

Essex Pension Fund Strategy Board	PSB 06bi
Date: 20 March 2024	

Essex Pension Fund Advisory Board Quarterly Report

Report by the Head of Fund Compliance and Governance

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This Report is for noting

Executive Summary

Report Type: Governance

The Essex Pension Fund Strategy Board (PSB) meeting that was held on 13 December was discussed in full.

The PAB undertook the first part of the Review of Risk within their PAB Annual Workplan looking at the Fund's Business Continuity Policy and Plan and how they interlink with the Essex County Council (ECC) Business Continuity Plan and the Fund's Risk Register.

1. Purpose of the Report

- 1.1 To provide the Board with an update on PAB activity since the last Board meeting.

2. Recommendations

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

3. Background

- 3.1 The Essex Pension Fund Advisory Board (PAB) was established as the Local Pensions Board for Essex in accordance with Section 5 of the Public Service Pension Act 2013 and Part 3 of the Local Government Pension Scheme (LGPS) Regulations 2013.
- 3.2 Since the PSB's last meeting, the PAB has met on one occasion, on 13 December 2023.

4. Report of the meeting of PAB on 13 December 2023

- 4.1 The PAB received a presentation from the Director for Essex Pension Fund outlining the work undertaken by the PSB at their 13 December 2023 meeting which had taken place that morning. Points covered were:
- the quarterly update on Pension Fund activity, noting:
 - good progress on business plan activity. Of fifty-seven areas of activity in the Business Plan, ten had been completed, thirty-eight were in progress and nine were not due to commence;
 - a slight underspend of 0.6% was reported in the budget, largely driven by the positive net effect of Service Level Agreement income covering operating expenditure and reduced Custodian fees which offset the overspend of increased postage costs and additional administration work required;
 - three scorecard movements had been recorded: one in Governance from red to green, relating to the completion of 3rd Party Transaction forms by PAB Members; and two in Administration from amber to green, relating to the annual Administration measures;
 - three governance measures were assessed as red in relation to External Audit and the continuing vacancies on the PSB and PAB;

- six measures had been assessed as amber: two in Governance - namely eight risks not at their target score - and one due to attendance at the Quarter 1 PSB (70% attendance against a target of 80%). The remaining four were due to annual Administration measures not at their target score;
 - risk register movements - one governance risk upgraded to the highest level of red which was due to the failure to sign off the Essex County Council (ECC) Accounts resulting in the Essex Pension Fund now having three years of draft Annual Report and Accounts published on the Fund's website without an audit opinion. A total of eight risks were reported as not at their target score (unchanged from last meeting);
- an update on Wider LGPS, noting the appointment of two new Ministers following the Cabinet reshuffle in November 2023;
- an update on PSB Member representation noting approval of the appointment of UNISON's nominee, Brian Pereira, Essex Police, to replace Sandra Child from 01 April 2024;
- the work undertaken by the PAB at their 20 September meeting, including expressing its thanks to James Durrant, PAB Employer Representative, for suggesting the development of the Fund Achievements document concept;
- an update on member training plans noting a training session to be scheduled in January 2024 for the completion of LGPS Online Learning Academy (LOLA) for those Members with outstanding modules;
- confirmation that the Fund had been shortlisted for three 2024 Pensions Age Awards: DB Scheme of the Year, Best Communications and Best Investment Strategy; and
- an update regarding other areas of business including:
 - EPF External Audit;
 - work undertaken by the Essex Pension Fund Investment Steering Committee (ISC) at their 11 October 2023 meeting;

- the approval of both the Policy for Recording and Reporting Breaches of the Law and the Governance Policy and Compliance Statement;
 - an update on Pooling and the ACCESS Joint Committee (AJC);
 - contract reviews of the Independent Governance and Administration Adviser (IGAA) and Fund Actuary; and
 - Employer Exits along with the latest Employer Risk Analysis.
- 4.2 The PAB received a progress update on its Annual Workplan for 2023/24 confirming that three of seven tasks – namely the Policy for Recording and Reporting Breaches of the Law, the Consultation on the Investment Strategy Statement and the Fund Achievements document – were now complete. Two more – the website review and management of risk – were in progress and two were not yet due to start.
- 4.3 The IGAA, Mary Lambe, led a workshop reviewing the Fund’s Business Continuity Policy and Business Continuity Plan, starting with a comparison between the Fund’s documents and the ECC Corporate Services equivalent documents and an assessment against predicted expectations from The Pensions Regulator’s (TPR) General Code. This was the first chapter of the Review of Risk and would be followed by a review of the Cyber Risk Policy in spring 2024.
- 4.4 The Chairman requested that actions agreed at future PAB meetings be summarised at the end of the meeting and it was agreed that meetings would in future commence at 1.30pm.

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 13 December 2023 meeting.
- 7.2 PSB Minutes of 13 December 2023 meeting.