

## **Notes of the meeting of the Essex Pension Fund Advisory Board (PAB), held in Committee Room 1 at 2:00pm on 22 March 2023**

### **1. Membership, Apologies and Declarations of Interest**

The report of the Membership, Apologies and Declarations of Interest were received.

#### **Membership**

##### **Present:**

##### **Independent Chairman**

|                 |             |
|-----------------|-------------|
| Nicola Mark MBE | Independent |
|-----------------|-------------|

##### **Employer Representatives**

|                     |  |
|---------------------|--|
| James Durrant       | Essex Police, Fire and Crime Commissioner  |
|                     | Fire and Rescue Authority (Essex PFCC FRA) |
| Cllr Martin Bracken | Chelmsford City Council (via Zoom)         |

##### **Scheme Member Representatives**

|                    |                                 |
|--------------------|---------------------------------|
| Andrew Coburn      | UNISON (Vice Chairman)          |
| Christopher Downes | Essex County Council (via Zoom) |
| Stuart Roberts     | Shenfield High Academy          |
| Debs Hurst         | Chelmsford College              |

In addition, newly appointed Scheme Member Representative, Lloyd Williamson, attended as an Observer.

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

|                  |  |
|------------------|--|
| Jody Evans       | Director for Essex Pension Fund            |
| Amanda Crawford  | Head of Fund Compliance and Governance     |
| Daniel Chessell  | Head of Fund Administration and Operations |
| Sara Maxey       | Head of Actuarial and Funding              |
| Samantha Andrews | Head of Fund Investments                   |
| Oliver Murray    | Retirement Manager (via Zoom)              |
| Helen Pennock    | Compliance Analyst                         |
| Marcia Wong      | Compliance Officer (via Zoom)              |
| Karen McWilliam  | Independent Governance and Administration  |
|                  | Adviser (IGAA) (AON)                       |
| Mary Lambe       | Substitute IGAA (AON)                      |

It was noted that the meeting would be recorded to assist with the Notes for the meeting.

### **Apologies for Absence**

Apologies were received from Employer Representatives, Cllr L Barber, and newly appointed Cllr G Snell, along with Essex Pension Fund Strategy Board (PSB) Member, Sandra Child (UNISON), who were unable to attend the meeting.

### **Opening Remarks**

The Chairman welcomed Members of the PAB, Officers and the IGAA to the meeting.

A special welcome was made to newly appointed Scheme Member Representative, Lloyd Williamson as an observer to this meeting. It was also acknowledged that this would be Cllr Bracken's last meeting before his retirement. The Board thanked Cllr Bracken for his contribution and service to the PAB during his term.

The Chairman also asked the Board to applaud Helen Pennock, Compliance Analyst, who is retiring on 31 March 2023 and thank her for all her hard work and dedicated support and service to the Board, Essex County Council and Essex Pension Fund.

The Chairman also welcomed Mary Lambe (substitute IGAA) who will be swapping roles with Karen McWilliam (IGAA) from 01 July 2023. The Chairman thanked Karen for all her invaluable advice, support and service to the PAB and Essex Pension Fund as IGAA over the last 4 years.

In addition, the Chairman congratulated Fund Officers for successfully winning at the recent Pension Age Awards for "DB Pension Scheme of the Year 2023". It was acknowledged that this was a great achievement as the Fund competed not only against other Local Government Pension Scheme (LGPS) funds but also all the Private Sector pension funds in the country.

### **Declarations of Interest**

Declarations were received from:

Nicola Mark declared she was in receipt of a LGPS Pension from another Fund;

Andrew Coburn declared he was in receipt of an Essex LGPS Pension;

Debs Hurst, James Durrant and Stuart Roberts declared they were active Essex LGPS Members;

Christopher Downes declared he is an active member of the LGPS and both parents are in receipt of LGPS pensions; and

Cllr Bracken's sister is a member of the Essex LGPS.

**Resolved:**

The Board noted the content of the report.

**2. Notes of the previous meeting held on 07 December 2022**

Notes of the meeting of the PAB held on 07 December 2022 were approved as a correct record and signed by the Chairman.

One matter arising was brought to the attention of the Board noting that Fund Officers were tasked to develop a two-page document promoting the Fund's achievements in consultation with Employer Representative, James Durrant. It was noted that this is currently in development and would be brought to a future meeting.

**Resolved:**

The Board noted the update provided.

**3. Essex Pension Fund Strategy Board (PSB) Update**

The Board received a presentation from the Director for Essex Pension Fund on the outcome of that morning's PSB meeting. The main areas of discussion were in relation to the following:

- Update on Pension Fund Activity: Quarterly Update Report

The PSB noted the good progress against the Fund's Business Plan noting that of the forty-six areas of activity, forty-one had been completed, with two not applicable for the year and that the remaining three in progress would be completed by 31 March 2023.

The PSB noted the 14% underspend against the Budget noting this was mainly due to legislative changes expected within 2022/23, now due in 2023/24.

An update on the Fund's Scorecard was also provided with the PSB noting three movements: two in Governance in regard to risks at their target score and attendance at PAB meetings resulting in a red and amber rating respectively, along with a movement in Funding in regard to potential unrecoverable debt which was now scored at 0% resulting in a green rating.

The exceptions were also noted with the red relating to the status of the 2020/21 External Audit and the remaining eight ambers which were reported to the PSB at their last meeting.

The PSB also discussed the update in regard to the Fund's Risk Register noting that one movement from amber to yellow had been recorded in regard to Risk G9 Business Continuity, with the reduction in the risk of blackouts. It was noted that seven risks were not at their target score which was an improvement from eight reported at their last meeting.

- Essex Pension Fund Policies and Publications

The PSB were presented with the 2023/24 to 2025/26 Business Plan which included the second edition of the PAB Annual Workplan and the 2023/24 proposed Budget. These were agreed by the PSB for subsequent publication.

In addition, the PSB and ISC Pamphlets were presented to and approved by the PSB to assist with recruitment activities. PAB Members acknowledge that this was as a result of their own PAB Pamphlet that was developed as part of the 2022/23 PAB Annual Workplan.

The Chairman invited Lloyd Williamson to provide feedback on the PAB Pamphlet as this was used whilst recruiting his Scheme Member position on the Board. It was confirmed that the Pamphlet was very useful. It was suggested that the three Pamphlets be linked together to show how they work in regard to the Governance of the Fund.

- PAB Scheme Member and Employer Representation

The PSB were notified that since their approval to recruit the Scheme Member position on the PAB, four applications were received by the 30 November 2022 deadline with all four interviewed on 09 January 2023. Lloyd Williamson was successful in his interview and will take up the position at the 05 July 2023 PAB meeting when Stuart Roberts formally steps down.

Members were also informed that Councillor Graham Snell was appointed as the Thurrock Unitary Employer Representative from 25 January 2023. Unfortunately, due to prior commitments Cllr Snell was unable to attend the PAB meeting today.

In addition, PAB Members noted that Cllr M Bracken will not be standing for election in May 2023 and therefore will no longer be able to represent District, City and Borough Councils. Fund Officers should be made aware of the new Employer representative in June 2023.

- Actuarial Valuation

The Fund Actuary presented the 2022 Valuation results to the PSB showing that the funding level had increased from 97% with a £0.21bn deficit in 2019 to 102% with a £0.18bn surplus in 2022.

The PSB discussed the requirement to increase the volatility reserve from 5% to 15% to endeavour to maintain stability of Employer contributions noting the predicted lower returns on the Fund's assets and rise in inflation.

- Urgent Part One Business

The Chairman of the PSB informed Members that at the ISC meeting held on 22 February 2023, ISC Members were presented with the LAPF "LGPS Investment Strategy of the Year" award which had been presented to Full Council on 09 February 2023. The Chairman also notified the PSB that the Fund were also shortlisted for two Pensions Age Awards: "DB Pension Scheme of the Year;" and "Best Investment Strategy of the Year." The PSB were pleased to hear that the Fund was successful in winning the "DB Pension Scheme of the Year" Award. Congratulations and a round of applause was observed acknowledging the hard work of the Fund Officers and Advisers for these prestigious achievements.

- Essex Pension Fund Draft Funding Strategy Statement

The Draft Funding Strategy Statement (FSS) was presented to the PSB and included a consultation response from Anglian Ruskin University (ARU). A further paper was provided to Members for consideration taking into account the comments received from ARU and the proposed changes to adopt within the FSS. After a short discussion the changes were agreed by the PSB.

- Employer Cessation Approach

The Fund Actuary presented proposed changes to the Employer Cessation Approach to allow for an ongoing discount rate with additional prudence. The PSB agreed the new approach be adopted from 01 April 2023.

- Urgent Exempt Business

The Fund's IGAA, Karen McWilliam, presented to the PSB a proposal that from 01 July 2023, Mary Lambe, Substitute IGAA, will take Karen's position as IGAA (lead) with Karen taking the place as Substitute IGAA, supporting Mary in her new role. The PSB were happy with the approach and thanked both Karen and Mary for attending the meeting.

Other areas of business included:

- the work undertaken by the ISC at their 30 November 2022 and 22 February 2023 meetings;
- the work undertaken by the PAB at their 07 December 2023 meeting;
- the Fund's responses to two Consultations; one in regard to The Pension Regulators (TPR) dashboards and enforcement policy; and one in regard to the revaluation date change in the LGPS issued by the Department for Levelling Up, Housing and Communities (DLUHC);
- an update in regard to Employer Exits from the Fund;
- an update in regard to the Employer Risk Analysis undertaken by the Head of Actuarial and Funding; and
- an update in regard to the ACCESS Joint Committee meeting held on 05 December 2022.

**Resolved:**

The Board noted the papers reviewed and considered by the PSB.

**4. Essex Pension Fund Advisory Board (PAB) Annual Workplan**

The Director for Essex Pension Fund provided PAB Members with and overview of the pieces of work contained within the second edition of the PAB Annual Workplan for 2023/24 as agreed at this morning's PSB meeting.

It was noted that the main pieces of work would be in regard to the Fund's Policy for Recording and Reporting Breaches of the Law, the Fund's Website review and the wider review of the Fund's Risk Management Strategy including Business Continuity and Cyber Policy.

In addition, further work would be timetabled, once available, in regard to TPR Single Code and the Scheme Advisory Board's (SAB) Good Governance Project. It was noted that some of these pieces of work may warrant the creation of Task and Finish Groups.

**Resolved:**

The Board discussed and noted the content of the report.

**5. Feedback from the LGA Annual Governance Conference**

The PAB received a verbal update on the LGA Annual Governance Conference from the Chairman, Vice Chairman and Scheme Member representative, Christopher Downes.

All three PAB Members attended the conference online on 19 and 20 January 2023. Attendees confirmed that the content did not cover anything new which showed the good quality of information being provided to the PAB by Fund Officers. It was noted however that due to large topics of regulatory change pending in 2023/24, face-to-face attendance may be warranted at the next scheduled conference.

**Resolved:**

The Board noted the update.

**6. Papers provided to Essex Pension Fund Advisory Board (PAB)**

The Board received a report from the Head of Fund Compliance and Governance which listed all the communications which had been issued to the Board since their last meeting.

**Resolved:**

The Board noted the content of the report.

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

The Board were made aware that the PSB reconfirmed the meeting dates agreed for 2023/24 and agreed the Schedule of Future Meetings and events for 2024/25 at their earlier meeting, which were as follows:

**Essex Pension Fund Advisory Board**

|                             |               |
|-----------------------------|---------------|
| Wednesday 03 July 2024      | 14:00 – 16:00 |
| Wednesday 25 September 2024 | 14:00 – 16:00 |
| Wednesday 11 December 2024  | 14:00 – 16:00 |
| Wednesday 19 March 2025     | 14:00 – 16:00 |

The Board were informed that the PSB meetings will be held on the same day commencing at 10:00am.

**Resolved:**

The Board noted the content of the report.


**8. Any Other Business**

Cllr M Bracken thanked the Board and Fund Officers for all their support and help he had received during his time as an Employer Representative and hoped his successor will enjoy it as much as he did.

**9. Closing Remarks**

The Chairman wished both Helen Pennock and Cllr Bracken happy retirements.

There being no further business the meeting closed at 3:44pm.

  
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N.S. MARK

**Chairman**  
**05 July 2023**

