

Notes of the meeting of the Essex Pension Fund Advisory Board (PAB) held in Committee Room 2 at 2pm on 13 December 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

James Durrant	Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (Essex PFCC FRA)
Cllr Joycelyn Redsell	Thurrock Council
Cllr Chris Siddall	Essex County Council

Scheme Member Representatives

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

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
Aleya Miah	Compliance Officer
Mary Lambe	Independent Governance and Administration Adviser (IGAA) (AON)

The following Fund Officers were in attendance as Observers of the meeting:

Yetunde Akiode	Graduate Pension Trainee
Senita Kaur	Compliance Analyst
Sheila Moorut	Lead Employer Analyst

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

Apologies for Absence

There were no apologies.

Opening Remarks

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

She extended a special welcome to Cllr Joycelyn Redsell, the newly appointed representative for Thurrock Council, who was attending her first PAB meeting.

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

Declarations of Interest

The following Declarations of Interest were received:

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

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

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

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

Resolved:

The Board noted the content of the report.

2. Notes of the meeting held on 20 September 2023

The Notes of the meeting of the PAB held on 20 September 2023 were amended to correct a typographic error, and subsequently approved as a correct record and signed by the Chairman.

Matters arising were discussed, noting that:

- the Policy for Recording and Reporting Breaches of the Law and the Fund Achievements document were provided to the PSB at its earlier meeting for approval; and

- the Investment Strategy Statement (ISS) was approved by the Investment Steering Committee (ISC) at its 11 October 2023 meeting and subsequently published on the Fund's website.

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. Five new priorities had been completed: the publication of the Draft Annual Report and Accounts; the Interim Funding Review; the review of the ISS; the review of strategic asset allocation; and a contractual review of the Independent Investment Adviser.

The Budget outturn was discussed briefly, forecasting a slight underspend of 0.6% as at 01 December 2023.

In regard to the Scorecard, as at 30 September 2023 three improvements had been recorded in the Exception Report. In the Governance section there had been one movement from red to green, in regard to the completion of Members' Third-Party Transaction Forms. In the Administration section there had been two movements from amber to green. These related to the annual administration measures.

Three measures were rated red in Governance, two of which related to the vacancies on the PSB and PAB formerly occupied by Councillors Colin Riley and Martin Bracken respectively. The remaining red measure on the Scorecard was in regard to the outstanding EPF external audits and was expected to remain red for the foreseeable future.

Two governance measures were rated amber, relating to: eight risks not at their target score; and attendance at the Quarter 1 PSB (70% attendance against a target of 80%).

As at 30 November 2023, one movement had been recorded in the Governance section of the Risk Register in regard to the Fund's Annual Report and Accounts. This was a corporate risk and had moved from a 12 rating (red) to the highest rating of 16 (red) due to the increased impact on Fund Officers and the knock-on impact to the Fund's

Employers of three years of the Fund's Financial Statements remaining unaudited by External Audit.

- Wider LGPS Update

The Director for Essex Pension Fund updated Members on news affecting the LGPS.

In the November 2023 Cabinet reshuffle, two new Ministers had been appointed as Minister for Local Government and Minister for Pensions and Financial Inclusion.

A position statement on outstanding legislation and statutory guidance, including: the Cost Cap; McCloud; Goodwin; Good Governance; The Pensions Regulator's (TPR's) Single Code; Pooling guidance; Taskforce for Climate-Related Financial Disclosures (TCFD) metrics; and Pensions Dashboard was shared with the Board.

It was noted that the Fund would be writing to all Scheme Members potentially affected by the McCloud Remedy on 19 December 2023 [Post meeting note: The Systems Manager confirmed that the letter was sent out as planned.] TPR's Single Code had been expected to be issued before Christmas 2023 but was now unlikely to be published until 2024. The Fund had responded to the latest Pooling consultation and the Government had issued its response in November 2023. Officers were analysing the implications and would bring back a report to the February 2024 ISC. TCFD metrics continued to be a work in progress and if they were to come into force in April 2024, the guidance would need to be issued in the spring. Public Sector Pension Schemes were scheduled to "go live" on the Pensions Dashboard by 2025 and Officers awaited confirmation of the implementation date for the LGPS. In the meantime, they were discussing with the Pensions Administration Software provider the requirements for digital delivery.

- PSB Scheme Member Representation

The PSB had approved the appointment of UNISON's nominee, Brian Pereira, Essex Police, to replace Sandra Child from 01 April 2024. Officers would contact him to arrange an induction with a view to his attending the March 2024 PSB as an Observer.

- PAB Quarterly Report

The PSB noted the work undertaken by the PAB at their 20 September 2023 meeting and had expressed its thanks to James Durrant, PAB Employer Representative, for suggesting the development of the Fund Achievements document concept. The PSB Chairman noted that

seeing all the achievements in one place had made him proud to be associated with the Fund.

- Update on Training Plans

It was noted that both PSB and PAB Members had had difficulty finding the time to complete Star 4, LOLA within their Training Plans. It had been suggested at the PSB that a session should be scheduled at which Members could view and discuss the training together. PAB Members agreed that they would also be interested in participating noting that LOLA would be overhauled in April 2024.

- Awards

The PSB was pleased to hear that the Fund had been shortlisted for three 2024 Pensions Age Awards: DB Scheme of the Year, Best Communications (the first time the Fund had entered this category) and Best Investment Strategy.

Other areas of business included:

- Essex Pension Fund Accounts and External Audit;
- the work undertaken by the ISC at their 11 October 2023 meeting;
- Essex Pension Fund Policies and Publications, noting the approval of both the Policy for Recording and Reporting Breaches of the Law and the Governance Policy and Compliance Statement;
- an update on Employer Exits from the Fund and the updated Employer Risk Analysis;
- contract reviews of the IGAA and Fund Actuary, noting good performance for both; and
- an update in regard to Pooling.

Resolved:

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

4. 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.

PAB Members were thanked for their 100% response rate to the Hymans Robertson Knowledge and Skills questionnaire, the results of which were expected shortly, and the Scheme Advisory Board (SAB) Knowledge and Skills survey.

Members confirmed that they were comfortable with the volume of communication they received and the new “slimline” PSB agenda packs.

Resolved:

The Board noted the content of the report.

5. Schedule of Future Meetings and Events

PAB Members were reminded of the remaining meeting date for the municipal year, which was Wednesday 20 March 2024 with a start time of 1:30pm (as agreed at item 8).

It was noted that the PSB meeting would be held on the same day with a start time of 10:00am.

In addition, the Fund's annual Back to Basics training day would take place on Friday 26 January 2024. PAB Members were asked to prioritise attendance and were informed that timings would be confirmed once the agenda had been agreed. There was a consensus among Members and Officers that face to face attendance was more valuable than remote attendance for training. It was suggested that consideration be given to combining this training with the collective LOLA training. The Head of Fund Compliance and Governance agreed to canvass PSB and PAB Members about this suggestion.

PAB Members were also informed that the Local Government Association (LGA) Annual Governance Conference to be held in York on Thursday 18 and Friday 19 January 2024 was now sold out for in-person attendance. PAB Members were asked to let the Compliance Team know if they wished to attend virtually.

Resolved:

The Board noted the content of the report.

6. 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 three of seven tasks - namely the Policy for Recording and Reporting Breaches of the Law, Consultation on the ISS 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.

The Chairman recommended that all PAB Members watched the Fund's Breaches of the Law training video if they had not yet done so noting that the examples of live breaches were especially helpful. James Durrant endorsed the Chairman's recommendation however asked that the reference to "a fireman" in the video be changed to "a firefighter".

Resolved:

The Board noted the content of the progress report.

7. Review of Risk Workshop

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 Essex County Council Corporate Services equivalent documents and an assessment against predicted TPR expectations. 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.

The comparison of documents revealed areas which had been strengthened or which had become more important since the last revision of the Fund documentation and gaps in content.

The presentation slides included recommendations to be considered and the following comments and suggestions were made in addition:

- align recovery strategies (short-, medium- and long-term) with Corporate Services documentation;
- integrate Corporate Services' objectives in the Fund's Policy;
- develop a section around reliance on suppliers, specifically assumptions and dependencies;
- clarify that references to payroll are to the Pensioners' payroll;
- add a glossary of acronyms;
- link communications and escalation processes to Corporate Services;
- document the process for calling meetings (import from the Cyber Policy);
- describe arrangements for accessing the plan and contact details;
- define what the call cascade is and who is responsible for keeping it up to date;
- ensure that the Business Continuity Plan continues to be a "live" document with learning from incidents feeding into revisions, including adding a section on how learning is captured and inserting a version control page at the front of the Plan with details of what has been changed, when and why;
- include a reference to how the Fund deals with resource implications;
- include a statement about how the Fund's and the Corporate Services' plans interrelate;
- add a column within the Testing Schedule to record the date when each scenario was last tested; and
- reverse engineer – share the TPR expectations with Corporate Services.

Resolved:

It was **agreed** that:

- the Risk Register would not be discussed at this meeting but at the next PAB meeting in March 2024;
- a summary of discussions would be circulated to Members before the next meeting for comment; and

- Aon's Cyber training would also be circulated.

The IGAA was thanked for the thought-provoking Workshop on the first element of the Risk Review.

8. Any Other Business

Actions agreed at the meeting were summarised, at the Chairman's request. This would become a standing agenda item going forward.

Members agreed that future PAB meetings would commence at 1:30pm.

9. Concluding Remarks

The Chairman thanked all for their attendance and wished all PAB Members and Officers a Happy Christmas.

There being no further business, the meeting closed at 4:03 pm.

Chairman
20 March 2024