

Notes of the meeting of the Essex Pension Fund Advisory Board (PAB), held in Committee Room 2 at 2pm on 20 September 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 Chairman

Employer Representatives

Cllr Chris Siddall Essex County Council

Scheme Member Representatives

Andrew Coburn	UNISON (Vice Chairman)
Christopher Downes	Essex County Council
Lloyd Williamson	Deferred Member, ex Essex County Council (Zoom)
Debs Hurst	Chelmsford College

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
Senita Kaur	Compliance Analyst
Mary Lambe	Independent Governance and Administration 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 Employer Representative James Durrant and 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 Lloyd Williamson who was attending his first official meeting as a full Member of the Board via Zoom.

The Board were advised that Officers were liaising with Thurrock Council to establish a suitable replacement for Cllr G Snell who has not been able to attend a meeting since being appointed.

In addition, Members were advised that the Board still carried a vacancy for the Borough, City and District position formerly held by Cllr M Bracken.

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

Debs Hurst and Christopher Downes declared they were active Essex LGPS Members.

Resolved:

The Board noted the content of the report.

2. Notes of the meeting held on 05 July 2023

Notes of the meeting of the PAB held on 05 July 2023 were approved as a correct record and signed by the Chairman.

Matters arising were discussed noting that:

- the PAB Annual Report had been submitted to the Scheme Advisory Board (SAB) on 12 July 2023 along with the draft Fund Achievements document. In addition, the report has been published on the Fund's website. Members were also advised that the Fund Achievements document would be issued to the Compliance and Reporting Committee, a sub-Committee of the SAB, on 23 October 2023 for

comment. The Board will be provided with an update when a response has been received; and

- the link to the Investment Strategy Statement (ISS) for sharing along with a short paragraph explaining the purpose of the ISS was emailed to PAB Members on 06 July 2023. It was noted that the closing date for the Consultation was 24 September 2023 and fourteen responses had been received to date.

Resolved:

The Board noted the update from the matters arising.

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:

- Update on Pension Fund Activity: Quarterly Update Report

The PSB noted good progress in regard to the Business Plan objectives, of fifty-seven priorities, thirty-seven were in progress, five had been completed and fifteen were due to start later in the year. Two new completed areas included the Annual review of PSB, Investment Steering Committee (ISC) and PAB Terms of Reference (TOR) and that the Fund had maintained signatory status in regard to the FRC UK Stewardship Code.

The Budget was discussed briefly reporting a slight underspend of 0.6%, largely due to Governance deliverables around the Good Governance and Single Code not yet started due to the Fund still awaiting legislation/guidance.

In regard to the Scorecard, as at 30 June 2023 there have been three scorecard movements from green to red due to one PAB Member yet to complete their EPF Declaration and third-party transaction form. However, it was noted that this could be rectified by the next meeting. The other two are due to vacancies remaining on both the PAB and PSB whilst waiting for the outcome of the Chief Executive and Leadership Committee, who were due to meet on 26 September 2023.

A fourth red remains on the Scorecard in regard to the outstanding EPF External Audits. As previously discussed, this will remain red for the foreseeable future.

One Governance measure was noted as remaining as amber which relates to seven risks not being at their target score (equating to 85% at target) and six annual administration measures would also remain at amber until they are remeasured later in the year. It was noted that

these challenging targets are set by Essex Pension Fund and were not statutory targets.

In addition, the PSB carried out their annual review of the full Scorecard which was subsequently approved to be passed onto the PAB for noting. There were no additional comments raised by the PAB.

Members were reminded that nine new risks were added as agreed by the PSB at their 05 July 2023 meeting. Two new governance risks were upgraded to amber which were linked to the Annual Report and Accounts and the PSB and PAB vacancies.

In addition, an investment risk was downgraded from amber to yellow in relation to investment contract management. It was also noted that eight risks were currently not at their target score.

The PSB also carried out their annual review of the full Risk Register which was subsequently approved to be passed onto the PAB for noting. There were no additional comments raised by the PAB.

- Update on External Audit

The Head of Fund Investments updated the PSB on the latest position concerning delays to External Audit.

At its July meeting, the PSB had noted BDO's proposed timetable for finalising work on the 2020/21 and 2021/22 accounts. At that time, BDO had indicated that this would amount to a week's worth of work and that time had been allocated in August/September for completion. However, on 05 September 2023, BDO had informed ECC that it had been unable to make the necessary resource available and the audit had not therefore been finalised.

It had also been noted at the July PSB meeting that this was a national issue and on 17 July 2023, following a Levelling Up, Housing and Communities Committee meeting, the Minister, Lee Rowley had accepted that a plan was required to find a solution to the mountain backlog of local government and public sector audits. The proposed solution included introducing Statutory backstop dates.

Should audits remain incomplete at the backstop dates, no further work would be undertaken but the auditor would be required to provide as much assurance as possible with the objective of focusing auditor capacity on the most recent position as soon as possible. It was noted that some other Local Authority Accounts from 2015/16 remained unaudited, indicating that Essex was not in the worst position.

PAB Members noted the action taken by the Chairman of the PSB and Chairman of the Audit, Governance and Standards Committee to write to the Leader in relation to this.

- PSB Member Representation

Approval was sought from the PSB to begin liaising with UNISON to start the recruitment process for replacing Sandra Child who will be standing down on 31 March 2024. Should UNISON be unable to suggest a replacement, Fund Officers would seek guidance from ECC's Democratic Services on an appropriate way forward.

- PAB Scheme Member Representation

Approval was sought from the PSB for the recruitment process to begin imminently for Debs Hurst's position on the PAB whose extended term would end on 31 May 2024.

- Fund Surveys

The PSB received a presentation from the Head of Fund Administration and Operations regarding the Fund Surveys from 2022/23. It was noted that the total number of subject matters surveyed had increased from 8 to 12 with a total of 888 responses received across all 12 subject matters. Responses from Scheme Members had been 97% positive compared to 94% in 2021/22 and those from Employers were 100% positive compared to 99% in 2021/22.

The Retirements Webinar was highlighted as a great success with 1000 scheme members registered to attend. PAB Members requested that the YouTube link to the webinar will be sent to them for their perusal.

The Chairman made PAB Members aware that the Chairman of the PSB commented on her positive experience from attending EPF's Pension Awareness week stall held in County Hall.

The Board formally thanked Fund Officers and the team for their continued hard work.

- 2023 Actuarial Funding Level Update

The PSB were presented with the results of the Interim Funding Review noting that as at 31 March 2023, the Fund's assets were valued at £8.18bn (£8.10bn at the previous Valuation in March 2022) and its liabilities at £8.63bn (£7.92bn in March 2022) giving a small deficit of £450m (compared with a surplus of £182m in 2022) and a funding level of 95% (102% in 2022).

It was noted that the stability reserve of 15% had not been accessed and that the Interim Valuation acted as a temperature check for the Fund between formal Valuations. As such there was no impact on Employer contribution rates.

- Annual Review of Cyber Risks

As part of the Annual Review of the Risk Register, the PSB were provided with the Cyber Risk Register and agreed for this to be passed to the PAB for noting. There were no additional comments raised by the PAB.

Other areas of business included:

- the working undertaken by the PAB at their 07 July 2023 meeting;
- an update in regard to the Fund's response to the second McCloud Consultation;
- the approval by the PSB to procure a new website;
- an update on Employer Exits from the Fund; and
- an update in regard to the Employer Risk Analysis undertaken by the Head of Actuarial and Funding.

Resolved:

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

4. 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. The update confirmed that two of seven tasks would be completed during the meeting, with three more in progress and two not due to start.

- Policy for Recording and Reporting Breaches of the Law

The Board were provided with a copy of the revised Policy for Recording and Reporting Breaches of the Law. To assist in the PAB's review of the Policy, a training video was presented.

It was explained that a light touch review had been carried out by Fund Officers in consultation with the IGAA with a new section added to explain Fund Procedures and a footnote added to highlight that the Policy had been reviewed against The Pensions Regulators (TPR) Code of Practice 14 whilst the Fund waited for the new Code to be published.

The Board were requested to provide any further feedback by 31 October 2023 to enable the revised Policy to be provided to the PSB's next meeting in December 2023 for approval.

- Website Review

PAB Members were reminded that the deadline to complete the Survey in regard to the Fund's website is 30 November 2023 should they wish to share their views. A link to the survey would be reissued to PAB Members should they require it.

- Investment Strategy Statement (ISS)

PAB Members were also reminded that the deadline for comments regarding the draft ISS was 24 September 2023. The link would be shared again by Fund Officers should PAB Members require it.

- Fund Achievements

PAB Members were presented with the final draft of Fund Achievements for sign off by the Board. Members were reminded that the document had been sent to the SAB on 12 July 2023 accompanying the PAB's Annual Report and that a SAB sub-Committee, the Compliance and Reporting Committee, would be meeting on 23 October 2023 for comment. Any feedback received would be fed back to the PAB.

- Management of Risk

To conclude this item, a presentation was provided by the IGAA in regard to the proposed timeline for the Review of Management of Risk.

In preparation for the review of the Risk Management Strategy in 2024/25, PAB Members would be consulted on the content and how it links in with other key EPF and ECC documents. A proposed timeline was discussed and agreed by the PAB.

It was noted that this was a substantial piece of work with an ambitious timeframe for completion as it not only incorporates the Risk Strategy but also: the Risk Register; Business Continuity Policy and Plan; Cyber Risk Policy; and the additional piece of work set by the PSB to consolidate and remove duplication of risks.

Resolved:

The Board discussed and noted the content of the report.

5. 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.

6. Schedule of Future Meetings and Events

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

Essex Pension Fund Advisory Board

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 and that upcoming events included:

- LGA Fundamentals training from October to December 2023;
- LGA Annual Governance Conference in York in January 2024; and
- the Fund's Annual Back to Basics Training Day had been agreed as Friday 26 January 2024. PAB Members were asked to prioritise this date where possible.

Resolved:

The Board noted the content of the report.

7. Any other Business

PAB Members were reminded that the Chairman and Vice Chairman represented the Fund at the ACCESS Joint Committee meeting held on 04 September 2023 and provided their feedback to the Board on observing the meeting.

In addition, the Chairman asked the Board for feedback to be brought to the next meeting in regard to how the meeting notes were taken, noting a new comprehensive approach had been adopted.

There being no further business, the meeting closed at 4:12 pm.

Chairman
13 December 2023