

## Notes of the meeting of the Essex Pension Fund Advisory Board (PAB), held in Committee Room 1 at 1:30pm on 05 July 2023

### 1. Networking Session

As agreed at the PAB meeting on 18 March 2022, this being the first meeting of the municipal year, PAB Members attended in person to enable them to network for the first 30 minutes of the meeting.

### 2. Membership, Apologies and Declarations of Interest

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

The Board noted two membership changes since the previous meeting: Councillor Chris Siddall had been appointed as the Essex County Council Employer representative and a vacancy had arisen for the Borough, City and District Councils representative following the departure of Councillor Martin Bracken.

#### 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 Chris Siddall | Essex County Council                       |

##### Scheme Member Representatives

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

In addition, newly appointed Scheme Member representative, Lloyd Williamson, attended as an Observer of the meeting.

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  |
| Suzanne Sinclair | Compliance Analyst  |
| Senita Kaur      | Compliance Analyst  |
| Mary Lambe       | Independent Governance and Administration<br>Adviser (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 Essex Pension Fund Strategy Board (PSB) Member, Sandra Child, as an Observer of the meeting.

Cllr Graham Snell, Employer representative for Thurrock Council, was absent from the meeting.

### **Opening Remarks**

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

A special welcome was extended to new Employer representative Cllr Chris Siddall (Essex County Council), and Compliance Analysts Senita Kaur and Suzanne Sinclair who were attending their first PAB meeting.

It was noted that this would be Stuart Roberts' final meeting and the Chairman thanked him on behalf of the Board for his commitment and service to the PAB during his term. It was also noted that Lloyd Williamson, who will replace Stuart, was now a deferred member of the Essex Pension Fund.

The Chairman thanked Marcia Wong, Compliance Officer, for all her support to the PAB and its Members over many years, noting that Marcia had now retired from the Fund.

### **Declarations of Interest**

The following Declarations of Interest were received:

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;

Lloyd Williamson declared he was a deferred Member of the Essex LGPS; and

James Durrant, Stuart Roberts, Debs Hurst and Christopher Downes declared they were active Essex LGPS Members.

**Resolved:**

The Board noted the content of the report.

**3. Appointment of the Vice Chairman of the Essex Pension Advisory Board**

The Chairman invited Board Members to make nominations for the appointment of the Vice Chairman. One nomination was received and then seconded; following a show of hands, Andrew Coburn was re-appointed as Vice Chairman of the PAB.

**Resolved:**

Andrew Coburn be re-appointed as the Vice Chairman of the PAB for this municipal year.

**4. Notes of the meeting held on 22 March 2023**

Notes of the meeting of the PAB held on 22 March 2023 were approved as a correct record and signed by the Chairman.

One matter arising was discussed noting that at a previous meeting, Debs Hurst had invited Officers to attend a professional development event at Chelmsford College organised for their staff. As part of this, Dan Chessell, Chris Pickford and Jennifer Rice, representing the Fund, ran two sessions which included providing an overview of the Fund, the benefits of the LGPS, promoting Member Online and explaining the 50:50 option.

Debs informed the Board that excellent feedback had been received about the clarity of the information given and the level that the information had been pitched. Debs formally thanked the team and stated she would invite them back again. Dan Chessell thanked Debs for the invitation to the event and highlighted to the Board that pre-Covid, Fund Officers had regularly run in-person Scheme Member events. During the pandemic, by necessity, these events had to move online, ranging from one-to-one Microsoft Teams meetings with Scheme Members as part of Virtual Pension Surgeries to a Retirements webinar which more than a thousand people registered to attend and a recording of which was available to view on YouTube.

It was further explained that since the rules had been relaxed, attendance at in-person events had resumed and Fund Officers were increasingly being approached by other Employers. The Board were informed that three members of staff had recently run a stall at a well-being fair at Epping District Council and further events were already scheduled in for the coming months.

**Resolved:**

The Board noted the update from the matters arising.

**5. Essex Pension Fund Advisory Board (PAB) Terms of Reference**

Board Members noted minor amendments to the Terms of Reference (TOR) in regard to remuneration and expenses as agreed at Full Council on 16 May 2023.

The Board were reminded that the PAB TOR had been revised and agreed by the PSB at its meeting on 07 December 2022. Fund Officers had subsequently reviewed the TOR and recommended that no further amendments were required at this time.

**Resolved:**

The Board noted the TOR as set out in Appendix A of the report.

**6. Essex Pension Fund Advisory Board (PAB) Annual Report**

The Director for Essex Pension Fund explained that the PAB is required by LGPS legislation to produce an Annual Report of the work undertaken in the previous year for inclusion within the Annual Report and Accounts and for onward submission to the Scheme Advisory Board (SAB).

The Board received the 2022/23 PAB Annual Report, which had been approved by the Independent Chairman, Nicola Mark and the Vice Chairman, Andrew Coburn in June 2023.

The Vice Chairman suggested that it would be interesting to look at other Funds' reports to see how they compare. It was noted that there was not a standard approach across Funds to the information included in the report and how it was presented. It was understood that the SAB collated the data within these reports to aid the production of the SAB Annual Report. James Durrant suggested that, when submitting the Annual Report to the SAB, it would be useful to include a covering note from the Fund, asking if the reports were benchmarked and to potentially append the summary of achievements, due to be discussed later on as part of the agenda, if it was ready for publication in time.

**Resolved:**

The Board noted the Annual Report prior to its onward transmission to the SAB and publication within the Annual Report and Accounts.

**7. Investment Strategy Statement (ISS) Review and Consultation Process**

The Head of Fund Investments reminded the Board that the Fund is required to maintain an ISS setting out its principles for governing the Fund's assets. The Investment Steering Committee (ISC) must review the ISS at least every three years and it was last approved in October 2020.

A revised draft ISS had been presented to the ISC on 14 June 2023 and was approved for release for full consultation with stakeholders including the PAB. Following the conclusion of the consultation period, the outcome would be brought back to the ISC meeting in October 2023 for consideration, after which the ISS would be revised as appropriate, and the final document published.

The ISS incorporated much of the Fund's work on investments over the past three years, including de-risking, reviewing and aligning mandates to the Responsible Investment (RI) policy and the Fund's approach to Environmental, Social and Governance (ESG) factors. It was explained that the consultees included:

- PSB, ISC and PAB Members;
- Fund Employers via email and Newsletter;
- Scheme Members via their Annual Benefit Statements (ABS) and Member Online;
- Fund Advisers;
- the Fund's Investment Managers, ACCESS Operator and the ACCESS Support Unit;
- the Fund's Custodian; and
- all Essex Pension Fund staff.

PAB Members applauded the comprehensiveness of the consultation. The Chairman also noted that the Statement was interesting and engaging to read and much easier to understand than in previous years. It was highlighted that the draft ISS was now live on the Fund's website and Member Online. As part of the feedback expressed during the previous ISS consultation in 2020 the Fund had also included brief commentary on what the Fund has been doing in regard to low carbon and impact investing and reaffirmed to readers that changes in the approach to investment would not affect Scheme Member benefits that were set out in Statute.

It was explained that the Fund was keen to increase the response rate to the consultation and therefore PAB Members were asked to help promote the consultation by ensuring their Employers disseminated it to their staff. It was noted that there were three main ways to respond: via a survey included within the ABS, accessible via a QR code; via the Fund's website; or to a dedicated email address.

The Board was also advised that when Fund Officers attend events, e.g., well-being events and roadshows, Fund Officers would encourage Scheme Members to have their say.

The Head of Fund Compliance and Governance agreed to circulate an email to PAB Members with a link for sharing along with a short paragraph explaining the purpose of the ISS and the consultation.

It was also explained that the draft ISS would be issued to Fund Employers by the end of this week. It was suggested the Fund consider issuing a press

release to garner additional responses. Consideration would also be given to whether LinkedIn could be used.

**Resolved:**

The Board noted the content of the report as part of the Fund's stakeholder consultation process.

## **8. 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:

- Annual Report to Essex County Council (ECC)

The PSB noted the Annual Report summarising the work of the PSB and ISC during 2022/23, which had been approved by the Chairman and Vice Chairman in advance of the PSB and would be received by ECC's Full Council on Tuesday 11 July 2023.

- Update on Wider LGPS Legislation

The Director for Essex Pension Fund provided an overview of the workstreams expected by the Fund and the proposed timelines, these being:

- Pension Dashboards: a "one-stop viewing shop" enabling individuals to see all their pension pots in one place. Legislation had been pushed back to 2026 and the LGPS could be required to make data available through Dashboards at any time between 2024 and 2026;
- new Pooling Guidance: originally scheduled for 2021 but now expected at some point between now and 2024;
- McCloud remedy: the Out of Committee decision-making process had been enacted to allow a consultation response to be issued by the 30 June 2023 deadline and further guidance was awaited. Legislation was expected in early September followed by statutory guidance, which was most likely to be published after October; and
- The Pensions Regulator's (TPR's) Code of Practice: this was still waiting to be laid in Parliament and will form a significant programme of work for the PAB.

- Update on Pension Fund Activity: Quarterly Update Report

The PSB noted good progress in regard to the Business Plan objectives. Of fifty-seven priorities, three areas of work had been completed with thirty-three in progress and twenty-one not yet due to start.

The Budget at this early stage of the year was on target and an update would be available at the next meeting.

In regard to the Scorecard, as at 31 March 2023, three improvements had been reported within the Exception Report. Appointments to the PAB had resulted in a movement from red to green; seven risks now not at their target score had resulted in a movement from red to amber; and in the communications measures, further positive feedback had been received in regard to the Fund's Annual Benefit Statements (ABS) and this resulted in the measure moving from amber to green.

One improvement had been recorded within the Risk Register, with the review of the Fund's bank account moving from amber to yellow. There had been no change since the previous meeting to the number of risks not at their target score. The full Risk Register and Scorecard would be presented to the PSB at its September meeting.

In addition, the PSB agreed the addition of nine new climate risks to the Risk Register. It was noted that there was overlap within the mitigations and some were already included within the Risk Register but that, as a significant number of Freedom of Information (FOI) requests received were in regard to climate risk, there was value in recording and measuring these separately.

Members were reminded that the PAB Annual Workplan included a full review of risk, including: the Fund's Risk Strategy; Business Continuity Plan; and Cyber Risk. This workstream was due to start in December 2023 for completion by December 2024 and would include scope for consolidation.

The Fund's performance against mandatory CIPFA administration measures had been benchmarked against its peers, as requested by the PSB at a previous meeting. It was noted that the Fund sets itself challenging targets of 95%, higher than many other funds and that its performance compared extremely favourably, outperforming across all measures compared to similar sized funds who participate. The IGAA observed that it was clear from the data that the Fund's focus was firmly on Scheme Member experience. It was confirmed that the historic performance of the Fund could be reviewed by PAB Members through the Fund's Annual Report and Accounts.

The Director for Essex Pension Fund shared her view that underpinning the excellent performance was staff retention and separation of governance from the host organisation.

- Internal Audit Annual Report 2022/23

The PSB was pleased with the outcome of the Fund's Internal Audit Annual Report for 2022/23 noting that once again the Fund had



received 'Good Assurance', the highest level of assurance for over a decade with this being the fifth consecutive year with no recommendations made for improvement.

Fund Officers were applauded for their efforts.

- Update on Essex Pension Fund Draft Accounts 2022/23 and External Audit

The PSB were advised that the delays in external audit continued. The Fund's Accounts had been completed in line with the statutory deadline of 31 May 2023 and submitted to the Audit, Governance and Standards Committee on 05 June 2023. However, the S151 Officer had not felt able to certify ECC Accounts, including the Pension Fund's, Accounts as "true and fair" because the last two years' Accounts remained unaudited. BDO, the external auditors, had been asked to attend an informal Audit, Governance and Standards Committee meeting on 03 July 2023 to provide a realistic timeframe for completion of the 2020/21, 2021/22 and 2022/23 audits.

It was noted that the issues with external audit were widespread, and it was cited that only 9% and 12% of local authorities had their audits completed for the 2020/21 and 2021/22 financial years respectively.

The Director for Essex Pension Fund further explained that the old Accounts would need to remain open, and Employers would not be able to place reliance on them until such time as they could be signed off by BDO.

Other areas of business included:

- the Chairman and Vice Chairman arrangements for the Essex Pension Fund;
- the amendments to the PSB and PAB TORs;
- the work undertaken by the ISC at their 14 June 2023 meeting;
- the work undertaken by the PAB at their 22 March 2023 meeting;
- an update in regard to PAB Scheme Member and Employer representation;
- the PAB Annual Report, noting that this had been covered as agenda item 6 above;
- an update in regard to the PSB/ISC Training Plan;
- a further update in regard to the PAB's Training Plan;
- 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 AJC meeting held on 05 March 2023.

**Resolved:**

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



## 9. Essex Pension Fund Advisory Board (PAB) Annual Workplan

The Head of Fund Compliance and Governance provided PAB Members with a progress update on the PAB Annual Workplan for 2023/24, covering:

- the Fund's Policy for Recording and Reporting Breaches of the Law: noting that Fund Officers had completed a light touch review, ensuring that the Fund's Policy aligned with TPR Code of Practice 14, but await publication of the new Code of Practice to ensure key elements are covered;
- the Fund's Website review: noting that Fund Officers will issue a survey to PAB Members seeking their views on what they would like from the new website as Members of the PAB, Scheme Members and Employers;
- Management of Risk: noting that this workstream was due to commence in Quarter 4 of 2023/24;
- TPR Code of Practice: noting that this workstream would commence following publication of the new Code of Practice, now expected in Autumn 2023; and
- the SAB Good Governance Project: noting that this would commence once further guidance had been issued by SAB and/or the Department for Levelling Up, Housing and Communities (DLUHC).

It was also proposed that the following items be added to the Annual Workplan:

- the PAB's review of the ISS as part of the Stakeholder Consultation process; and
- the Fund's Achievements with an initial draft presented for discussion. It was explained that this piece of work was requested by James Durrant at the December 2022 PAB meeting to provide Employers with an overview of the Fund's achievements. The Board suggested the following amendments:
  - the inclusion of the Retirements Webinar which more than 1,000 people registered for and attended; and
  - to explain that the microsite is a recruitment tool / website hosted by ECC.

It was also suggested that the familiar brand identity of the Fund's monitoring reports (the "Trivial Pursuit pie") could be used.

It was agreed that:

- the Fund Achievement slides from the pack showing the initial draft be circulated to PAB Members for comment; and
- Fund Officers should consider submitting the latest available draft alongside the PAB Annual Report as a "work in progress" and include the final version with the 2023/24 PAB Annual Report.

### **Resolved:**

The Board discussed and noted the content of the report.

## 10. Feedback from the Local Pension Board Conference

The Board received a verbal update on the Local Pension Board Conference which took place in Birmingham in May 2023 from Andrew Coburn and Christopher Downes who had attended the event.

Christopher Downes reported that a key item of discussion was an update on TPR's forthcoming Code. The Conference had been very informative with good speakers and that there had been no big surprises. He had valued the opportunity to network with LGPS representatives from different areas.

Andrew Coburn reported that the TPR Code and McCloud guidance were expected "soon". The SAB Chairman had emphasised how integral Boards were to the LGPS, and the Local Government Association (LGA) had explained the development of the McCloud factsheet. In addition, it was suggested that Pool Board Chairmen meet regularly. Andrew could not state whether there would be value in PAB Members attending next year as it would depend very much on the agenda and, in particular, whether the TPR Code had been published. In addition, it was felt that offering two venues, one in the North and one in the South, would be well-received.

### **Resolved:**

The Board noted the update.

## 11. 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. It was noted that another LGPC Bulletin would be circulated imminently.

### **Resolved:**

The Board noted the content of the report.

## 12. Schedule of Future Meetings and Events

Board Members were reminded of the PAB meeting dates for the remainder of the municipal year, which were as follows:

### Essex Pension Fund Advisory Board

Wednesday 20 September 2023 14:00 – 16:00

Wednesday 13 December 2023 14:00 – 16:00

Wednesday 20 March 2024 14:00 – 16:00

The Board were also reminded that the PSB meetings would be held on the same days with a start time of 10:00am. In addition, the Fund would hold an Annual Back to Basics Training Day with the date to be confirmed in due course.

Board Members were also notified of two external events:

- the LGA Fundamentals Training Programme 2023, which was recommended for new Board Members or those in need of a refresher and would take place over three days between October and December in Westminster or online. In order to get the best from this training, attendance at all three days (six half-days if attending online) was strongly recommended; and
- the Annual Governance Conference in York in January 2024. However, it was noted that the agenda was yet to be published and therefore no recommendation was made to attend as yet.

**Resolved:**

The Board noted the content of the report.

There being no further business the meeting closed at 4:20pm.

**Chairman**  
**20 September 2023**