) for noting.
- 2.2 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	5 (4)	5 (5)	0 (0)	2 (3)	0 (0)
Funding	6	1 (1)	4 (2)	0 (0)	0 (2)	1 (1)
Investments	13	2 (1)	7 (6)	0 (0)	4 (6)	0 (0)
Admin	7	2 (1)	4 (4)	0 (0)	1 (2)	0 (0)
Comms	7	3 (1)	4 (5)	0 (0)	0 (1)	0 (0)
Total	45	13 (8)	24 (22)	0 (0)	7 (14)	1 (1)

The numbers in brackets represents the progress reported at the 07 July 2021 meeting.

#### Budget

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

#### Scorecard

- 4.3 The full Scorecard report can be found at Section C to this report as part of the Annual Review to be undertaken by the Board.

#### Risk Management

- 4.4 The Risk Management report has been provided at Section D to this report which includes the full Risk Register as part of the Annual Review to be undertaken by the Board.

- 4.5 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.
- 4.6 Two risk scores have changed since the last meeting returning back to their target scores due to the lifting of Covid-19 restrictions and the Fund continuing to deliver Business as Usual throughout the pandemic.
- 4.7 No new risks have been identified during this period.
- 4.8 In addition, Fund Officers have undertaken a complete review of the risk descriptions in consultation with the ECC Risk Advisor. Minor amendments have been made to risk descriptions where required to ensure it includes a trigger, risk and impact.

## **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 06, 07 July 2021.
- 9.2 Update on Pension Fund Activity, PSB 03a, 17 March 2021.
- 9.3 Update on Pension Fund Activity, PSB 04, 16 December 2020.



# 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

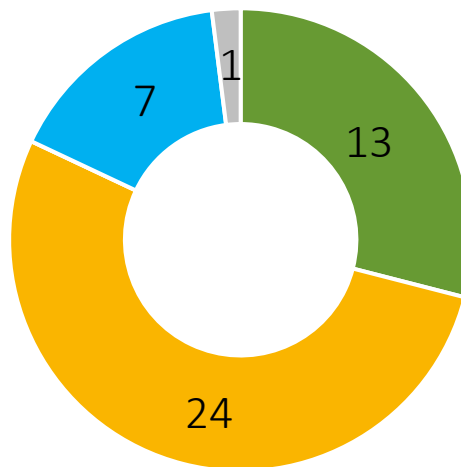
Progress Update

01 June 2021 – 31 August 2021



# Strategic BAU & Key Priorities

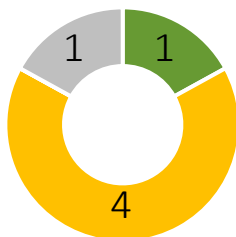
Essex Pension Fund



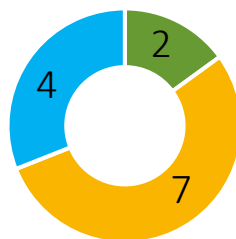
Of 45 Priorities

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

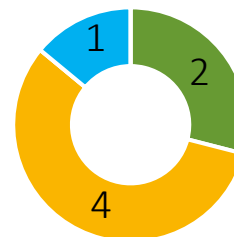
Funding



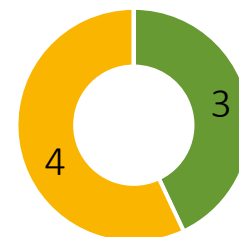
Investments



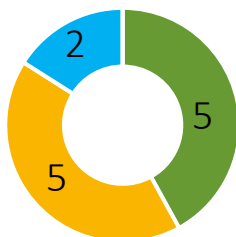
Administration



Communications



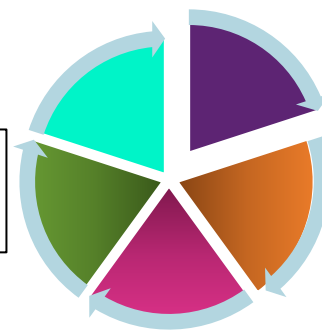
Governance



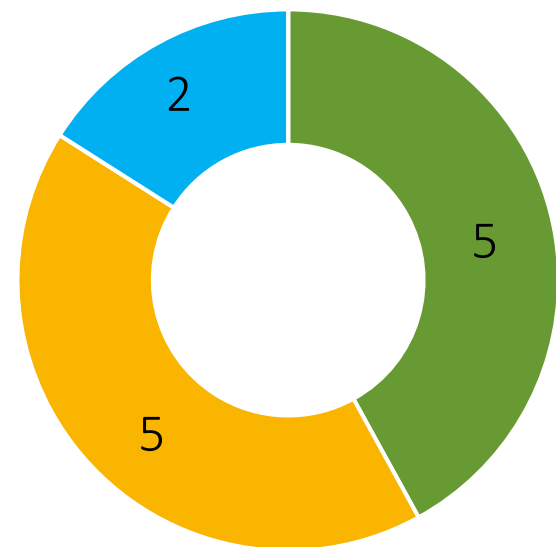
# 1. Progress - Governance

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

P – Previous  
C – Current

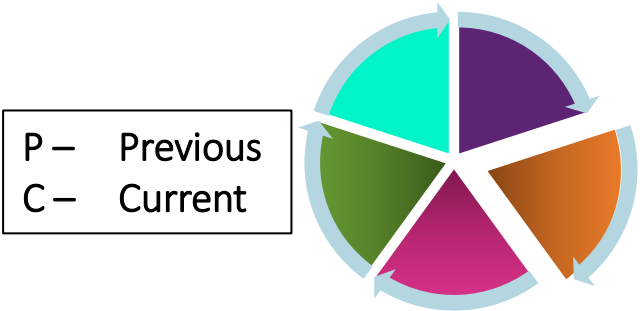


Strategic BAU & Key Priorities



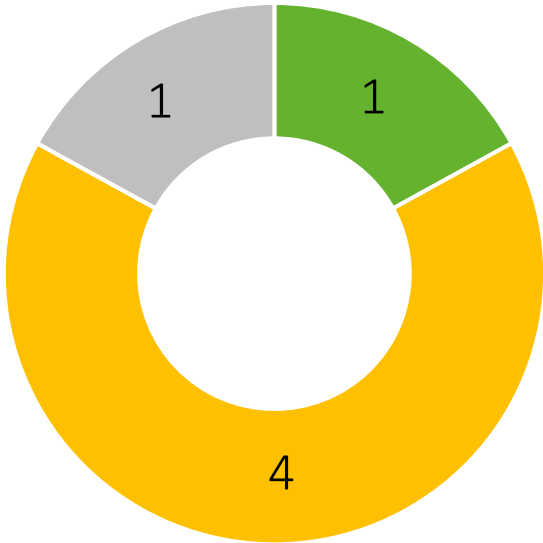
■ Completed  
■ Delayed  
■ Not Applicable  
■ In Progress  
■ Not due to start

# 2. Progress - Funding



Strategic BAU & Key Priorities	P	C
1. Update Funding Strategy Statement (including Flexibilities Policies)	Completed	Completed
2. Annual Interim Funding review	Not due to start	In Progress
3. Employing Authority discretions and delegations review	Not Applicable	Not Applicable
4. Employer Risk review	Not due to start	In Progress
5. McCloud Preparation/Implementation	In Progress	In Progress
6. Employer Training Webinars	In Progress	In Progress

Strategic BAU & Key Priorities



- Completed

In Progress
- Delayed

Not due to start
- Not Applicable

# 3. Progress - Investments

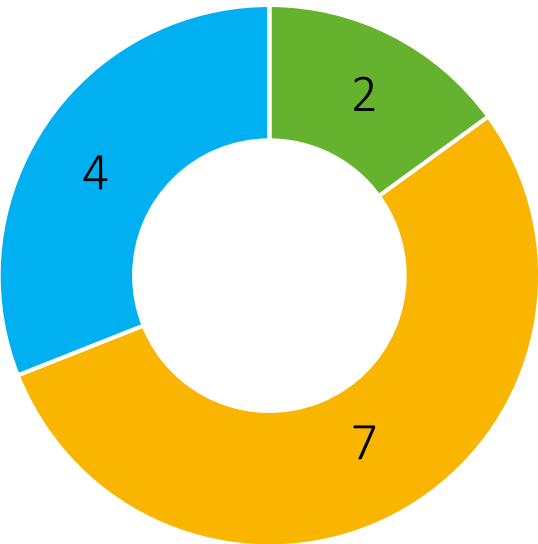
Strategic BAU & Key Priorities	P	C
1. Develop/Implement Investment Managers Engagement Strategy		
2. 2022/23 Treasury Management Strategy review		
3. Strategic Asset Allocation review		
4. ACCESS collaboration		
5. Individual Manager review (on an exceptional basis)		
6. Review of CEM Benchmarking /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

P – Previous

C – Current



Strategic BAU & Key Priorities



Completed

Delayed

Not Applicable

In Progress

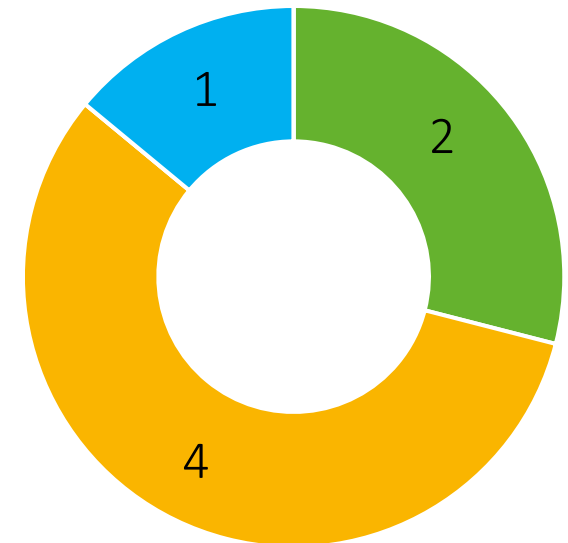
Not due to start

# 4. Progress - Administration

P – Previous  
C – Current



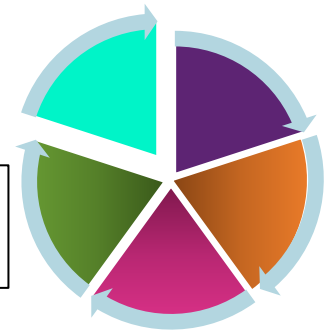
Strategic BAU & Key Priorities



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

Strategic BAU & Key Priorities	P	C
1. Review Administration Strategy		
2. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> <li>Unpausing of Cost Cap</li> <li>£95k Cap</li> <li>Goodwin</li> </ul>		
3. Commencement of Pensions Single Payments provider review (dependent on the new ECC Corporate Systems project being implemented)		
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		
5. McCloud Preparation/Implementation		
6. Commencement of Monthly Returns Digital Transformation		
7. The Pensions Regulator (TPR) Data Improvement Plan		

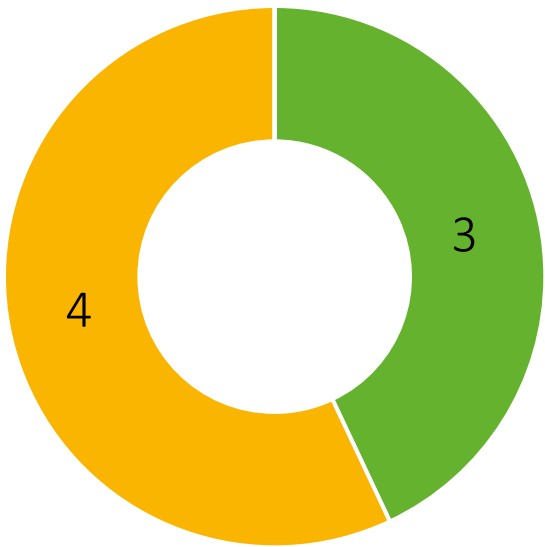
# 5. Progress - Communications



P – Previous  
C – Current

Strategic BAU & Key Priorities	P	C
1. Development of Stakeholder Strategy		
2. LGPS Reform: <ul style="list-style-type: none"><li>• Unpausing of Cost Cap</li><li>• £95k Cap</li><li>• Goodwin</li></ul>		
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications		
4. McCloud Implications		
5. Implementation of Social Media Channel		
6. Commencement of the Website review		
7. Annual Benefit Statements review and development		

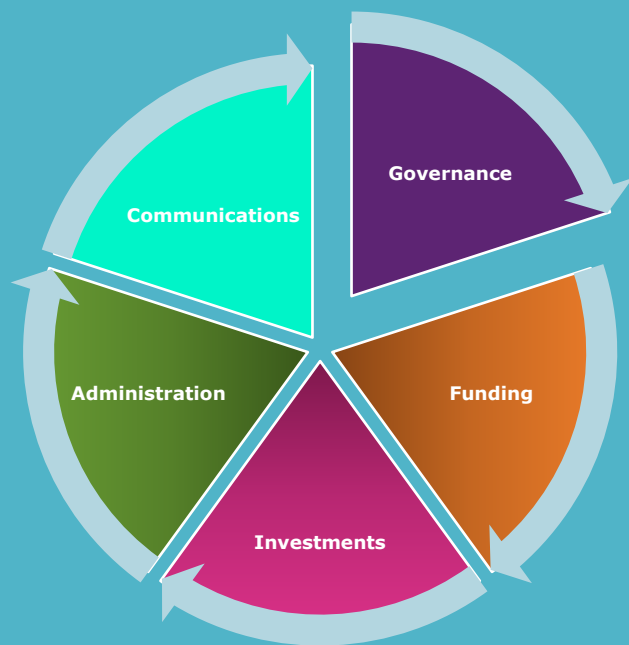
Strategic BAU & Key Priorities



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

# Commentary

## 1. Governance



Strategic BAU & Key Priorities		Commentary
1. Agree 2022/23 Business Plan & Budget		2021/22 Business Plan & Budget was agreed at the 17 March 2021 PSB meeting. The 2022/23 Business Plan & Budget process will commence in Q4 2021/22.
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		All Board/Committee Members are in receipt of their Individual Training Plans along with the relevant Two-Year Training Plans. The outcome is provided as part of this Agenda pack.
5. Implementation of Business Continuity Policy		Complete.



Strategic BAU & Key Priorities		Commentary
6. Ongoing review of Business Continuity Plan (including Cyber Security) and Testing		Ongoing. Further testing of the Plan is scheduled throughout the year.
7. Annual Statement of Accounts including compliance with CIPFA requirements		In progress, pending External Audit sign off.
8. Development of Stakeholder Strategy		Commenced during July 2021.
9. Implementation of Governance Review and Effectiveness Survey		Complete for PSB/ISC. In progress for PAB.
10. LGPS Reform		Ongoing.
11. Commencement of AVC Review		Commenced. The outcome will be brought to a future meeting.
12. Independent Governance & Administration Adviser (IGAA) Contract Review		Due to commence in Q3 2021/22.

# Commentary

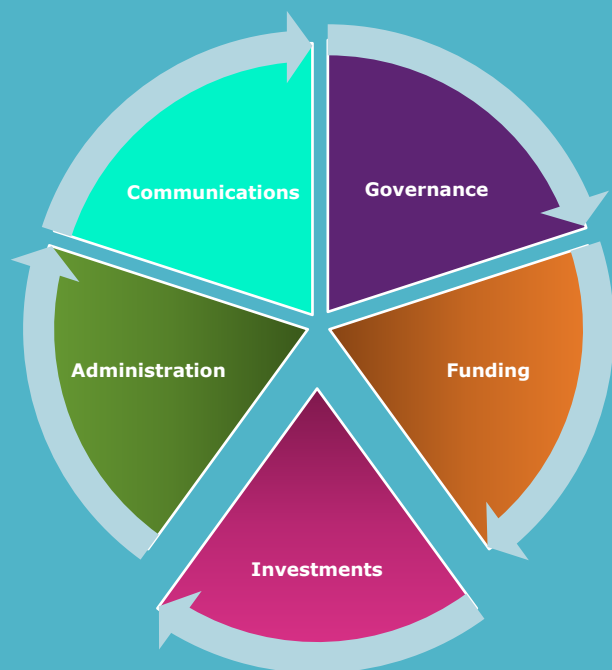
## 2. Funding



Strategic BAU & Key Priorities		Commentary
1. Update Funding Strategy Statement (including Flexibilities Policies)		Complete.
2. Annual Interim Funding review		The Fund Actuary has commenced the Annual Interim Funding Review and the outcome will be reported to the December 2021 PSB.
3. Employing Authority discretions and delegations review		Periodically reviewed as and when required.
4. Employer Risk review		The Fund has commenced the Employer Risk Review in conjunction with the Annual Interim Funding review with input from the Actuary.
5. McCloud Preparation/Implementation		Ongoing.
6. Employer Training Webinars		Ongoing.

# Commentary

## 3. Investments



Strategic BAU & Key Priorities		Commentary
1. Develop/Implement Investment Managers Engagement Strategy		The RI Project Plan was agreed at 16 June 2021 ISC meeting which set out a timetable for achieving key deliverables.
2. 2022/23 Treasury Management Strategy review		Due in Q4 2021/22.
3. Strategic Asset Allocation review		The Strategic Asset Allocation review is conducted on a Biannual basis and is reported to the ISC for decisions as and when required.
4. ACCESS collaboration		Ongoing.
5. Individual Manager review (on an exceptional basis)		Routinely reported to ISC at each meeting.
6. Review of CEM Benchmarking / Cost Transparency		In progress.
7. Development and Implementation to become Signatory of the Financial Reporting Council UK 2020 Stewardship Code		The RI Project Plan was agreed at 16 June 2021 ISC meeting which set out a timetable for achieving key deliverables.



Strategic BAU & Key Priorities		Commentary
8. Commencement of Annual Review of all investment managers' compliance with the Fund's RI and Stewardship Policy		The RI Project Plan was agreed at 16 June 2021 ISC meeting which set out a timetable for achieving key deliverables.
9. Development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures)		The RI Project Plan was agreed at 16 June 2021 ISC meeting which set out a timetable for achieving key deliverables.
10. Implementation of Institutional Investment Consultant procurement		Complete.
11. Institutional Investment Consultant – CMA review		Due Q3 of 2021/22.
12. Implementation of Global Custody procurement		Complete. New Contract commenced on 01 September 2021.
Page 61 of 146 13. Exploration of external RI Adviser		Due Q3 2021/22.

# Commentary

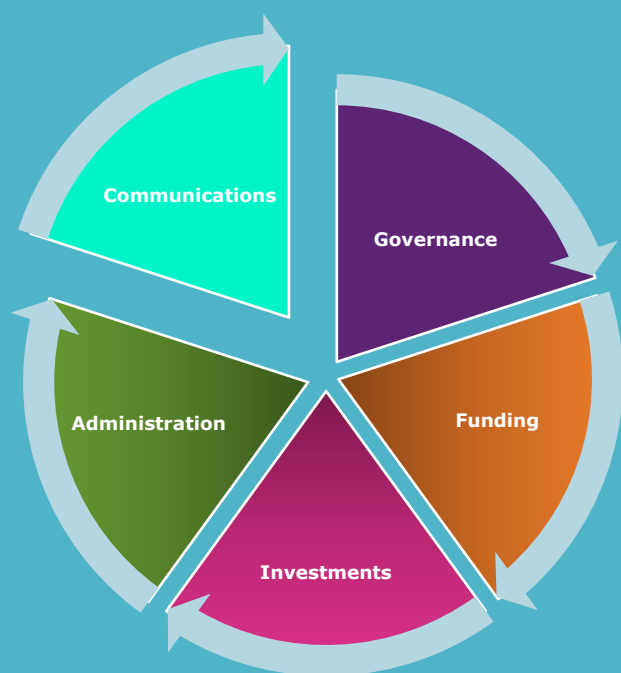
## 4. Administration



Strategic BAU & Key Priorities		Commentary
1. Review Administration Strategy		The Review of the Administration Strategy has commenced and will be reported to a future meeting.
2. LGPS Reform – Planning for Administration changes: <ul style="list-style-type: none"> <li>Unpausing of Cost Cap</li> <li>95k Cap</li> <li>Goodwin</li> </ul>		Ongoing. Unpausing of Cost Cap – Administration implications are possible but not yet clear. 95k was revoked last year however a new consultation during 2021/22 is expected. Goodwin – waiting for MHCLG to issue guidance.
3. Commencement of Pensions Single Payments provider review		Pending the BACS Cloud Procurement led by ECC.
4. Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online		Ongoing. Continuous development and implementation throughout the year.
5. McCloud Preparation/Implementation		Ongoing. Continuous development throughout the year.
6. Commencement of Monthly Returns Digital Transformation		Complete.
<p>Page 62 of 146</p> 7. The Pensions Regulator (TPR) Data Improvement Plan		Complete. The review of the Fund's Data Improvement Plan has been completed and will be implemented during the next three years.

# Commentary

## 5. Communications



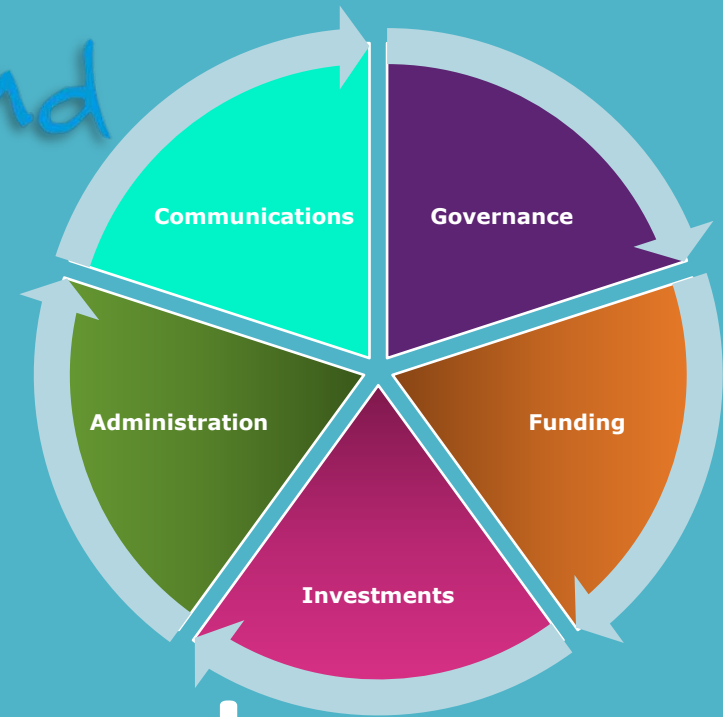
Strategic BAU & Key Priorities		Commentary
1. Development of Stakeholder Strategy		Commenced during July 2021.
2. LGPS Reform: <ul style="list-style-type: none"> <li>Unpausing of Cost Cap</li> <li>£95k Cap</li> <li>Goodwin</li> </ul>		Ongoing. Communications on these issues will be developed once further guidance and communications have been issued from MHCLG etc.
3. Greater Digitalisation of the Fund including the exploration of Electronic Communications		Ongoing. Continuous development and implementation throughout the year.
4. McCloud Implications		Ongoing. Continuous development throughout the year.
5. Implementation of Social Media Channel		Implementation complete.
6. Commencement of the Website review		Commenced. An update will be provided at a future meeting.
<p>Page 63 of 146</p> 7. Annual Benefit Statements review and development		Complete.

# Essex Pension Fund

## Section B

# 2021/22 Budget vs Current Forecast Q2 Update

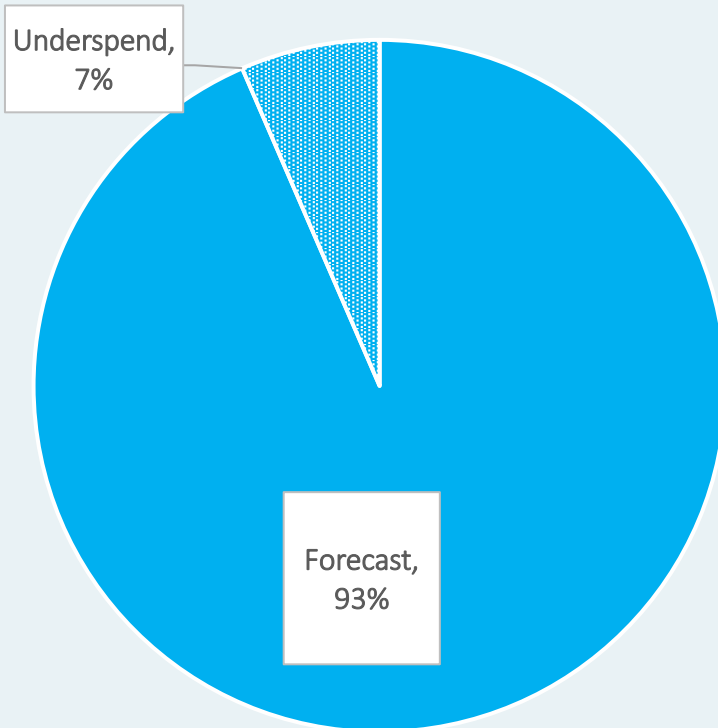
Date produced: 08 September 2021








# EPF Budget vs Forecast 2021/22

## Q2 Progress Update

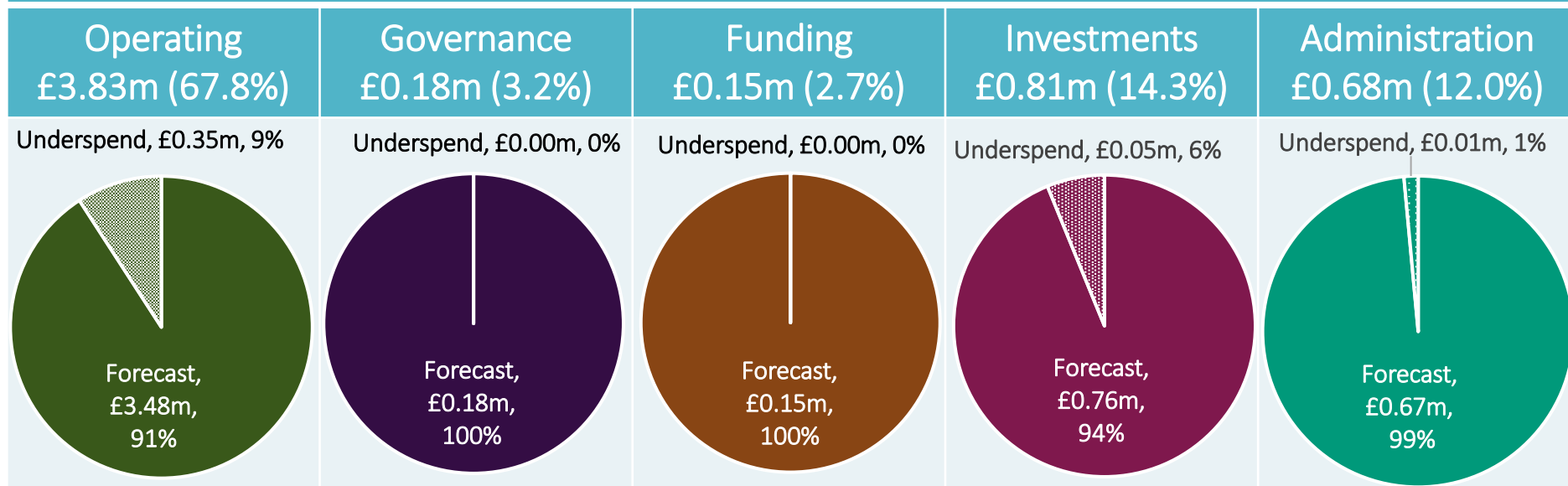
EPF Budget £5.65m	Current Forecast £5.24m	Variance (Under)/ Overspend (£0.41m)	Rating 	Progress Update Commentary	Variance against Budget Key
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*Overall forecast an underspend vs EPF 2021/22 Budget. This underspend is largely driven by the increased time it has taken to recruit additional staff.*

(Under) spend > 5%	
(Under) spend < 5%	
On Budget	
Over spend < 5%	
Over spend > 5%	

## EPF Budget 2021/22: £5.65m



## Variance against Budget: Rating



## Budget Commentary

Forecast a significant underspend on EPF Staffing Budget for the year. This has been largely driven by recruitment taking longer than anticipated and savings made by utilising the Government Kickstart Scheme.

Governance expenditure forecast to be in line within Budget.

Actuarial advice forecast expected to be in line with Budget.

Page 66 of 146

Forecast an underspend for the year this is largely driven by savings expected on the newly negotiated Custody contract for the second half of the year. Some of these savings have been offset by some additional expenditure in relation to the increased Responsible Investment work.

Forecast a slight underspend for the year.

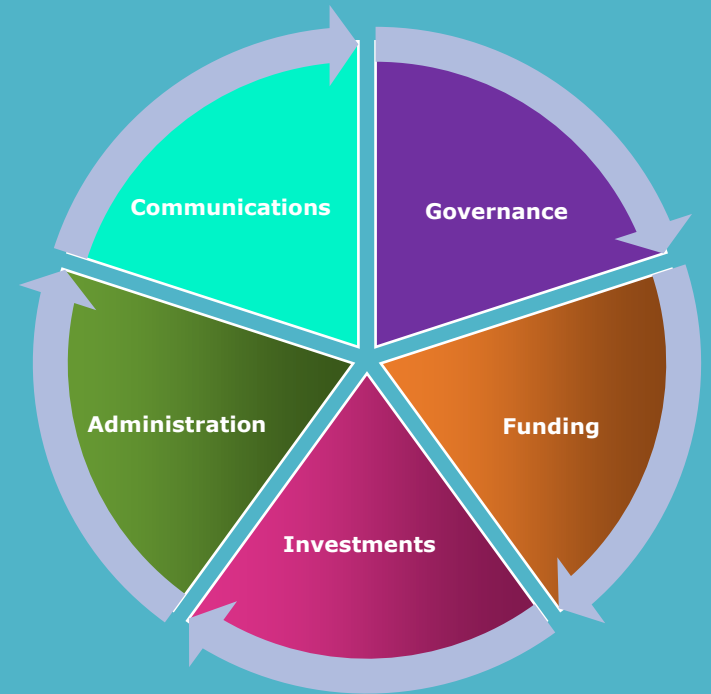
# Essex Pension Fund

## Section C

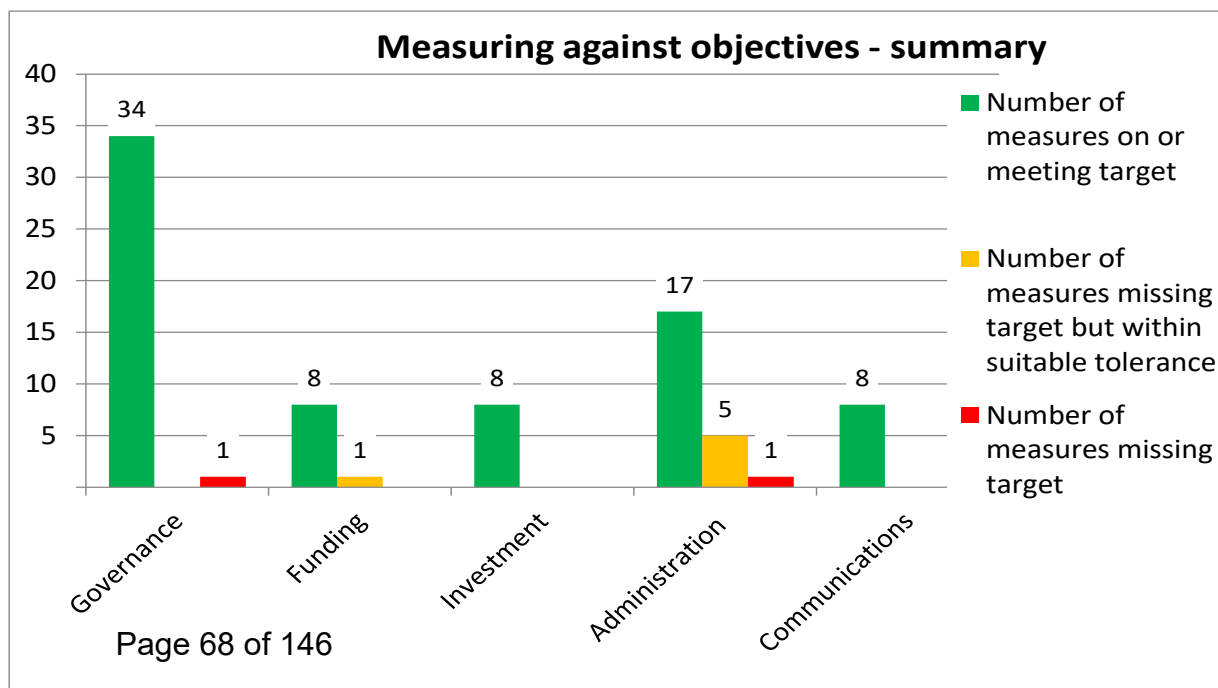
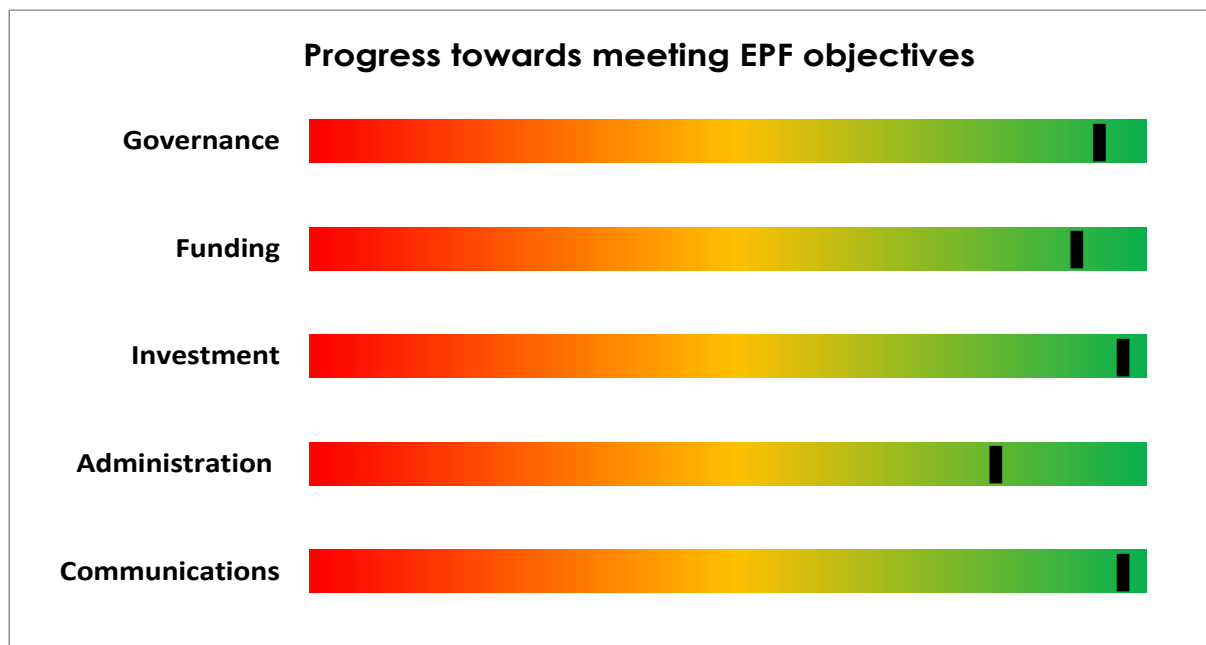
2021/22

# Scorecard Update

01 April 2021 - 30 June 2021



# Current Status



# Movements since previous Scorecard

Governance	Funding	Investment	Administration	Communications
	No movements since the last quarter	No movements since the last quarter	No movements since the last quarter	No movements since the last quarter

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

# Governance

## 1.1 - Provide a high quality service whilst maintaining value for money



Measure Owner: Amanda Crawford

Data lead: David Tucker

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.1.1.	Fund's cost per member is within 2nd/3rd quartile of LGPS funds	Yes	Yes / No	31 Dec 2020			Within 2nd/3rd quartile	Yes	N/A	N/A	Annual (Approx Dec)	Cost per member was £18.56 (between 1st and 2nd quartile) in 2019/20 (£16.94 in 2018/19) compared to the CIPFA Benchmarking average of £20.00. (The CIPFA Benchmarking average for 2019/20 was £21.34). This is an annual measure and will not be updated until December 2021.
1.1.2	Number of Scheme Member / Employer / Other Stakeholder complaints	3	# Odp	30 Jun 2021			Number	5	10	Low	Scorecard period	1 Member believed the Fund had lost their Scheme Membership details however full investigation has revealed the individual is not in an LGPS Fund. 1 Member had a delay in payment due to the Employer not providing the information which has since been collected and resolved. 1 Member made a formal complaint in regard to her joining letter being sent to her old address. This has now been resolved. 0 reported to the 07 July 2021 PSB.
1.1.3.	Number of Scheme Member / Employer / Other Stakeholder compliments	31	# Odp	30 Jun 2021			Number	15	10	High	Scorecard period	Of the 31 compliments, 3 were from Scheme Employers, 1 was from a Board/Committee Member and 27 were from Scheme Members. 13 (against a monthly target of 5) was reported to the 07 July 2021 PSB.
1.1.4.	Number of IDRP appeals against the Administering Authority upheld	0	# Odp	30 Jun 2021			Number	0	5	Low	Scorecard period	0 reported to the 07 July 2021 PSB.

### Notes relating to results

# Governance

## 1.2 - Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice



Measure Owner: Amanda Crawford

Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.2.1.	Number of Material LGPS Breaches identified and reported to TPR	0	# Odp	30 Jun 2021			Number	0	N/A	Low	Scorecard period	0 reported to the 07 July 2021 PSB.
1.2.2	% of TPR Code individual requirements that EPF is compliant in	100%	% Odp	31 Dec 2020			% compliant	90%	85%	High	Annual (December)	Last year (2019/20) the Fund achieved 91% compliance against this measure. This is an annual measure and will not be updated until December 2021.
1.2.3	% of Board/Committee agendas sent out 5 working days before meetings	100%	% Odp	30 Jun 2021			% issued	100%	90%	High	Scorecard period	During Quarter 1 of 2021/22, 1 ISC meeting was held on 16 June 2021, with the Agenda Pack issued by the required deadline. 100% was reported to the 07 July 2021 PSB.
1.2.4	% of Board/Committee minutes uploaded to internet within 12 working days after meetings	100%	% Odp	30 Jun 2021			% uploaded	100%	75%	High	Scorecard period	During Quarter 1 of 2021/22, 1 ISC meeting was held on 16 June 2021 with the minutes issued by the required deadline. 100% was reported to the 07 July 2021 PSB.
1.2.5	All EPF Policies and Publications are reviewed in line with the Business Plan and approved by the PSB/ISC where applicable	Yes	Yes / No	30 Jun 2021			All reviewed	Yes	N/A	N/A	Current (each scorecard)	No Policies were taken to the June ISC and no PSB meeting was held during the 1st Quarter.
Notes relating to results												

# Governance

## 1.3 - Ensure the Fund is managed and its services delivered by people who have the appropriate knowledge and expertise



Measure Owner: Amanda Crawford

Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.3.1.	Board/Committee Members Training Strategy (Knowledge & Skills) and Training plan in place	Yes	Yes / No	31 Dec 2020			In place	Yes	N/A	N/A	Current (each scorecard)	The new Knowledge and Skills Strategy and Training Plan was approved by the PSB at their 16 December 2020 meeting.
1.3.2.	Individual Training Needs Analysis carried out for all Board/Committee Members in last 24 months		Yes / No	30 Jun 2021			All carried out	Yes	N/A	N/A	2-year rolling	The roll out of the TNA's has continued with Fund Officers in the final stages of completing the PSB/ISC Members TNAs.
1.3.3.	All new PSB, ISC, PAB members have internal induction training carried out within 3 months of confirmed appointment	Yes	Yes / No	30 Jun 2021			All carried out	Yes	N/A	High	12-month rolling	All new PSB/ISC/PAB Members have received their induction training where deemed appropriate.
1.3.4.	All desirable external events identified covering the period since the last scorecard have been attended by at least one member of the Management Team or relevant Officer / Board Member representative	100%	% Odp	30 Jun 2021			% achieved	95%	85%	High	Scorecard period	Not applicable to Board/Committee Members due to the local elections. All Fund Officers have attended the external training events identified during this quarter.
1.3.5.	PSB Members achieved required training credits within a rolling 2-year period	159%	% Odp	30 Jun 2021			% attended	90%	75%	High	2-year rolling	This is against the target set in a rolling two year period in line with the new Knowledge and Skills Strategy. 160% was reported to the 07 July 2021 PSB.
1.3.6.	% attendance at meetings by PSB		% Odp	30 Jun 2021			% achieved	80%	70%	High	Scorecard period	No PSB meeting took place during this scorecard period. 91% was reported to the 07 July 2021 PSB.
1.3.7.	ISC Member achieved required training credits within a rolling 2-year period	170%	% Odp	30 Jun 2021			% attended	90%	75%	High	2-year rolling	This is against the target set in a rolling two year period in line with the new Knowledge and Skills Strategy. 170% was reported to the 07 July 2021 PSB.
1.3.8.	% attendance at meetings by ISC	89%	% Odp	30 Jun 2021			% achieved	80%	70%	High	Scorecard period	1 ISC meeting took place in this scorecard period on 16 June 2021. 89% was reported to the 16 June 2021 meeting.
1.3.9.	PAB Members achieved required training credits within a rolling 2-year period	99%	% Odp	30 Jun 2021			% attended	90%	75%	High	2-year rolling	This is against the target set in a rolling two year period in line with the new Knowledge and Skills Strategy. 103% was reported at the 07 July 2021 PSB.
1.3.10.	% attendance at meetings by PAB		% Odp	30 Jun 2021			% attended	80%	70%	High	Scorecard period	No PAB meeting took place during this scorecard period. 100% was reported at the 07 July 2021 PSB.

### Notes relating to results

# Governance

## 1.4 - Evolve and look for new opportunities, ensuring efficiency at all times



Measure Owner: Jody Evans      Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.4.1.	Fund 3-year Business Plan and budget prepared and presented for approval prior to each new financial year, following consultation with the Fund's advisers/consultants	Yes	Yes / No	31 Mar 2021			Achieved	Yes	N/A	N/A	Annual (31st March)	The 2021/22 to 2023/24 Business Plan was approved by the PSB at their 17 March 2021 meeting.
1.4.2.	Progress against the Fund's Annual Business Plan reported to each PSB meeting	Yes	Yes / No	30 Jun 2021			Achieved	Yes	N/A	N/A	Scorecard Period	13 out of 45 Priorities have been completed to date.
1.4.3.	EPF Forecast in line with agreed Budget	Yes	Yes / No	30 Jun 2021			In line with Budget	Yes	N/A	N/A	Scorecard Period	7% underspend has been reported to date.

Notes relating to results

# Governance

## 1.5 - Act with integrity and be accountable to our stakeholders



Measure Owner: Amanda Crawford

Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.5.1.	Number of complaints made against Board/Committee Members in relation to the work of the Fund	0	# Odp	30 Jun 2021			Number	0	N/A	Low	Current (each scorecard)	0 was reported to the PSB at their 07 July 2021 meeting.
1.5.2.	Number of complaints upheld against Board/Committee Members in relation to the work of the Fund	0	# Odp	30 Jun 2021			Number	0	N/A	Low	Current (each scorecard)	0 was reported to the PSB at their 07 July 2021 meeting.
1.5.3.	EPF declaration forms completed or reaffirmed by PSB/ISC and PAB Members with Third Party Transactions Declarations completed to fulfil the statutory requirements for the production of the Fund's Financial Statements on an annual basis	Yes	Yes / No	30 Jun 2021			All completed	Yes	N/A	N/A	Annual	All Members have completed the Third Party Transaction returns for the 2020/21 Annual Report and Accounts. In addition, all Members have completed the Annual Essex Pension Fund Declaration of Interest Form.
1.5.4.	ECC declaration forms completed or reaffirmed by Management Team Officers in with ECC Policy	Yes	Yes / No	31 Dec 2020			All completed	Yes	N/A	N/A	Annual	All Fund Officers have completed the annual ECC Declarations by 30 November 2020 with new team members completing as part of their induction.
1.5.5.	PSB has provision for representatives of employers and scheme members. Appointees are currently in place	Yes	Yes / No	30 Jun 2021			All in place	Yes	N/A	N/A	Current (each scorecard)	All appointees of the PSB are currently in place.
1.5.6.	PAB has provision for representatives of employers and scheme members. Appointees are currently in place	No	Yes / No	30 Jun 2021			All in place	Yes	N/A	N/A	Current (each scorecard)	On 17 February 2021, Fund Officers received a resignation from one PAB Scheme Member representative. Recruitment activities are in the process of being completed and an update has been provided as part of this Agenda Pack.
1.5.7.	Terms of Reference for PSB/ISC and PAB in place and reviewed	Yes	Yes / No	30 Jun 2021			All in place	Yes	N/A	N/A	Annual	All PSB, ISC and PAB Terms of Reference were reviewed and noted by the PSB, ISC and PAB at their first meetings of the municipal year.

### Notes relating to results

# Governance

## 1.6 - Understand and monitor risk and compliance



Measure Owner: Amanda Crawford

Data lead: Samantha Andrews

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.6.1.	% of risks currently equal to or better than total target risk rating	96%	% Odp	30 Jun 2021			% of risks	90%	85%	High	Current (each scorecard)	This has improved since the last quarter due to the outcome of the elections and Full Council meeting held 25 May 2021 with minimal impact on Board/Committee Membership affecting the score of Risk G3. In addition, two further improvements are in regard to the impacts of Covid-19 with the likelihood ratings being reduced affecting the scores of Risk G9 and A1.
1.6.2.	EPF have been subject to audit by ECC Internal Audit	Yes	Yes / No	30 Jun 2021			Audit done	Yes	N/A	N/A	12-month rolling	The 2020/21 Internal Audit has resulted in two 'Good Assurance' Reports for the Fund with no recommendations made. These were reported to the 07 July 2021 PSB meeting.
1.6.3.	Number of internal audit reviews finding satisfactory / good governance	2	# Odp	30 Jun 2021			Number	2	1	High	12-month rolling	The 2020/21 Internal Audit has resulted in two 'Good Assurance' Reports for the Fund with no recommendations made. These were reported to the 07 July 2021 PSB meeting.
1.6.4.	Number of internal audit recommendations outstanding	0	# Odp	30 Jun 2021			Number	0	3	Low	12-month rolling	No recommendations were made in regard to the 2020/21 Internal Audit Reports for the Fund.
1.6.5.	EPF have been subject to audit by External Auditors		Yes / No	30 Jun 2021			Audit done	Yes	N/A	N/A	12-month rolling	The Audit Planning Report presented to the Audit, Governance and Standards Committee in March 2021 and subsequently the PSB at their 07 July 2021 meeting, it was noted that this Audit would not commence until July 2021. However, the audit has since been delayed with a revised start date of August 2021.
1.6.6.	External Audit providing an unqualified opinion		Yes / No	30 Jun 2021			Un-qualified opinion received	Yes	N/A	N/A	12-month rolling	The 2020/21 Audit is due to commence in August 2021.

Notes relating to results

# Governance

## 1.7 - Provide a high quality service whilst maintaining value for money



Measure Owner: Jody Evans      Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.7.1.	% priorities within current business plan on target for completion	100.0%	% 1dp	30 Jun 2021			% on target	90.0%	85.0%	High	Current (each scorecard)	All 2021/22 Business Plan activities are on target and an update has been provided as part of this Agenda Pack.
1.7.2.	Up to date scorecard provided to PSB and PAB for each meeting	Yes	Yes / No	30 Jun 2021			Scorecard provided	Yes	N/A	N/A	Scorecard period	This Scorecard has been presented to the PSB as part of this Agenda Pack.

Notes relating to results

# Governance

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



Measure Owner: Amanda Crawford      Data lead: Amanda Crawford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
1.8.1.	EPF business continuity plan in place and reviewed in last 12 months	Yes	Yes / No	31 Mar 2021			Complete & reviewed	Yes	N/A	N/A	12-month rolling	Business Continuity Plan in place and last reviewed by the PSB at their 17 March 2021 meeting.
1.8.2.	Business Continuity Testing Schedule (including cyber risk testing) in place for EPF and being tested regularly by agreed dates	Yes	Yes / No	30 Jun 2021			Complete & being met	Yes	N/A	N/A	Current (each scorecard)	Business Continuity Plan in place and tested in line with Testing Schedule. The Fund are also in the process of developing a Cyber Policy and are planning specific Cyber Testing with the IGAA.
1.8.3.	Number of material data security breaches by EPF	0	# Odp	30 Jun 2021			Number	0	N/A	Low	Scorecard period	0 was reported to the PSB at their 07 July 2021 meeting.

Notes relating to results

# Funding

2.1 To recognise in drawing up its Funding Strategy the desirability of employer contributions that are as stable as possible



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.1.1.	Stability mechanisms are included within the current Funding Strategy	Yes	Yes / No	31 Dec 2020			Mechanism included	Yes	N/A	N/A	Triennial (approx March)	The Interim Review was reported to the PSB at their 16 December 2020 meeting where it was confirmed that no amendments to that set out in the FSS were required.
2.1.2.	Employers are consulted during the Valuation process in consultation with the Fund's Actuary	Yes	Yes / No	4 Mar 2020			All are consulted	Yes	N/A	N/A	Triennial (approx March)	Employers were consulted during the Valuation process and this was reported to the PSB at their 04 March 2020 meeting.
Notes relating to results												

# Funding

2.2 To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.2.1.	Funds probability of reaching 100% funding target in the current valuation cycle	75%	% Odp	31 Mar 2021			% prob-ability	50%	45%	High	Triennial (approx March)	The Asset Liability Study was reported to the ISC at their 20 January 2021 meeting. It was confirmed that the probability of reaching the funding target is on track and no amendments were required.

Notes relating to results

# Funding

2.3 Manage employers’ liabilities effectively, having due consideration of each employer’s strength of covenant, by the adoption, where necessary, of employer specific funding objectives



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.3.1.	The Funding Strategy incorporates different funding objectives for different groups of employers	Yes	Yes / No	31 Mar 2020			Different objectives in place	Yes	N/A	N/A	Triennial (Valuation date + 1 year)	This is a three-year measure. The current Funding Strategy incorporates different funding objectives for different groups of Employers.

Notes relating to results

# Funding

## 2.4 To ensure consistency between Investment Strategy and Funding Strategy



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.4.1.	Investment Strategy reviewed after Asset Liability Study is carried out using liability information from the latest actuarial valuation	Yes	Yes / No	31 Mar 2021			Strategy review complete	Yes	N/A	N/A	Triennial (Valuation Date + 2 years)	The Asset Liability Study was reported to the ISC at their 20 January 2021 meeting. It was confirmed that no changes were required. The outcome was that the current Strategy is expected to achieve a 5.5% return against the Funding Strategy assumption of 4.5%.
2.4.2.	Expected return of investment strategy is higher than the funding strategy assumed return	Yes	Yes / No	31 Mar 2021			Investment % exceeds funding %	Yes	N/A	N/A	Current	The Asset Liability Study was reported to the ISC at their 20 January 2021 meeting, with no changes required to the de-risking programme.
Notes relating to results												

# Funding

2.5 Maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.5.1.	Sufficient investment income is available to supplement contribution income to meet benefit payments	Yes	Yes / No	30 Jun 2021			Sufficient income	Yes	N/A	N/A	Scorecard period	Should any contribution income be at risk, there is suitable investment income to offset this.

Notes relating to results

# Funding

2.6 Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, or other employers and ultimately the tax payer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation



Measure Owner: Sara Maxey      Data lead: Sara Maxey

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
2.6.1.	Potentially unrecoverable deficit due to employers leaving scheme (as a percentage of Total Fund deficit)	0.038%	% 3dp	30 Jun 2021			% potential unrecoverable debt	0.000%	0.100%	Low	Current (each scorecard)	On a full cessation basis there is an updated total sum potentially unrecoverable of £3.2m. On an ongoing basis there is no deficit. 0.038% was reported to the 07 July PSB.
2.6.2.	Deficit unrecoverable due to employers leaving scheme (as a proportion of Total Fund deficit)	0.000%	% 3dp	30 Jun 2021			% actual unrecoverable debt	0.000%	0.100%	Low	Scorecard period	Two liquidations are in progress, however the outcome of the potential recovery will not be known until the Insolvency Practitioners have completed due process. 0.000% was reported to the 07 July PSB.

Notes relating to results

# Investments

## 3.1 Maximise the returns from investments within reasonable risk parameters



Measure Owner: Samantha Andrews      Data lead: Samantha Andrews

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
3.1.1.	EPF's annual return compared to its LGPS peer group is above median	2.95%	% 2dp	31 Mar 2021			% EPF return exceeds median %	0.10%	-1.00%	N/A	Annual (approx June)	This is an annual measure. As at 31 March 2021 the Fund was ranked 2nd with 2.95% against a median of 6.7%. This will be updated approximately in June 2022.
3.1.2.	Three year (annualised) return compared to actuarial assumption in Funding Strategy Statement	10.38%	% 2dp	30 Jun 2021			Asset return % exceeds 4.5%	4.50%	3.00%	High	Scorecard period	As at 31 March 2021 this measure was 10.24%
3.1.3.	Five year (annualised) return compared to actuarial assumption in Funding Strategy Statement	11.92%	% 2dp	30 Jun 2021			Asset return % exceeds 4.5%	4.50%	3.00%	High	Scorecard period	As at 31 March 2021 this measure was 11.59%
3.1.4.	Ten year (annualised) return compared to actuarial assumption in Funding Strategy Statement	10.26%	% 2dp	30 Jun 2021			Asset return % exceeds 4.5%	4.50%	3.00%	High	Scorecard period	As at 31 March 2021 this measure was 9.79%
3.1.5.	Investment Strategy one year funding level at risk for Essex Pension Fund	24.5%	% 1dp	30 Sep 2020			% EPF return	25.0%	27.0%	Low	Annual (approx September)	This is an annual measure as at 30 September 2020

### Notes relating to results

# Investments

## 3.2 Ensure the Fund’s investments are properly managed before, during and after pooling is implemented



Measure Owner: Samantha Andrews      Data lead: Samantha Andrews

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
3.2.1.	Timely response to changes in legislation, meeting legal timescales	Yes	Yes / No	30 Jun 2021			Before legal deadlines	Yes	N/A	N/A	Scorecard period	The Investment Team actively ensure all legal timescales are met in response to any legislation changes.
3.2.2.	Monthly investment reconciliations completed on time	33%	% Odp	30 Jun 2021			Within an 8 week period	25%	20%	High	Scorecard period	Prior quarter was 100% in line with the 4th Quarter target.

Notes relating to results

# Investments

## 3.3 Ensure investment issues are communicated appropriately to the Fund’s stakeholders



Measure Owner: Samantha Andrews      Data lead: Samantha Andrews

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
3.3.1.	Timely issue of communications / Investment Strategy Statement	Yes	Yes / No	31 Dec 2020			Within 14 days	Yes	N/A	N/A	Scorecard period	The ISC approved the ISS on 21 October 2020 and it was published on 22 October 2020.

Notes relating to results

# Administration

## 4.1 - Deliver a high quality, friendly and informative service to all beneficiaries and employers at the point of need



Measure Owner: Chris Pickford Data lead: Chris Pickford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
4.1.1.	Meeting Fund's agreed timescales - Annual Benefit Statements issued to active members of LGPS (Career Average) by 31 August each year	100%	% Odp	30 Sep 2020			% achieved	100%	99%	High	Annual (31st August)	100% in 2018/19. This is an annual measure and will not be updated until August 2021.
4.1.2.	Meeting Fund's agreed timescales - Annual Benefit Statement issued to deferred members by 30 June each year	100%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual (30th June)	100% in 2018/19. This is an annual measure and will not be updated until August 2021.
4.1.3.	Meeting Fund's agreed timescales - Letter detailing transfer in quote issued within 10 working days	90%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual	This has increased from 89% in 2018/19 to 90% in 2019/20. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 89% 441 cases in 2019/20 151 cases in 2018/19 392 cases in 2017/18
4.1.4.	Meeting Fund's agreed timescales -Letter detailing transfer out quote issued within 10 working days	95%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual	This has increased from 89% in 2018/19 to 95% in 2019/20. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 89% 900 cases in 2019/20 899 cases in 2018/19 820 cases in 2017/18
4.1.5.	Meeting Fund's agreed timescales - Process and pay a refund with 10 working days	93%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual	This has decreased from 96% in 2018/29 to 93% in 2019/20. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 88% 2,443 cases in 2019/20 1,976 cases in 2018/19 963 cases in 2017/18
4.1.6.	Meeting Fund's agreed timescales - Letter notifying estimated retirement benefits within 15 working days	98%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual	98% in 2018/19. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 86% 6,114 cases in 2019/20 2,412 cases in 2018/19 8,143 cases in 2017/18
4.1.7.	Meeting Fund's agreed timescales - Letter notifying actual retirement benefits within 15 working days	99%	% Odp	30 Sep 2020			% achieved	95%	85%	High	Annual	99% in 2018/19. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 93% 3,337 cases in 2019/20 2,972 cases in 2018/19 2,780 cases in 2017/18

<b>4.1.8.</b> Meeting Fund's agreed timescales - Process and pay lump sum retirement grant within 15 working days	99%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	2018/19 performance information is not available. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 81% 1,090 cases in 2019/20
<b>4.1.9.</b> Meeting Fund's agreed timescales - Process and pay lump sum deferred into pay retirement grant within 15 working days	98%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	2018/19 performance information is not available. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 96% 1,839 cases in 2019/20
<b>4.1.10.</b> Meeting Fund's agreed timescales - Letter acknowledging death of active / deferred / pensioner member within 5 working days	100%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	100% in 2018/19. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 86% 1,133 cases in 2019/20 1,264 cases in 2018/19 1,334 cases in 2017/18
<b>4.1.11.</b> Meeting Fund's agreed timescales - Letter notifying the amount of dependent's benefits within 10 working days	98%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	98% in 2018/19. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 87% 1,133 cases in 2019/20 1,264 cases in 2018/19 1,334 cases in 2017/18
<b>4.1.12.</b> Meeting Fund's agreed timescales - Calculate and notify deferred benefits within 30 working days	79%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	This has decreased from 90% in 2018/19 to 78% in 2019/20 due to the increase of retrospective notifications. This is an annual measure and will not be updated until August 2021. The Fund were below the CIPFA Average of 82% 3,090 cases in 2019/20 6,581 cases in 2018/19 2,111 cases in 2017/18
<b>4.1.13.</b> Meeting Fund's agreed timescales - Letter detailing divorce quote cash equivalent value and other benefits within 45 working days	97%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	2018/19 performance information is not available. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 95% 454 cases in 2019/20
<b>4.1.14.</b> Meeting Fund's agreed timescales – Once Fund is in receipt of all required data, letter detailing implementation of divorce settlement cash equivalent value and application of pension sharing order within 15 working days	92%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	2018/19 performance information is not available. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 76% 13 cases in 2019/20
<b>4.1.15.</b> Meeting Fund's agreed timescales - Send notification of joining the LGPS to scheme member within 40 days	99%	% 0dp	30 Sep 2020			% achieved	95%	85%	High	Annual	2018/19 performance information is not available. This is an annual measure and will not be updated until August 2021. The Fund achieved above the CIPFA Average of 91% 12,140 cases in 2019/20

#### Notes relating to results

# Administration

4.2 - Ensure contribution income is collected from, the right people at the right time in the right amount



Measure Owner: Chris Pickford   Data lead: Chris Pickford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
4.2.1.	% of contributing employers submitting timely payments	97.9%	% 1dp	30 Jun 2021			% achieved	1	0.97	High	Scorecard period	Previous score reported to 07 July 2021 PSB was 98.6%
4.2.2.	% of employers submitting employer contribution amounts in accordance with rates and adjustments certificate	99.9%	% 1dp	30 Jun 2021			% achieved	1	0.97	High	Scorecard period	Previous score reported to 07 July 2021 PSB was 99.9%
Notes relating to results												

# Administration

## 4.3 - Ensure benefits are paid to the right people at the right time in the right amount



Measure Owner: Chris Pickford Data lead: Chris Pickford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
4.3.1.	Number of matches against NFI data which resulted in 'genuine fraud'	0	# 0dp	30 Jun 2021			Number	0	N/A	Low	Scorecard period	0 was reported to the PSB at their 07 July 2021 meeting.
4.3.2.	Meeting Fund's agreed measure for the common data score (in line with what is provided to TPR annually)	95%	% 0dp	31 Dec 2020			% score	95%	90%	High	Annual (Approx Dec)	This is an annual measure and will not be updated until December 2021. This was previously reported as 95%.
4.3.3	Meeting legally required agreed timescales - Annual Benefit Statements issued to active members of LGPS (Career Average) by 31 August each year	100%	% 0dp	30 Sep 2020			% achieved	100%	99%	High	Annual (Approx Sept)	This is an annual measure and will not be updated until September 2021.
4.3.4	Meeting legally required agreed timescales - Annual Benefit Statement issued to deferred members by 31 August each year	100%	% 0dp	30 Sep 2020			% achieved	100%	99%	High	Annual (Approx Sept)	This is an annual measure and will not be updated until September 2021.

Notes relating to results

# Administration

4.4 - 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.



Measure Owner: Chris Pickford   Data lead: Chris Pickford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
4.4.1.	% of annual returns (year-end) submitted on time by employers	97%	% Odp	30 Sep 2020			% achieved	90%	85%	High	Annual (Approx Sept)	This is an annual measure and will not be updated until September 2021.
4.4.2.	% of annual returns (year-end) which passed validation first time	94%	% Odp	30 Sep 2020			% achieved	90%	85%	High	Annual (Approx Sept)	This is an annual measure and will not be updated until September 2021.

Notes relating to results

# Communications

5.1 - Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally



Measure Owner: David Tucker      Data lead: David Tucker

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
5.1.1	PSB have oversight of the requirements within the Communications Policy which is reviewed at least every three years or before if required	Yes	Yes / No	31 Mar 2020			Complete and Reviewed	Yes	N/A	N/A	Triennial	The Communications Policy was last reviewed during 2019/20 and approved by the PSB at their 04 March 2020 meeting.
5.1.2	The Fund has processes and communication channels in place to enable all stakeholders to provide feedback on the quality of its service as identified within the Communications Policy	Yes	Yes / No	30 Jun 2021			Processes in place	Yes	N/A	N/A	Scorecard Period	All letters/emails sent out include our contact details; the EPF website includes details of how to contact us; and EPF actively seek feedback from stakeholders.
5.1.3	% responses relating to the friendliness and expertise of staff within all Member surveys	98%	% Odp	30 Jun 2021			% achieved	90%	85%	High	Scorecard Period	Two surveys were carried out during the 1st Quarter, the Retirements Survey and the Virtual Pension Surgery which relate to this measure with 46 out of 47 responses stating yes to “Did our staff display expertise and communicate with you in a friendly way”.

Notes relating to results

# Communications

## 5.2 - Ensure our communications are useful and easy to follow



Measure Owner: David Tucker      Data lead: David Tucker

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
5.2.1	The Fund adhere to the principles of 'Crystal Mark' (Plain English Campaign)	Yes	Yes / No	30 Jun 2021			Adherence	Yes	N/A	N/A	Scorecard Period	In line with the Fund's Communications Policy, Comms are reviewed periodically which includes a check against the 'Crystal Mark'.
5.2.2	% positive responses to usefulness and easy to follow within all Member surveys	90%	% Odp	30 Jun 2021			% achieved	90%	85%	High	Scorecard Period	The Retirement Survey issued during the 1st Quarter relates to this measure with 18 out of 20 responses stating yes to "Was the information useful and easy to follow".
5.2.3	% of Board/Committee Members positive responses to the usefulness and easy to follow reports and presentations at their meetings to enable decisions to be made	94%	% Odp	31 Mar 2021			% achieved	90%	85%	High	Scorecard Period	This data was collated from the Board/Committee Member feedback forms issued in February 2021. One Member of the PSB/ISC stated that the Fund's Reports were always useful but not always easy to follow.

Notes relating to results

# Communications

5.3 - Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology



Measure Owner: David Tucker

Data lead: Chris Pickford

Ref	Measure	Value	Units	Last updated	Previous status	Current status	Criteria	Target	Amber Level	Polarity	Frequency	Commentary
5.3.1	Fund invites all new Members to register for Member Online	Yes	Yes / No	30 Jun 2021			All invited	Yes	N/A	N/A	Scorecard Period	All new joiners have been invited to register for Member Online.
5.3.2	The number of Members registered for Member Online increases each quarter	Yes	Yes / No	30 Jun 2021			Increase	Yes	N/A	N/A	Scorecard Period	The usage of Member Online has increased by 3,000 Members during 01 April and 30 June 2021.

## Notes relating to results

**Total no. of Members invited to register for Member Online up to 30 June 2021 = 78,000 which represents 58% of Fund Membership. 25,000 Members are utilising Member Online which is a take up rate of 32%.  
Total no. of Employers registered and utilising Member Online up to 30 June 2021 = 314.**

# Essex Pension Fund

## Section D

# 2021/22 Risk Management Update



31 August 2021

# Current Status

## Essex Pension Fund

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

# Assessments

## BAU

Risk	Reported at 07 July PSB	As at 31 August 2021
G9. Failure to undertake business as usual service due to events outside of Essex Pension Fund (EPF) control resulting in loss of service provision	8 (Amber) Reviewed due to the lockdown restrictions and reinstatement of two-weekly Business Continuity Meetings	6 (Yellow) Reduced back to target score due to EPF being able to carry out BAU throughout Covid-19 Pandemic with the likelihood reduced by the lift of restrictions
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.	9 (Amber) Reviewed due to the increase in the Covid-19 death rate	6 (Yellow) Likelihood reduced bringing the score back to target as a result of the amount of deaths now stabilising
A3. Failure to pay people at right time in right amount	6 (Yellow) Pending BACS Cloud Procurement update	6 (Yellow) Pending BACS Cloud Procurement update. In addition, ECC are in the process of changing the General Ledger system (TCS) to a new system in the coming months.

# Essex Pension Fund

Risk No.	Objective at Risk	Risk Event, to include: - the area of uncertainty in terms of the threat - cause / trigger - the event or situation that gives rise to the risk - impact – the effect or impact the risk would have if it occurs	Review period	Current Mitigating Actions / Controls	Current Assessment of Risk			Risk Owner	Mitigation Approach	Target Score
					Current				Treat Tolerate Transfer Terminate	Risk Rating
					Likelihood	Impact	Risk Rating			
G1	Act with integrity and be accountable to our stakeholders	JCAD Ref: EPFU0030 High turnover in Board/Committee Members and/or Essex Pension Fund (EPF) staff, there is a risk of failure of governance arrangements to match up to statutory requirements and recommended best practice, leading to ineffective working relationships, financial loss and reputational damage	Quarterly	1. Essex Pension Fund Strategy Board (PSB) is in place (Essex County Council's (ECC's) s101 Committee). 2. Essex Pension Fund Investment Steering Committee (ISC) is in place (ECC's s101 Sub-Committee). 3. Essex Pension Fund Advisory Board (PAB) is in place (is the local Pension Board as required under Public Service Pensions Act (PSPA) 2013). 4. Essex Pension Fund (EPF) routinely monitor the Business Plan, Risk Register and Scorecard. All of which are reported to the PSB at each meeting. 5. EPF work with the Independent Governance & Administration Adviser (IGAA) to seek guidance on work practices. 6. EPF monitor and use Governance networks for best practice, e.g. Local Government Association (LGA). 7. Knowledge and Skills Strategy and Training Plans are in place for Members. Individual Training Plans are in place for staff. 8. Advice taken from Advisers.	1	4	4	Amanda Crawford - Compliance Manager	Treat	4
G2	Provide a high quality service whilst maintaining value for money	JCAD Ref: EPFU0031 Failure to disclose material facts, or the disclosure of incorrect or incomplete information in the Report and Accounts or during the audit, leads to incorrect or incomplete information published in the Report and Accounts, leading to reputational damage and financial loss	Quarterly	1. External audit programme of works. 2. Internal audit programme of works. 3. External audit provides a comment in regard to consistency when reviewing the Annual Report and Accounts. 4. Essex Pension Fund (EPF) follows the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance and Code of Practice for the Annual Report and Accounts content.	2	2	4	Samantha Andrews - Investment Manager	Treat	4
G3	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise	JCAD Ref: EPFU0007 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	Quarterly	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.	2	2	4	Amanda Crawford - Compliance Manager	Treat	4
G4	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise	JCAD Ref: EPFU0032 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	Quarterly	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.	1	3	3	Jody Evans - Director for Essex Pension Fund	Treat	3
G5	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise	JCAD Ref: EPFU0033 Failure to take advice in accordance with statutory requirements over the appointment and terms of appointment of all 3rd party suppliers increases the risk of incorrect procedures leading to reputational damage and financial loss	Quarterly	1. Formal procurement procedures are being used for all 3rd party suppliers. 2. Essex Pension Fund (EPF) ensure these arrangements are kept under review. 3. Review all contracts at least annually to ensure they have end dates; review points; and a check of their planned end date.	1	4	4	Amanda Crawford - Compliance Manager	Treat	4
G6	Evolve and look for new opportunities, ensuring efficiency at all times	JCAD Ref: EPFU0008 As a result of not allowing enough time to focus and research opportunities, we run the risk of continuing with old practices resulting in over expenditure	Quarterly	1. Management Team regularly attend appropriate conferences/events/forums. 2. Advisers keep Essex Pension Fund (EPF) team up-to-date on opportunities.	3	2	6	Jody Evans - Director for Essex Pension Fund	Treat	6

# Essex Pension Fund

Risk No.	Objective at Risk	Risk Event, to include: - the area of uncertainty in terms of the threat - cause / trigger - the event or situation that gives rise to the risk - impact – the effect or impact the risk would have if it occurs	Review period	Current Mitigating Actions / Controls	Current Assessment of Risk			Risk Owner	Mitigation Approach	Target Score
					Current				Treat Tolerate Transfer Terminate	Risk Rating
					Likelihood	Impact	Risk Rating			
G7	Act with integrity and be accountable to our stakeholders	JCAD Ref: EPFU0034 Failure to recognise, disclose, monitor and prevent conflicts would lead to conflicts of interest resulting in ineffective governance processes, reputational damage and financial loss	Quarterly	1. Essex Pension Fund (EPF) ensure conflicts of interest are recorded and monitored. 2. Advice is provided to members to enable them to recognise potential conflicts. 3. Members adhere to Essex County Council's (ECC's) code of conduct. 4. Members adhere to EPF's Conflict of Interest Policy.	1	3	3	Amanda Crawford - Compliance Manager	Treat	3
G8	Act with integrity and be accountable to our stakeholders	JCAD Ref: EPFU0009 Due to insufficient knowledge, there could be a failure of effectively managing contracts for the supply of services to the Pension Fund, leading to reputational damage and financial loss	Quarterly	1. Essex Pension Fund (EPF) monitor all contracts via performance measures and contract fulfilment checks. 2. EPF liaise with Essex County Council (ECC) Contract Managers to ensure compliance with ECC policy and guidance, seeking support and guidance as and when required.	1	3	3	Amanda Crawford - Compliance Manager	Treat	3
G9	Understand and monitor risk and compliance	JCAD Ref: EPFU0010 Failure to undertake business as usual service due to events outside of Essex Pension Fund (EPF) control resulting in loss of service provision	Quarterly	1. EPF Business Continuity Plan (BCP) in place. 2. EPF BCP regularly tested, including call cascades and desk-top exercises. 3. Testing is recorded and monitored. 4. Essex County Council (ECC) also exercise their BCP, which includes EPF. 5. BCP Testing Schedule is in place with the relevant tests carried out periodically.	3	2	6	Amanda Crawford - Compliance Manager	Treat	6
G10	Understand and monitor risk and compliance	JCAD Ref: EPFU0011 A lack of time and resources could mean new risks are not identified and the risk register is not kept up to date, which could result in financial loss or damage to the Fund's reputation	Quarterly	1. Risk is part of Business As Usual (BAU) and is discussed at monthly Essex Pension Fund (EPF) Management Team (MT) meetings. 2. Director for EPF and MT formally review risks each quarter. 3. Risk movements and risks not at their target score are reported to the Essex Pension Fund Strategy Board (PSB) at each meeting. 4. All risks are reported to Essex County Council (ECC) via JCAD on a quarterly basis. 5. This is recorded and monitored. 6. EPF has developed a Risk Strategy approved by the PSB at their September 2020 meeting, which is regularly reviewed.	1	4	4	Amanda Crawford - Compliance Manager	Treat	4
G11	Continually measure and monitor success against our objectives	JCAD Ref: EPFU0012 As a result of inexperience and/or staff resource pressures, there is a risk of failing to monitor inadequate, inaccurate or misrepresented management information leading to financial loss or reputational damage	Quarterly	1. A risk register is in place. 2. A Scorecard is developed from Key Performance Indicators (KPI's) and Business Plan objectives. 3. Progress in their achievement is reported to the Essex Pension Fund Strategy Board (PSB) at each meeting. 4. This is recorded and monitored.	1	4	4	Amanda Crawford - Compliance Manager	Treat	4
G12	Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice	JCAD Ref: EPFU0035 Non-compliance with regulations caused by lack of knowledge by staff, changes in government policy / Local Government Pension Scheme (LGPS) reforms and systems not kept up-to-date, leading to reputational damage and financial loss	Quarterly	1. Essex Pension Fund (EPF) monitor the current and new regulations and correspondence from the Ministry of Housing, Communities and Local Government (MHCLG) and Local Government Association (LGA). 2. EPF ensure systems are monitored for accuracy and compliance. 3. The Systems are updated for any new regulatory requirement. 4. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds. 5. EPF Officers participate in various scheme and industry groups, e.g. the Chartered Institute of Public Finance & Accounting (CIPFA). 6. EPF utilise the expertise of their Independent Administration & Governance Adviser (IGAA). 7. Essex Pension Fund Strategy Board (PSB) and Essex Pension Fund Investment Steering Committee (ISC) receive regular reports on scheme developments. 8. Regular review of Distribution Lists, e.g. LGA, to ensure correct Officers are receiving relevant information.	1	4	4	David Tucker - Technical Hub Manager	Treat	4

# Essex Pension Fund

Risk No.	Objective at Risk	Risk Event, to include: - the area of uncertainty in terms of the threat - cause / trigger - the event or situation that gives rise to the risk - impact – the effect or impact the risk would have if it occurs	Review period	Current Mitigating Actions / Controls	Current Assessment of Risk			Risk Owner	Mitigation Approach	Target Score
					Current				Treat Tolerate Transfer Terminate	Risk Rating
					Likelihood	Impact	Risk Rating			
G13	Provide a high quality service whilst maintaining value for money	JCAD Ref: EPFU0036 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	Quarterly	1. Essex County Council (ECC) mitigations for Cyber Crime have been collated; however, they do not have Cyber Crime Insurance.  2. AON have a Member data and Cyber Security Policy and hold insurance that covers Cyber Crime.  3. CIVICA mitigations for Cyber Crime have been incorporated within their Business Continuity Response Plan and have a Cyber liability clause within their contract with Essex Pension Fund.  4. LINK has a Cyber Security Policy and place and hold appropriate Cyber Crime insurance.  5. Barnett Waddingham have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance.  6. Hymans Robertson  7. Investment Managers: a) Partners Group have elements of cyber security coverage but do not have a standalone Cyber Security Policy in place or insurance; b) Stafford CP have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; c) Northern Trust has a Cyber Security Policy in place; however, it is unclear if they hold appropriate insurance. EPF will hasten to confirm; d) GSAM have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; e) M&G have a Cyber Security Policy in place; however, do not hold insurance; f) AVIVA have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; g) Hamilton Lane have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; h) Stewart Investors have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; i) Alcentra have a Cyber Security Policy in place and hold appropriate Cyber Crime insurance; j) Marathon have a Cyber Security Policy in place and hold insurance that covers Cyber Crime; k) UBS have a Cyber Security Policy in place; however, it is unclear if they hold appropriate insurance. EPF will hasten to confirm.  8. Tracesmart mitigations have a Cyber Security Policy and hold insurance that covers Cyber Crime.  9. EPF liaise with all control owners at regular intervals to ensure controls remain in place.	1	4	4	Amanda Crawford - Compliance Manager	Treat	4

# Essex Pension Fund

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G14	Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice	JCAD Ref: EPFU0028 Changes in regulations can cause:  - Ministry of Housing, Communities and Local Government (MHCLG) Consultations and their outcomes from McCloud, Cost Cap, £95k Cap and Goodwin likely to significantly increase the workload impacting on the Fund, i.e., resources to deliver the required outputs;  - Academisation of Schools, the possibility of Multi-academy Trust (MAT) breakups and cross fund movements with potential for further schools to convert to academy status and MATs to breakdown leading to additional governance and administration risk;  - Current cost management review where a flawed process will result in better benefits for scheme members that will mean employers having to pay more than they otherwise would have;  - Superannuation Contributions Adjusted for Past Experience (SCAPE) rate changes that will significantly increase transfer values paid out (an increase of liabilities) and impact on the Funding Strategy via s13, which could mean unforeseen increases to employer contributions;  - Increased centralisation of the Local Government Pension Scheme (LGPS) and HM Treasury taking all the assets / structural change leading to insufficient funds to meet payments when they fall due;  - Guaranteed Minimum Pension (GMP) equalisation significantly increasing the workload resulting in potentially potential additional costs and/or administration;  - National Pensions Dashboard resulting in major changes to data provision impacting on resources to deliver required outputs;  - Separation of the Fund from the Administering Authority resulting in lack of Governance arrangements to support the Fund leading to financial loss and reputational damage;  - Government intervention in Fund asset allocation decisions meaning a lack of Governance arrangements leading to financial loss and reputational damage.	Quarterly	1. Regular communications with schools to understand their intentions.  2. Essex Pension Fund (EPF) and their Advisers are actively involved in the development of the LGPS.  3. EPF monitor the current and new regulations and correspondence from the Ministry of Housing, Communities and Local Government (MHCLG) and Local Government Association (LGA).  4. EPF keeps abreast of developments, participating in consultations and collaborating with other Funds.  5. EPF utilise the expertise of their Independent Administration & Governance Adviser (IGAA).  6. Additional Resources have been approved by the Head of Paid Service to enable the Fund to continue to meet its obligations.  7. 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.  8. Essex County Council (ECC) Head of Paid Service has authorised further resources to assist with the pending changes and increase in workload. Positions are already starting to be filled.	4	3	12	Sara Maxey - Employer Manager	Treat	4
G15	Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice	JCAD Ref: EPFU0037 Fraud against the Fund or insufficient checks and controls results in benefits being paid to the incorrect person or paid when they are not due to an existing beneficiary, and/or loss of assets and/or reputational impact on Essex Pension Fund (EPF)	Quarterly	1. The Fund participates in the National Fraud Initiative (NFI) in line with Audit requirements using the Tell Us Once system, with Pensions paid via BACs as standard/extra verification undertaken for overseas and non-BACs cases.  2. Internal and External Audit regularly test that controls are in place and working.  3. Age and status verification checks are conducted prior to all benefits being released.  4. Authorised signature list- plus Essex County Council's (ECC's) version.  5. EPF undertake General Data Protection Regulation (GDPR) training with all staff and adhere to relevant ECC data protection policies.  6. Segregation of duties, e.g. two signatures are required for any payments directly out of the Fund (Fund Managers). Other payments are verified by one person raising, one person checking, and one person authorising.  7. Custodian asset pool - proper process for transfer of assets through LINK.	1	4	4	Holly Gipson and Samantha Andrews - Pensioner and Payroll Manager and Investment Manager	Treat	4
G16	Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved	JCAD Ref: EPFU0026 Failure to comply with General Data Protection Regulation (GDPR) and keep data secure means there is a risk of a data breach leading to reputational issues or legal/financial penalties		1. Essex Pension Fund (EPF) conduct a System backup to protect against data loss.  2. EPF ensure data encryption and password protection.  3. Continuous staff training on data protection / GDPR.  4. All information security breaches are reported and any systematic issues identified and corrected.  5. EPF ensure the use of a file transfer protocol.	2	4	8	Chris Pickford Systems Manager	Treat	8

# Essex Pension Fund

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I1	To maximise the returns from investments within reasonable risk parameters	JCAD Ref: EPFU0021 Failure to realise the maximum benefits from investments could mean a risk that the total Fund Investment return does not meet expectations which would result in underfunding	Quarterly	1. Essex Pension Fund (EPF) Investment Strategy is reviewed and monitored on a regular basis. 2. Monitoring of investment manager performance; market conditions. Performance of both assets and liabilities is monitored periodically.	3	3	9	Samantha Andrews - Investment Manager	Treat	9
I2	To maximise the returns from investments within reasonable risk parameters	JCAD Ref: EPFU0022 As a result of Investment Managers and/or ACCESS Operator underperforming or not having appropriate benchmarks would result in lower investment returns leading to underfunding	Quarterly	1. The performance of Investment Managers and/or ACCESS Operator is subject to regular review.	3	2	6	Samantha Andrews - Investment Manager	Treat	6
I3	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	JCAD Ref: EPFU0038 Failure by Essex Pension Fund (EPF) or the ACCESS Operator to take advice in accordance with statutory requirements and best practice over appointing and the terms of appointment of investment managers would result in poor investment decisions being made, leading to reputational damage and financial loss	Quarterly	1. The Fund procures and utilises an Institutional Investment Consultant and an Independent Investment Adviser. 2. EPF ensure these arrangements are kept under review. 3. ACCESS Escalation Policy in place. 4. Appointed Contract Manager within the ACCESS Support Unit (ASU).	1	3	3	Samantha Andrews - Investment Manager	Treat	3
I4	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	JCAD Ref: EPFU0023 Due to delays in the implementation of decisions and the availability of suitable solutions within the Pool, there is a risk of reduction in the effectiveness of the decision, which would result in loss of potential return	Quarterly	1. Essex Pension Fund (EPF) works proactively with Investment Advisers, ACCESS Pool and Investment Managers to scope, propose and implement viable revisions to the Investment Strategy.	3	2	6	Samantha Andrews - Investment Manager	Treat	6
I5	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	JCAD Ref: EPFU0024 Ineffective monitoring of 3rd party service providers could lead to their failure to maintain their obligations in respect of investments which could result in potential loss of return or liquidity or ability to access or control investment	Quarterly	1. AAF0106 Annual Control Reviews are carried out. 2. Within the Pool environment the Depository has liability for safekeeping of Pool investments. 3. ACCESS Support Unit (ASU) Contract Manager ensures adherence to the Operator Agreement by the 11 ACCESS Funds and LINK. 4. Formal procurement procedures are being used for all 3rd party suppliers. 5. Essex Pension Fund (EPF) ensure these arrangements are kept under review. 6. Fund's assets are not included on Custodian's Balance Sheet. Separate Designated Accounted for each mandate.	3	2	6	Samantha Andrews - Investment Manager and Amanda Crawford - Compliance Manager	Treat	6
I6	Ensure investment issues are communicated appropriately to the Fund's stakeholders	JCAD Ref: EPFU0039 Failure in communication methods used to consult on Investment Matters with stakeholders may result in a lack of understanding and potentially poor decision making	Quarterly	1. Investment Strategy Statement (ISS) is subject to stakeholder consultation. 2. Essex Pension Fund Strategy Board (PSB) / Essex Pension Fund Investment Steering Committee (ISC) Members are appropriately trained prior to key decisions being made. 3. Engagement with Employers at triennial valuation. 4. Investment Matters communicated with Employers and Members, e.g. ISS consultation link provided on Annual Benefit Statements.	1	2	2	Samantha Andrews - Investment Manager	Treat	2
I7	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	JCAD Ref: EPFU0040 Due to the implementation of Markets in Financial Instruments Directive (MiFID) II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' - the result of which could reduce the range of sub-asset classes in which the Fund is able to invest; and may even require disinvestment from the current portfolio	Quarterly	1. The Fund has arrangements to ensure that relevant MiFID II "opt ups" to Elective Professional status for all asset mandates is kept under review. 2. Member attendance and participation at Investment Conferences / Seminars including but not limited to: Local Government Chronicle (LGC) Investment Seminar; ACCESS Investor Day(s); LGC Investments & Pensions Summit; and Baillie Gifford Investment & Training seminar.	1	4	4	Samantha Andrews - Investment Manager	Treat	4

Essex Pension Fund

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18	To maximise the returns from investments within reasonable risk parameters	JCAD Ref: EPFU0041 Due to insufficient knowledge and/or resources could lead to a lack of consideration of all financial and non-financial risks relating to Environmental, Social and Governance (ESG) / Responsible Investment (RI) issues resulting in poor investment returns, increased employer contribution rates and reputational damage	Quarterly	1. Use of expert consultants in the selection of Investment Strategy and Investment Managers. 2. Regular monitoring of Investment Managers including an ESG rating within the Quarterly Traffic Light Ratings Report reported to the Investment Steering Committee 3. Regular reviews of Investment Strategy. 4. Compliance with Stewardship Code. 5. Membership of Local Authority Pension Fund Forum (LAPFF) agreed at Essex Pension Fund Investment Steering Committee (ISC) meeting on 27/11/2019. 6. EPF have a Responsible Investment (RI) Policy in place, which is kept under regular review. 7. A Responsible Investment (RI) Project Plan has been established to:  - develop an Investment Managers' Engagement Plan;  - comply with Task Force for Climate-Related Financial Disclosures (TCFD) requirements;  - become a signatory to the Financial Reporting Council (FRC) UK Stewardship Code 2020 by April 2022;  - develop an Essex Pension Fund (EPF) Climate Change Policy; and  - ensure Essex Pension Fund (EPF) align with Essex County Council (ECC) Essex Climate Action Commission without ECC dictating where the Fund should invest.	1	3	3	Samantha Andrews - Investment Manager	Treat	3

# Essex Pension Fund

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F1	To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement	JCAD Ref: EPFU0013 Due to a Failure to set and collect contributions, there is a risk of there not be sufficient to achieve a fully funded ongoing position in the timescales determined by the Funding Strategy Statement, which could cause financial loss or reputational damage	Quarterly	1. At each triennial valuation, assess funding position and progress made to full funding.  2. Full annual interim reviews to enable consideration of the position.  3. A specific Scorecard measure is in place on this matter to monitor the % of contributing employers submitting timely payments.  4. Fund Officers have introduced monthly returns in addition to annual returns from Employers to improve accuracy and timeliness of the information.  5. Work with Employers to ensure they understand their responsibilities.  6. Monthly and year-end reconciliations of Member data.	2	3	6	Sara Maxey - Employer Manager	Treat	6
F2	To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement	JCAD Ref: EPFU0014 Due to continually improving Mortality rates, there is a risk they will exceed the allowances built into the evidence-based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	Quarterly	1. Longevity analysis is conducted by the Actuary at each valuation.	2	3	6	Sara Maxey - Employer Manager	Treat	6
F3	To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement	JCAD Ref: EPFU0042 Failure to monitor the demographic experience of Fund's population is not in line with actuarial assumptions as in the Funding Strategy Statement and could result in increases required in Employer contributions which could cause complaints and damage to reputation	Quarterly	1. Essex Pension Fund (EPF) ensures Employers pay the rates set at each valuation.  2. The Actuary provides a prudent assessment to allow for ill-health cases within the calculations.  3. Employer Ill Health and Death in Service Policy is in place and contained within the Funding Strategy Statement (FSS), which is kept under regular review.  4. Any change in demographics are reviewed at subsequent valuations, and any underfunding will be addressed.	1	3	3	Sara Maxey - Employer Manager	Treat	3
F4	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	JCAD Ref: EPFU0015 Due to failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant could lead to underpayments and, therefore, financial loss and under-investment	Quarterly	1. At each Triennial Actuarial Valuation, Essex Pension Fund (EPF) analyse the outcome to assess covenant and affordability on a proportional basis. 2. A risk analysis is conducted at each triennial valuation by the Funds Actuary.  3. Ongoing monitoring of contributions to identify significant change and continuous dialogue with employers.	2	3	6	Sara Maxey - Employer Manager	Treat	6
F5	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	JCAD Ref: EPFU0016 Due to the nature of actuarial assumptions, there is a risk that pay and price inflation are significantly different, which would result in increases due from to employers' contributions	Quarterly	1. Essex Pension Fund (EPF) carries out an analysis at each triennial actuarial valuation to ensure that the assumptions adopted are appropriate and monitor actual experience.  2. Discussions with employers over affordability and pay policy are held.  3. Employer Flexibilities Policies have been developed and are in place, and are kept under regular review.  4. Discretions Policy to control discretionary costs.	2	3	6	Sara Maxey - Employer Manager	Treat	6
F6	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives	JCAD Ref: EPFU0017 Due to failure to:  - recognise a weakening (strengthening) in an employer's covenant; - lack of, or inaccurate, information about an employer;  leads to an inappropriate funding approach in respect of that employer resulting in underpayments and, therefore, financial loss and underinvestment	Quarterly	1. Essex Pension Fund (EPF) monitors and send reminders of the Employer's responsibilities.  2. EPF carries out an analysis at each triennial actuarial valuation to assess covenant and affordability on a proportional basis. 3. A risk analysis is conducted at each triennial valuation.  4. Use of bonds and guarantees.  5. Ongoing monitoring of contributions to identify significant change and continuous dialogue with employers.	3	3	9	Sara Maxey - Employer Manager	Treat	9
F7	To ensure consistency between the investment strategy and funding strategy	JCAD Ref: EPFU0018 There is a risk that failure to monitor and align the Funding strategy with the Investment strategy could lead to over or underfunding, resulting in reputational damage or financial loss	Quarterly	1. The Asset Liability Study is undertaken on a triennial basis.  2. The Funding Strategy and Investment Strategy are reviewed and monitored on a regular basis. 3. The Funding Strategy is aligned with the Investment Strategy.	2	3	6	Sara Maxey - Employer Manager	Treat	6

# Essex Pension Fund

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F8	Maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund	JCAD Ref: EPFU0043  Due to ineffective monitoring of the Fund's cashflow, resulting in the failure to set aside sufficient funds each month to pay pensioners, which could lead to extreme hardship for pensioners and reputational damage to the Fund	Quarterly	1. Essex Pension Fund (EPF) ensures sufficient investment income is available to supplement contribution income to meet benefit payments. 2. This is reported to the Essex Pension Fund Strategy Board (PSB).  3. A specific Scorecard measure to ensure sufficient investment income is available to supplement contribution income to meet benefit payments is in place on this matter.  4. Limit on illiquid assets and levels of diversification from equities and bonds.  5. Projection of expected cash flows and daily monitoring of cash.	1	3	3	Sara Maxey - Employer Manager	Treat	3
F9	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	JCAD Ref: EPFU0019  Due to an employer ceasing to exist with insufficient funds, adequate bonds or guarantees could result in unrecoverable debt and therefore placing the residual liability to fall on the remaining employers leading to reputational damage and financial hardship on Fund Employers	Quarterly	1. New employers joining the Fund are required to meet the Funds expectations, covenant, security and guarantee as set out in the Funding Strategy.  2. Existing employers are required to meet the Funding Strategy and Actuarial Valuation obligations. 3. Monitoring of bonds and ongoing monitoring of Employer covenant.  4. Ensure cost management funding implications are communicated clearly and in a timely manner to employers to ensure they can budget for the changes.	3	3	9	Sara Maxey - Employer Manager	Treat	9
F10	To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement	JCAD Ref: EPFU0020  As a result of failing to adopt or implement a funding strategy, there is a risk that this results in the Fund failing any of the Government Actuary's Department (GAD) s13 tests or be named in the GAD s13 report would cause reputational damage	Quarterly	1. In consultation with the Actuary, Essex Pension Fund (EPF) determine an appropriate funding strategy that meets s13 requirements.	2	3	6	Sara Maxey - Employer Manager	Treat	6

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A1	Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need	JCAD Ref: EPFU0025 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	Quarterly	1. Essex Pension Fund (EPF) ensure the System complies with the latest regulatory requirements through: - Technical Hub help to translate regulations and ensure new systems meet regulatory requirements; - Robust testing for system changes; - Linking to knowledge and information from the software supplier and other Local Government Pension Scheme (LGPS) clients using the same administration software.  2. EPF management monitor workload through reporting and align with the business plan to ensure sufficient resources. 3. EPF have clear business continuity plans including disaster recovery and management succession planning in place.	2	3	6	David Tucker and Chris Pickford - Technical Hub Manager and Systems Manager	Treat	6
A2	Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need	JCAD Ref: EPFU0044 Failure to monitor and curtail excessive administration costs leading to reduced Value for Money resulting in reputational damage and financial loss	Quarterly	1. Essex Pension Fund (EPF) benchmarks its costs against other Funds and regularly look for efficiency savings for VFM. 2. Costs are monitored and reviewed on a regular basis. 3. Budget and Monitoring processes are in place.	1	3	3	Samantha Andrews - Investment Manager	Treat	3
A3	Ensure benefits are paid to the right people at the right time in the right amount	JCAD Ref: EPFU0029 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	Quarterly	1. Data cleansing exercises take place at least annually or as and when required. Common and Scheme Specific data checks are carried out, and progress is reported within Data Improvement Plan. 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. 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 7. Fund Officers are aware of and are working with other ECC Officers in regard to the replacement of ECC's Corporate System 'TCS' (General Ledger system).	2	3	6	Holly Gipson and Daniel Chessell - Payroll Manager and Retirement Manager	Treat	3
A4	Ensure contribution income is collected from, the right people at the right time in the right amount	JCAD Ref: EPFU0045 Due to human error and/or system failure, there is a risk of failing to collect pension contributions in line with regulatory guidelines leading to loss of income to Essex Pension Fund (EPF)	Quarterly	1. All contributing Employers are provided with deadlines for payments and clear guidelines for providing associated information. 2. EPF monitors receipt of contributions to ensure compliance. 3. EPF follow the Administration Strategy in relation to late payments.	1	2	2	Sara Maxey - Employer Manager	Treat	2
A5	Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need	JCAD Ref: EPFU0046 Due to lack of training and/or experience, there is a risk of failing to deal with concerns, complaints and Internal Dispute Resolution Procedures (IDRPs) appropriately, resulting in poor customer satisfaction, further time spent resolving issues, potential compensation payments and reputational impact, particularly if escalated to the Pensions Ombudsman	Quarterly	1. A process is in place to ensure concerns and complaints are dealt with promptly. 2. Complaint levels and reasons are monitored, and process issues are identified and corrected. 3. Complaint levels, IDRPs are reported through the Scorecard and are reported at each Essex Pension Fund Strategy Board (PSB).	1	2	2	Kelly Armstrong - Contact and Customer Manager	Treat	2
A6	Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need	JCAD Ref: EPFU0027 Failure to implement and adopt Administration Strategy due to insufficient employer data would result in Fund not meeting statutory requirements and therefore causing reputational damage	Quarterly	1. Administration Strategy is in place which confirms responsibilities, details points of contact with reference to the website for further information, timescales etc. 2. Administration Strategy is reviewed on a regular basis in consultation with Employers where changes are made. 3. Essex Pension Fund (EPF) communicates to Employers regularly on all aspects of provision, which includes training sessions and guidance notes. 4. EPF conducts year-end data cleansing.	2	4	8	Sara Maxey - Employer Manager	Treat	8
A7	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	JCAD Ref: EPFU0047 Failure to administer the scheme correctly due to circumstances such as, but not limited to: - Poor employer data; - Unable to clearly articulate what is required from employers; and - Unable to clearly articulate what is required from the Fund itself in order to deliver the Fund's administrative functions could cause the fund reputational damage and financial loss	Quarterly	1. Administration Strategy is in place. 2. Administration Strategy is reviewed on a regular basis in consultation with Employers. 3. Essex Pension Fund (EPF) communicates to Employers regularly on all aspects of provision, which includes training sessions and guidance notes. 4. EPF ensure all staff adheres to the training requirements set for their posts through regular performance monitoring.	1	3	3	Jody Evans - Director for Essex Pension Fund	Treat	3

Essex Pension Fund

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A8	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	JCAD Ref: EPFU0048 There is a risk of being unable to develop and maintain good working relationships between the fund and our employers due to, but not limited to: - Lack of resources at Essex Pension Fund (EPF) and employers; - Lack of engagement due to other priorities; - Major growth in employer numbers  leading to a lack of time to build relationships etc.	Quarterly	1. EPF maintain a Communication Plan which is reviewed and monitored on a regular basis. 2. Forums are held for Employers to keep them up-to-date with Fund information on an annual basis. 3. Workshops are carried out to ensure year-end requirements are communicated.	1	2	2	Sara Maxey - Employer Manager	Treat	2

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C1	Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally	JCAD Ref: EPFU0049 As a result of failing to implement and align all processes by following the Communication Policy leading to the Fund issuing incorrect or inaccurate communications resulting in a lack of understanding and/or complaints from stakeholders	Quarterly	1. Essex Pension Fund (EPF) ensure they align their practices to the Communication Policy to enable accurate communications. 2. Dedicated resource for communications.  3. Maintain and update EPF website. 4. Monitor feedback from stakeholders and ensure action is taken to address complaints. 5. Staff training is provided to EPF staff to ensure they are kept up-to-date with best practice. 6. Member and Employer online services are now in place, and uptake is reported to the Essex Pension Fund Strategy Board on a regular basis. 7. Fund Officers are in the process of developing a Stakeholder Strategy.	1	3	3	David Tucker - Technical Hub Manager	Treat	3
C2	Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology	JCAD Ref: EPFU0050 As a result of failing to deliver information in an appropriate way for members or employers, e.g., too complex, not relevant or in an unsuitable format, could lead to misunderstanding and complaints resulting in reputational damage	Quarterly	1. Essex Pension Fund (EPF) ensure communications are suitable for all stakeholders and are clear and concise via continual review. 2. Surveys are undertaken to obtain feedback from Employers and Members on the suitability of our communications. 3. Dedicated and specialist resource for communications. 4. Maintain and update EPF website. 5. Forums are held for Employers to keep them up-to-date with Fund information as and when required.	1	2	2	David Tucker - Technical Hub Manager	Treat	2
C3	Ensure our communications are useful and easy to follow	JCAD Ref: EPFU0051 Due to communications not customised to specific needs and/or are overly complicated could result in a lack of understanding by all stakeholders, which would cause reputational damage	Quarterly	1. Surveys are undertaken to obtain feedback from Employers and Members on the suitability of our communications. 2. Any required changes are reflected in the Communications Policy. 3. Checks are made regularly to ensure Essex Pension Fund (EPF) complies with the Disclosure Regulation requirements.	2	2	4	David Tucker - Technical Hub Manager	Treat	4
C4	Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme members and employers	JCAD Ref: EPFU0052 Failure to review and update Essex Pension Fund (EPF) Website could result in scheme members, prospective scheme members and employers being unaware of scheme changes which could cause a decline in new membership and/or members/employers exiting the scheme early	Quarterly	1. Regularly review and update Essex Pension Fund (EPF) Website to announce any scheme changes.	2	2	4	David Tucker - Technical Hub Manager	Treat	4

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 06a</b>
<b>Date: 22 September 2021</b>	

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

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

### Executive Summary

The Essex Pension Fund Strategy Board (PSB) meeting that was held on 07 July 2021 was discussed in full and no issues were raised.

## **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 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 07 July 2021.

### **4. Report of the meeting of PAB on 07 July 2021**

- 4.1 The PAB received a report from the Director for Essex Pension Fund outlining the work undertaken by the PSB at their 07 July 2021 meeting which had taken place that morning.
- 4.2 Points covered were:
- the key areas within the PSB Terms of Reference;
  - the 2020/21 PSB Annual Report and that it would be taken to Full Council on 13 July 2021;
  - the PAB's previous red Scorecard Measure in relation to PAB meeting attendance reverting to green along with the continuation of a red Measure due to the vacant Scheme Member representative position;
  - Risk G3 downgraded reverting back to its target score of 4 following the outcome of the recent Elections and Full Council Meeting on 25 May 2021;
  - the outcome of the two Internal Audit Reviews: Administration; and Funding & Investments, with both reviews receiving 'Good Assurance';
  - the update in regard to External Audit and the concerns raised due to the revision of the commencement date;

- the key highlights from the Essex Pension Fund Draft Accounts noting the Fund closed as at 31 March 2021 on £8.739bn;
- the Fund's response to the Single Modular Code Consultation, which was submitted to TPR on 25 May 2021;
- the outcome of the 2019 Triennial Valuation and how it aligns with GAD's S13 Valuation;
- the outcome of the Governance Effectiveness Review on the PSB and ISC; and
- the proposed timeline for the Printing and Postage Procurement.

PAB Agenda Items discussed included:

- the key areas within the PAB Terms of Reference;
- the PAB Annual Report along with the agreement for the Report to be shared with the Local Government Scheme Advisory Board;
- the outcome of the PAB Training Needs Analysis and draft Two-Year Training Plan; and
- an interactive training session in relation to the Fund's Policy for Recording and Reporting Breaches of the law.

## **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 07 July 2021 meeting.
- 7.2 PSB Minutes of 07 July 2021 meeting.

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 06b</b>
<b>Date: 22 September 2021</b>	

## **Essex Pension Fund Advisory Board (PAB) Scheme Member and Independent Chairman Recruitment**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

### Executive Summary

The current term for the Essex Pension Fund Advisory Board (PAB) Independent Chairman is due to cease in January 2022. This paper sets out the proposed recruitment process and timeline to recruit this position. In addition, an update has been provided in regard to the recruitment of the current vacant Scheme Member position on the PAB.

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

- 1.1 To provide the Board with an update in regard to the current Scheme Member vacancy on the Essex Pension Fund Advisory Board (PAB) and to outline a proposed recruitment process for the Independent Chairman for the Board's consideration.

## **2. Recommendations**

- 2.1 That the Board **agrees**:
  - the Appointments Panel be created to carry out the Independent Chairman recruitment;
  - the proposed timetable and process for this recruitment;

- to note the update in regard to the vacant Scheme Member position; and
- 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 comprise 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 nominated by the trade unions; and
    - the rest drawn from the total Essex Pension Fund active, deferred and pensioner membership;
  - iii. one Independent Chairman.
- 3.3 At their 07 July 2021 meeting, the PSB agreed to recommence the recruitment for the PAB Scheme Member Representative.

### **4. Update on Scheme Member Representative Recruitment**

- 4.1. Following agreement at July's meeting, a communication was issued to all Employers on 30 July 2021 to re-advertise the vacant position.

- 4.2. Advertisements were also published via the Essex Pension Fund Website and ECC Intranet. In addition, flyers were enclosed with every Active Member's Annual Benefit Statement which were issued at the end of August.
- 4.3. The closing date for this position is 17 September 2021. Officers will provide a verbal update in regard to the expression of interest received and next steps during the meeting.

## **5. Independent Chairman**

- 5.1 At the 16 December 2020 PSB, the Board agreed to extend the Independent Chairman's term for a further six months.
- 5.2 The current term of the Independent Chairman will cease on 15 January 2022 and as a consequence a recruitment process to fulfil this role will be undertaken.
- 5.3 Following agreement from the Board, the Appointments Panel will be:
- (i) the Chairman of the PSB;
  - (ii) the Scheme Member representative from the PSB; and
  - (iii) the Director for Essex Pension Fund.
- 5.4 Advice will be sought from the Independent Governance and Administration Adviser (IGAA) where required and will also be supported by Officers of the Fund as considered appropriate.
- 5.5 The proposed timetable for the Independent Chairman recruitment is detailed below:

<b>Date</b>	<b>Action</b>	<b>Owner</b>
22 September 2021	PSB agree the Membership of the Appointments Panel, timetable, and process.	PSB
October 2021	Appointments Panel to agree job specification and remuneration.	Appointments Panel

Date	Action	Owner
October 2021	Advertising of vacancy via: <ul style="list-style-type: none"> <li>• Appropriate external websites; and</li> <li>• Essex Pension Fund Website and LinkedIn.</li> </ul>	Fund Officers
31 October 2021	Closing of advertisement and evaluation.	Fund Officers
November 2021	Interview by the Appointments Panel.	Appointments Panel and Fund Officers
15 December 2021	Confirmation of appointment of Independent Chairman and ratification of decision by PSB.	Fund Officers and PSB
January / February 2022	Carry out induction training.	Fund Officers
23 March 2022	1 <sup>st</sup> PAB Meeting.	Independent Chairman

## 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 a critical friend 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 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.

## **8. Communication Implications**

- 8.1 The advert for the Independent Chairman will be advertised on appropriate external websites and the Essex Pension Fund website.
- 8.2 Other than ongoing reporting to the Board, there are no further communication implications.

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

- 9.1 The process will be carried out by Fund Officers. Should advice be required by the Fund's IGAA, this will be met within the existing 2021/22 Budget.
- 9.2 The remuneration for the Independent Chairman position on the PAB is yet to be agreed by the Appointments Panel, but will be met by the Fund's existing 2021/22 Budget.

## **10. Background Papers**

- 10.1 Essex County Council Constitution and the Essex Pension Fund Advisory Board Terms of Reference therein.
- 10.2 PAB Recruitment, PSB 09b(iii), 07 July 2021.
- 10.3 PAB Vacancy, PSB 07.C, 17 March 2021.
- 10.4 PAB Independent Chairman Arrangements, PSB 11, 16 December 2020.

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 07</b>
<b>Date: 22 September 2021</b>	

## **Essex Pension Fund Printing and Posting Contract**

Report by the Director for Essex Pension Fund

Enquiries to Jody Evans 03330 138489

### Executive Summary

An Out of Committee decision was made during August 2021 in regard to the decision to award Adare Sec Ltd the contract with the provision of Printing and Posting for the Fund. This paper outlines the process undertaken.

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

- 1.1 To provide the Board with the outcome of the recent Printing and Posting Tender which was carried out in conjunction with Essex County Council's (ECC) Procurement Policy and Procedures.

## **2. Recommendations**

- 2.1 That the Board note:
  - the Out of Committee decision made during August 2021 to award the preferred bidder, Adare Sec Limited, a two-year contract with the option to extend for up to a further two years, subject to satisfactory performance; and
  - the content of the report.

### **3. Background**

- 3.1 Essex Pension Fund must ensure the Printing and Posting of the key legislative communications is carried out each year by the timeframe dictated by Legislation.
- 3.2 Each year the Fund has procured, for this service using the ECC Procurement Policy and Procedures via the Request For Quotes (RFQ) process.
- 3.3 However, due to the increase in Scheme Membership over the last few years and the increase in costs for printing and posting, the cost is now in excess of £100k. As a consequence, a medium risk procurement must be utilised in line with Procurement Contract Regulations 2015.

### **4. Tender Process**

- 4.1 Through the Out of Committee Decision Making Process in April 2021, in consultation with the ECC Procurement Team, the Board agreed that a full Tender process is necessary.
- 4.2 The Invitation to Tender (ITT) was drafted between Fund Officers and the ECC Managers. In order to provide transparency and fairness to the market, it was agreed the ITT be split into two Lots:
  - Lot 1 – Printing; and
  - Lot 2 – Posting.
- 4.3 The ITT was issued as an 'open' tender therefore allowing any suitable Supplier to bid for one or more Lots. The ITT was published on Find a Tender Service (FTS) which has superseded Tender Electronics Daily (OJEU) and Contracts Finder.

### **5. Timeline**

- 5.1 The key milestones in the process are set out below:

Date	Activity
07 June 2021	Issue of ITT
08 July 2021	Deadline for ITT responses
12-28 July 2021	Evaluation of ITT responses
30 July 2021	Out of Committee Paper to PSB to ratify the decision to award to the successful bidder
09 August 2021	Notify Suppliers and 10-day Standstill period commences
23 August 2021	Contract awarded
01 October 2021	Start of new Contract

## 6. Invitation to Participate

- 6.1 Suppliers were asked to provide various details including the background of their organisation and relevant Local Government Pension Scheme (LGPS) experience.
- 6.2 Each Lot was assessed individually for all Suppliers in terms of three criteria: Quality; Social Value; and Value for Money.
- 6.3 Four Suppliers submitted responses for both Lots by the 08 July 2021 deadline. These were:
- Adare Sec Limited;
  - Allied Publicity Services;
  - Corporate Document Services; and
  - Service Graphics Paragon.

## **7. Evaluation**

- 7.1 Suppliers were evaluated on an 80% Quality (including 5% Social Value) and 20% Value for Money split across both Lots. ECC Managers carried out compliance of the Suppliers, whilst the panel made up of three Fund Officers carried out the 'Quality' aspect of the submissions (excluding Social Value).
- 7.2 Following the consensus meeting on 20 July 2021, scores were moderated for both Lots and an overall percentage score was given in order to provide the following rankings:

<b>Organisation (Supplier)</b>	<b>Ranking</b>
Adare Sec Limited	1 <sup>st</sup>
Allied Publicity Services	2 <sup>nd</sup>
Corporate Document Services	3 <sup>rd</sup>
Service Graphics Paragon	4 <sup>th</sup>

## **8. Award**

- 8.1 Following agreement from the Board, the Procurement Team notified all tenderers of the outcome on 09 August 2021. The Alcatel (standstill) period of ten days was observed before the final Contract was awarded.
- 8.2 The Contract will commence on 01 October 2021, for a period of two years with an option to extend for a further two years, subject to satisfactory performance. The Contract will be supported by Key Performance Indicators (KPIs), which will be reviewed at periodic intervals.

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

- 9.1 Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need.

- 9.2 Communicate in a friendly, expert, and direct way to our stakeholders, treating all our stakeholders equally.

## **10. Risk Implications**

- 10.1 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.

- 10.2 Issuing incorrect or inaccurate communications leads to lack of understanding and/or complaints.

## **11. Communication Implications**

- 11.1 The ECC Procurement Team will communicate with all Suppliers in regard to the outcome of this procurement.

## **12. Finance and Resource Implications**

- 12.1 The cost for these services should be no more than £150k per year and will be met out of the Fund's existing 2021/22 Budget.

## **13. Background Papers**

- 13.1 Out of Committee paper issued 30 July 2021.
- 13.2 Essex Pension Fund Printing and Posting Contact, PSB 17, 07 July 2021.
- 13.3 Out of Committee paper issued 06 April 2021.



<b>Essex Pension Fund Strategy Board</b>	<b>PSB 08</b>
<b>Date: 22 September 2021</b>	

## **HM Treasury Consultation Responses**

Report by the Technical Hub Manager

Enquiries to David Tucker 03330 138493

### Executive Summary

An Out of Committee decision was made in August 2021 in regard to the approval of the Fund's responses to the HM Treasury Consultations: Discount rate methodology; and Cost control mechanism. This paper outlines the process undertaken.

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

### **1.1 To provide the Board with:**

- the Fund's final response to the Discount rate methodology Consultation; and
- the Fund's final response to the Cost control mechanism Consultation.

## **2. Recommendations**

### **2.1 That the Board note:**

- the Out of Committee decision in August 2021 to approve the draft responses to the Discount rate methodology and Cost control mechanism Consultations;
- the Fund's final response to the Discount rate methodology Consultation;

- the Fund's final response to the Cost control mechanism Consultation;  
and
- to note the content of the report.

### **3. Background**

- 3.1 At the Essex Pension Fund Strategy Board (PSB) meeting held on 07 July 2021, the Board were made aware of two upcoming HM Treasury Consultations in regard to: Discount rate methodology; and Cost control mechanism.
- 3.2 The Board were advised that the Fund would review the Consultations, and if the Fund believe the Consultations warrant a response, the Out of Committee decision making process would need to be enacted over the Summer due to the 19 August 2021 deadline.

### **4. Consultation Responses**

- 4.1 The outcome of the review by Fund Officers, and in consultation with the Fund Actuary, resulted in the Fund drafting a response to the Consultations. The Fund's draft responses were provided to the Board via the Out of Committee process for their approval in August 2021.
- 4.2 Following agreement from the Board, Fund Officers submitted the final responses to the Discount rate methodology and Cost control mechanism Consultations on 17 August 2021 and are provided at Appendices A and B respectively.

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

- 5.1 Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation, and the Pensions Regulator's Codes of Practice.

### **6. Communication Implications**

- 6.1 The responses to the Consultations have been published on the Fund's website.

## **7. Risk Implications**

- 7.1 Regulatory risks impacting on Investments, Funding and Administration.

## **8. Background Papers**

- 8.1 Final response to Discount rate methodology Consultation – Appendix A.
- 8.2 Final response to Cost control mechanism Consultation – Appendix B.
- 8.3 Out of Committee, Essex Pension Fund response to Consultations, 11 August 2021.
- 8.4 HM Treasury Consultations, PSB 11b, 07 July 2021.

**Essex Pension Fund**  
 PO Box 11  
 County Hall  
 Chelmsford  
 Essex  
 CM1 1LX



Your Ref:  
 Date: 17 August 2021

Workforce, Pay and Pensions  
 HM Treasury  
 2/Red  
 1 Horse Guards Road  
 London  
 SW1A 2HQ

*Sent by e-mail to: [SCAPEDiscountRateConsultation@HMTreasury.gov.uk](mailto:SCAPEDiscountRateConsultation@HMTreasury.gov.uk)*

Dear Sirs,

**Public service pensions: Consultation on the discount rate methodology  
 Consultation Response**

The Essex Pension Fund welcomes the opportunity to comment on the government's proposals on discount rate methodology. We are responding in our capacity as an Administering Authority within the Local Government Pension Scheme.

**Response to questions**

**Question 1 - Do you agree that these are the correct objectives for the SCAPE discount rate? If not, please explain why and specify any alternative objectives that you think should be included.**

The objectives set out in chapter 4 of the consultation document are, in our opinion, sensible. Before setting any actuarial assumptions to complete a valuation, it is first necessary to determine the purpose of the valuation. Actuarial valuations answer questions and so the approach adopted will depend on the question being asked and any other objectives (such a stability of contributions). It may be that different questions and objectives require different approaches and assumptions.

We believe there is some tension between the three stated objectives. Stability and predictability of cost is in our view a key objective so the methodology adopted should not result in frequent and significant changes to employer contribution rates. Equally, the percentage of national income/tax receipts expected to be spent in the long term on public sector pensions should be a key feature of the approach to ensure the pension promise remains affordable. At the same time, the assessment of the cost should be fair and consistent with the assessed cost of other expenditure.

**Question 2 - Do you agree that these are the most appropriate methodologies that should be considered? If not, please specify any alternative methodologies that should be considered and how they would fit with the Government's proposed objectives.**

Our view is that the two proposed methodologies are the two most obvious candidates but, in our view, both require some modification to make them more likely to meet the stated objectives which we discuss below.

**Question 3 - What are the advantages and disadvantages of a SCAPE discount rate methodology based on expected long-term GDP? If this methodology is adopted, should any of the modifications (allowing for short-term GDP projections, allowing for actual experience) be considered?**

Of the major public service pension schemes, it is only the Local Government Pension Scheme that is financed on a funded basis. There are many benefits of funded schemes including greater transparency and recognition of cost. There are also disadvantages such as investment risk and potential loss from which unfunded schemes are immune. In completing valuations of LGPS Funds the objectives are broadly the same as those set out in this consultation namely, adopt methods and assumptions that provide a fair view of the likely cost and keep employer contribution rates as stable as possible.

If a GDP approach is to be retained, then we would suggest setting a longer term and less variable GDP approach where the rate is reviewed every (say) ten years (with only minor tweaks expected) but at the same time using actual GDP growth to roll forward the notional fund rather than the actual SCAPE rate. Given actual GDP will vary with economic cycles then this will provide a balance of affordability and stability. Any “underperformance” of actual GDP versus assumed will result in deficits in the notional fund which could then be recovered over say 20 years, thus increasing costs as would be expected but resulting in much smoother and more stable employer contributions and avoid the cliff edges we have seen under the existing mechanism.

**Question 4 - What are the advantages and disadvantages of a SCAPE discount rate methodology based on the STPR? If this methodology was adopted, should any modifications (allowing for the public service pension context or allowing for long-term uncertainties) be considered?**

There is clearly some logic in adopting a rate that is used in making decisions about how to spend money now for different future benefits. One of the main advantages of adopting the STPR methodology is historically it has been a very stable rate. Whilst there was sound reasoning to adopt the GDP methodology in 2011, it makes sense to reassess the appropriateness of reverting to the STPR rate now, given the instability observed in the SCAPE rate since the GDP methodology was adopted in 2011.

It could be argued that the STPR methodology could meet the stability objectives better than the GDP methodology. A more stable SCAPE discount rate should create more stable contribution rates and should prevent any shocks like those observed in 2018 when the SCAPE rate was revised out of cycle.

Public sector pensions are long term in nature and therefore it doesn't seem appropriate to use the same discount rate for public sector pensions and the assessment of projects with shorter terms e.g., less than 30 years. It therefore

seems appropriate to adopt a modification to the STPR to reflect the longer-term nature of public sector pensions and so something less than the 3.5% above CPI.

**Question 5 - Which SCAPE discount rate methodology do you recommend, and why?**

As already discussed, we believe that the discount rate that is to be adopted will depend on the purpose for which it is put or equivalently what question is being asked in the first place. There is no single “correct” approach.

The question being asked in the consultation document is how the level of employer contribution in the unfunded schemes is to be calculated. We do not therefore feel we are able to respond on this point as a Funded scheme.

**Question 6 - Are there any equalities impacts of changes to the SCAPE discount rate methodology that the Government should consider?**

As the proposed reform would apply to all benefits, we do not see any obvious equalities impacts.

**Question 7 - Do you agree with the proposal for reviews of the SCAPE discount rate to be aligned with the scheme valuation cycle?**

All actuarial assumptions should be reviewed on a regular basis but with the objective of having a stable level of employer contribution rate for a reasonable time period. In the Local Government Pension Scheme, assumptions are reviewed at every valuation and it would seem logical for the SCAPE rate to be reviewed during the unfunded scheme valuation cycles too.

Yours sincerely

*David R Tucker*

**David Tucker**  
**Technical Hub Manager**

**Telephone:** 033301 38493

**Fax:** 033301 33966

**Internet:** [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)

**E-Mail:** [pensionenquiries@essex.gov.uk](mailto:pensionenquiries@essex.gov.uk)

**Office Hours:** Monday to Thursday 8.30am to 5.30pm,  
Friday 8.30am to 5.00pm



**Essex Pension Fund**  
PO Box 11  
County Hall  
Chelmsford  
Essex  
CM1 1LX



Workforce, Pay and Pensions  
HM Treasury  
2/Red  
1 Horse Guards Road  
London  
SW1A 2HQ

Your Ref:

Date: 17 August 2021

*Sent by email to: CCMConsultation@HMTreasury.gov.uk*

Dear Sirs,

**Public service pensions: HMT Cost control mechanism consultation  
Consultation Response**

**Summary of response**

The Essex Pension Fund welcomes the opportunity to comment on the government's proposals on changes to the cost control mechanism. We are responding in our capacity as an Administering Authority within the Local Government Pension Scheme.

The preliminary results of the 2016 Scheme valuation revealed the flaws in the current cost control mechanism and, although set up with the right intentions, due to the required approach it has led to outcomes which may not have been anticipated or intended.

We welcome changes to the cost control mechanism, and the proposals made are reasonable individually, but we would recommend considering them in their entirety to ensure the whole cost control process meets the original objectives of the mechanism.

We agree that the legacy schemes should not be considered as part of a cost control process which informs changes required to benefits in the reformed schemes only. This would make the calculations and the results more consistent.

We also agree with the introduction of an economic check. The proposal made appears to be an objective approach which can be easily justified to stakeholders and will help to avoid perverse outcomes such as those seen in the preliminary 2016 cost cap results.

In terms of widening the corridor, we would suggest considering this in the context of the full reform - is this required if an economic check is in place? What is the ultimate aim of widening the corridor in this way? A wider corridor would mean a larger step change in benefits or member contributions if triggered. Perhaps the frequency of change is not a problem that needs addressed and therefore the corridor could be left unchanged.

We also note that the Government is proposing to consider the recommendations on longevity separately to this review. Due to longevity being a key driver in the breach in 2016, we do not agree that the review of the longevity assumption is excluded in the review of the cost control mechanism. We would prefer that this is reviewed at the same time so that any changes can be incorporated into the mechanism.

**Question 1 - Do you agree that a reformed scheme only design would achieve the right balance of risk between scheme members and the Exchequer (and by extension the taxpayer), and would create a more stable mechanism?**

From the preliminary results of the 2016 Scheme valuations, the change in cost due to past service was a significant portion of the change in cost calculated. This creates some inconsistencies: if there is a change in cost in relation to past service, past service benefits are not reformed; only future benefits are reformed. This is somewhat unintuitive: if the value of benefits to older, longer serving members (who are typically those with significant portions of past service) reduces to breach the cost floor, it is future benefits that are amended which will obviously apply to those older members still in the scheme but will also apply to younger members who were not impacted by the reduced value of past service benefits. The opposite applies: if the value of past service benefits increases to breach the cost cap, then younger members will lose out through reforms made to reduce the value of future benefits.

We therefore strongly agree with the proposal to remove the allowance for legacy schemes in the cost control mechanism because one of the main drivers for the breach in 2016 was the low level of salary increases which is not really relevant in the reformed CARE schemes. This will mean the benefits being assessed are consistent with those potentially being reformed.

As the impact of past service is potentially a significant part of the change in cost (and it was so in the preliminary 2016 results), removal of the legacy schemes' impact from the cost control mechanism should result in a more stable mechanism.

In our view the change in design will achieve a better balance between scheme members and remove the intergenerational unfairness. It should also create a more stable mechanism which should lead to less perverse outcomes. The Exchequer (and by extension the taxpayer) will be taking on additional risk (or arguably risk that it should have retained in the first place) by bearing the cost of the legacy schemes.

An option disregarded in the consultation is to adopt a future service only mechanism, i.e., one which also excludes any past service in the reformed schemes. However, we think that this option has some merit. By including the past service element of the reformed schemes in the cost control mechanism, we agree that this leads to a fairer distribution of the risks compared to if the legacy schemes were still included. However, in a reformed scheme only approach which includes past service, is it fair for new members to bear the risks of costs changing in respect of previously accrued benefits? The cost control mechanism is designed to rectify any future service benefits, and so would an approach that only considers a revised cost of future benefits (and not past service benefits) be more appropriate? It would also remove the need to track a notional fund which is appropriate as all the unfunded schemes have no fund to track and the economic check could replace the aim of this element of the current control mechanism.

## **Question 2 - Do you agree with the Government's intention to widen the corridor? If not, why not?**

We do not agree with the proposal to widen the corridor. The intention of this approach appears to be to reduce the frequency with which benefits or member contributions are reviewed, but we don't see how this change would help achieve the objectives of the cost control mechanism.

It is surprising that the Government considers a breach every 20 years to be too frequent when it should be noted that benefits in the LGPS were changed twice in a six-year period before the mechanism was even in place. We would not see a breach once every 20 years as unstable. One of the overall aims of the mechanism is to make the schemes sustainable; by delaying any changes in benefits or member contributions, you are building up problems which we don't believe helps to achieve this sustainability aim.

However, the intention is that a wider corridor will mean less frequent changes and this is positive in terms of ensuring benefits continue to be easy to understand for members and also to reduce any administrative burden of regular benefit changes. But what it also brings is the risk of bigger step changes in benefits due to a bigger margin being required before a breach occurs.

Using Table 5.A from the consultation, a breach is expected every 5 valuations (20 years) using a corridor of +/-2%, and every 10 valuations (40 years) using a corridor of +/-3%. The change in cost could potentially hover between 2%-3% for 20 years before breaching a 3% corridor; is a change in value in the range of 2%-3% considered significant and therefore should action be taken when it is consistently within this range? The original corridor was set at 2% so it would seem that this was previously deemed as significant enough to merit a benefit review.

The LGPS Scheme Advisory Board in England and Wales operate an additional cost control mechanism, and that adopts a 'may', 'should' and 'must' approach. Perhaps this approach could be considered for the HMT cost control mechanism. This would involve different ranges in change in cost cap, each triggering actions depending on the significance of the change in cost cap: at the lower end of the range the trigger would be that recommendations may be made to return the cost to the target and at the upper end the trigger would be that recommendations must be made to return to the target. Arguably it may still result in no change until the 3% threshold is breached but if a bracket of 2%-3% was considered a "should" approach, then where the change is consistently falling in the 2%-3% range, action could be taken following review.

Finally, if the proposed additional economic check is accepted, then we would question whether a widened corridor is necessary? As noted in the consultation, the economic check should also help to reduce frequency of change and ensure that any required changes to scheme benefits are considered appropriate.

## **Question 3 - Do you think that a corridor size of +/-3% of pensionable pay is appropriate? If not, why not?**

Please see our answer to Question 2 which disagrees with the proposal to widen the corridor.

However, should the corridor be widened then we would suggest a minimal change and believe +/-3% should be the maximum size of any corridor. Any wider and it will become more difficult to achieve the aims of the cost control mechanism and would result in a significant step change to benefits when the corridor is breached.

One of the aims of the mechanism is to provide stability and certainty to benefit levels, and it should only be triggered by 'extraordinary, unpredictable events'. It isn't possible to say what change in cost would be likely from an 'extraordinary, unpredictable event' so the question is whether 2% is more appropriate or 3% (or something else).

One of the options disregarded within the proposal is to have a corridor that varies by scheme to reflect that the costs in each scheme varies. Our view is that this option is reasonable and could be considered. One of the concerns raised in the consultation document for this option is that members may find it more difficult to understand such a corridor design, however, we feel this isn't an issue as members already may need to understand different schemes so an additional difference in corridor would not add significant complexity.

#### **Question 4 - Do you agree with the proposal to introduce an economic check?**

Yes, an economic check makes sense and will help avoid perverse results such as those seen in the preliminary 2016 results where no factors linked to the change in economic growth were considered. This would work best as a separate check as currently proposed rather than worked into the current cost control calculations, especially as this could lead to volatile results which the mechanism aims to avoid.

The proposed economic check provides a clear way to assess whether the outcome of the initial cost control calculation is appropriate.

We strongly agree that a more consistent approach should be taken between the assumptions used to set the contribution rates and the assumptions used in the cost control process.

Therefore, if the SCAPE rate is used as the main driver in setting employer contributions, it should be used in the economic check. If the SCAPE rate methodology changes as a result of the separate consultation, the changes should also be implemented in the economic check proposed for the cost control mechanism. This is discussed further in our answer to question 5.

Under section 5.29, the consultation proposes for the economic check to also include the impact of any change to the long-term earnings assumption. We think this should be allowed for only to the extent that it is in the cost control mechanism.

For the funded LGPS, the driver of employer contributions is not the SCAPE rate, but the discount rates used at triennial actuarial valuations. A slightly different but consistent approach would therefore be required for the LGPS reflecting changes in LGPS discount rates rather than the SCAPE rate. We also mention this in our response to Question 5.

The alternative (or additional) option of having an independent panel to review the initial cost control calculation would introduce a significant level of subjectivity and would be more likely to be challenged by relevant stakeholders, so we would agree not to consider this at this stage. There is merit in such an approach, but it would need to be thoroughly considered, for example to ensure that all relevant stakeholders are represented.

**Question 5 - Do you think that the SCAPE discount rate, as it currently stands, is an appropriate economic measure for the cost control mechanism?**

On the basis that the SCAPE discount rate is used to set employer contributions in the unfunded public service pension schemes, use of the SCAPE discount rate for the cost control mechanism seems appropriate for reasons of consistency – we think it would be appropriate that the discount rate that is used for the unfunded scheme valuations is the same as that used for the unfunded cost control mechanisms.

Employer contributions in the LGPS are, however, set as part of local actuarial valuations and are based on Fund-specific discount rates; they are not based on the SCAPE rate. It may therefore be reasonable to consider an alternative approach for the LGPS. It would not be appropriate to use the discount rates adopted for the local actuarial valuations as these include a margin for prudence whereas we would expect that the cost control mechanism should be a best estimate basis. An alternative may be some sort of proxy for a best estimate return for the LGPS, which will reflect that the LGPS has assets which are invested, unlike in the unfunded schemes. A review of the overall asset allocation of the LGPS could be carried out in order to set such a best estimate return. Of course, the asset allocation of individual funds could range significantly and therefore it may be difficult to agree the most appropriate return to use.

Although discount rates in the LGPS are not based on the SCAPE rate, they are considered with reference to the SCAPE rate as it is used in carrying out some aspects of the Section 13 LGPS valuations. We also suspect that it is a factor when the Government Actuary sets his best estimate assumptions for other aspects of Section 13 valuations. We would therefore suggest that either the Government Actuary's best estimate discount rate used for Section 13 purposes, or some LGPS average best estimate discount rate, is used in the economic check for the LGPS.

**Question 6 - If the SCAPE methodology changes, and the Government considers that the SCAPE discount rate is therefore not an appropriate measure for the cost control mechanism, then do you think that a measure of expected long-term GDP should be used instead? If not, please set out any alternative measures that may be appropriate in this scenario. Please consider in the context of the separate review of the SCAPE methodology currently being undertaken by HM Treasury.**

Our understanding of the economic check is that it is to reduce the risk of any perverse outcomes. The issue we had with the outcome of the 2016 review was that, as the cost control mechanism did not consider the SCAPE rate, employer contributions were increased as costs were going up whereas the review suggested that member benefits should also be increased as costs were coming down.

Therefore, in our view, it is important that the assumption used to set employer contributions is consistent with the assumption used in the economic check to avoid the issue outlined above that we had at the 2016 review.

For the purposes of this consultation, we would suggest that any changes made to the SCAPE methodology are also reflected in the economic check as it is so key to the level of employer contributions paid.

If the SCAPE methodology moves away from a long-term GDP approach, we think it would likely be appropriate to use a discount rate for the cost control mechanism that continues to be consistent with that adopted for the scheme valuations used in setting employer contributions.

If such an approach is not considered appropriate, then an alternative discount rate based on long-term GDP could be an acceptable alternative, however, there would be risk of perverse outcomes in terms of consistency of the cost control mechanism and changes in employer contribution rates due to the underlying discount rate approach for both being different. Therefore, we do not agree that such an approach would be appropriate.

For the LGPS, we believe alternatives for the economic check discount rate are potentially required to achieve the same objectives and we elaborate on this in our response to Question 5.

**Question 7 - Do you envisage any equalities impacts from the proposals to reform the cost control mechanism that the Government should take account of?**

As the proposed reform would apply to all benefits accrued in future, we do not see any obvious equalities impacts. Any future proposed benefit changes should still be reviewed as normal to ensure that they do not cause any inequalities.

Yours sincerely

*David R Tucker*

**David Tucker**  
**Technical Hub Manager**

**Telephone:** 033301 38493

**Fax:** 033301 33966

**Internet:** [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)

**E-Mail:** [pensionenquiries@essex.gov.uk](mailto:pensionenquiries@essex.gov.uk)

**Office Hours:** Monday to Thursday 8.30am to 5.30pm,  
Friday 8.30am to 5.00pm

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 10</b>
<b>Date: 22 September 2021</b>	

## Schedule of Future Meetings and Events

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

### Executive Summary

A reminder of the upcoming PSB, ISC and Training Days have been provided along with a reminder of the LGA Fundamentals External Training.

## 1. Purpose of the Report

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

## 2. Recommendation

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

### 3. Background

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

### 4. Upcoming Event(s)

- 4.1 The next events to take place are:

Date	Title	Venue	Action
3-day event  <b>Day 1 –</b> Tues 12 October 2021  <b>Day 2 –</b> Tues 09 November 2021  <b>Day 3 –</b> Thur 02 December 2021	Fundamentals Training Programme	London (also Hybrid)	To notify  <a href="mailto:Amanda.crawford@essex.gov.uk">Amanda.crawford@essex.gov.uk</a> by COP 01 October 2021 if any Member wishes to attend  Further details are at Appendix A

### 5. Schedule of Meetings

- 5.1 The schedule of meetings for the municipal year 2021/22 are as follows:

Pension Strategy Board	
Wednesday 15 December 2021	10am – 1pm
Wednesday 23 March 2022	10am – 1pm

Investment Steering Committee	
Wednesday 13 October 2021	10am – 1pm
Monday 29 November 2021	10am – 4pm
Wednesday 23 February 2022	10am – 1pm

Training Days	
EPF Back to Basics	03 November 2021

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

- 6.1 If an event costs more than £500 for one member or £1,000 in total, then prior approval for any travel by the Foreign Travel Committee is compulsory. All costs for training are met with the Fund's existing 2021/22 Budget and must be approved and booked by the Fund.

## **7. Background Papers**

- 7.1 Schedule of Future Meetings and Events, PSB 14, 07 July 2021.



**Fundamentals - Day 1 – LEGAL FRAMEWORK OF THE LGPS**

9:30	<b>Registration and Coffee</b>
9:30	<b>Chair's introduction to the day</b>
10:00	<b>The Legal Landscape</b> <ul style="list-style-type: none"> <li>• The LGPS in its legal context</li> <li>• General local authority legal issues</li> <li>• LGPS specific duties and responsibilities</li> <li>• Wider duties and responsibilities</li> <li>• What happens when things go wrong?</li> </ul>
11:15	<b>Break</b>
11:30	<b>Governance Framework</b> <ul style="list-style-type: none"> <li>• The Hutton report</li> <li>• The Public Service Pensions Act 2013</li> <li>• The law governing - <ul style="list-style-type: none"> <li>- The responsible authority (MHCLG)</li> <li>- Scheme advisory board</li> <li>- Local pension board</li> <li>- Asset pools</li> </ul> </li> </ul>
12:45	<b>Lunch</b>
1:30	<b>Benefit Structure</b> <ul style="list-style-type: none"> <li>• The basis of the LGPS</li> <li>• Final salary v CARE schemes</li> <li>• A tour of the 2014 Scheme</li> <li>• Administering authority and scheme employer roles</li> </ul>
2:15 to 4:00	<b>(Break at 2:45)</b>
3:00	<b>Investment Framework</b> <ul style="list-style-type: none"> <li>• The Management and Investment of Funds Regulations – a history</li> <li>• Statement of investment principles</li> <li>• Investment Strategy Statement (ISS)</li> <li>• ISS statutory guidance</li> <li>• Funding strategy statement</li> <li>• Annual reports and auditing</li> </ul>
3:55	<b>Course Review and Further Information</b>
4:00	<b>Close</b>

## **Fundamentals - Day 2 – LGPS INVESTMENTS**

**9:30 Registration and refreshments**

**9:55 Introduction from the Chair**

**10:00 Investing strategically Part 1**

What is asset allocation and why it really drives return?

**10.40 Investing strategically Part 2**

What are the different asset classes and how do they work?

**11.20 Break**

**11.40 The climate challenge**

What are the options to minimise the risk of your portfolio to climate change and contribute to a low carbon world?

**12.40 Lunch**

**1.30 The stewardship challenge**

How to manage your managers and be an effective asset owner

**2.10 The impact challenge**

Taking account of the social impact of your investments and the opportunities to make a difference

**2.50 Break**

**3.10 The 'crystal ball' challenge**

The outlook for opportunities and risks over the medium and long term

**4:15 Close**

## **Fundamentals - Day 3 – DUTIES AND RESPONSIBILITIES**

9:30	<b>Registration and Coffee</b>
9:30	<b>Chair's introduction to the day</b>
10:00 members	<b>Duties and responsibilities of Pension Committee and Board</b> <ul style="list-style-type: none"><li>• The evolving requirements</li><li>• Committee vs Board - delegation and representation</li><li>• The governance budget</li><li>• The Pension Regulator's involvement</li><li>• Standing agenda items, breaches of law, knowledge and training</li><li>• Bodies with oversight over the LGPS</li></ul>
11:00	<b>Break</b>
11:15	<b>Preparing and maintaining Scheme strategies and policies</b> <ul style="list-style-type: none"><li>• Mandatory and desirable policies in the LGPS</li><li>• How strategies and policies assist the scheme manager</li></ul>
12:00	<b>MHCLG – a view from the bridge</b> <ul style="list-style-type: none"><li>• The role of the ministry</li><li>• Issues on the radar</li></ul>
12:45	<b>Lunch</b>
1:30	<b>The Local Pension Board - a case study</b> <ul style="list-style-type: none"><li>• How the local pension board can improve service delivery</li><li>• Good practice, scrutiny and supporting the board</li></ul>
2:15 to 4:00	<b>(Break at 2:45)</b>
3:00	<b>Valuations, Exit Payments and Funding Valuation</b> <ul style="list-style-type: none"><li>• The purpose of an actuarial valuation</li><li>• Assets and liabilities</li><li>• How do liability calculations work?</li><li>• What assumptions are used?</li></ul> <b>Funding</b> <ul style="list-style-type: none"><li>• What is the importance of funding strategy?</li><li>• Different employers – different characteristics and objectives</li><li>• Employer covenants</li></ul>
3:55	<b>Course Review and Further Information</b>
4:00	<b>Close</b>

