

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB), held in Committee Room 1 at 10:00am on 22 September 2021

1. Membership, Apologies and Declarations of Interest

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

Membership

Present:

Essex County Council

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr Goggin	
Cllr A Hedley	
Cllr D King	
Cllr C Souter	

District/Borough Councils in Essex Representatives

Cllr M Dent	Southend-on-Sea Borough Council (arrived 10:05am)
Cllr C Riley	Castle Point Borough Council

Scheme Member Representative

Sandra Child (UNISON)

Other Employing Bodies Representative

Rachel Hadley	Chelmer Housing Partnership
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Cllr M Durham, Substitute Member, attended the meeting via Zoom as an Observer.

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

Jody Evans	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Sara Maxey	Employer Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst

The following Officers and Advisers were present remotely via Zoom:

Daniel Chessell	Retirement Manager
Karen McWilliam	Independent Governance & Administration Adviser (IGAA), Aon

The following Essex Pension Fund Advisory Board (PAB) Members were present remotely via Zoom as Observers of the meeting:

Nicola Mark	Independent Chairman
Andrew Coburn	Scheme Member Representative (UNISON)
Stuart Roberts	Scheme Member Representative
James Durrant	Employer Representative
Cllr Martin Bracken	Employer Representative

Members noted that the meeting would be recorded to assist with the production of the Minutes for the meeting.

Opening Remarks

The Chairman welcomed the Board, Observers and Advisers to the meeting and proposed to the Board that there would be a change in the order of business with Agenda Item 5 e to be taken before Item 4.

Apologies for Absence

It was noted that Cllr M Hoy was unable to attend the meeting. In addition, PAB Members, Cllr J Duffin and Debs Hurst also sent their apologies.

Declarations of Interest

Declarations were received from:

Cllr S Barker declared she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex Pension Fund. In addition, is a Substitute Member on the Audit, Governance and Standards Committee;

Cllr M Platt declared that his daughter is in receipt of a LGPS Pension, in addition is a Deputy Cabinet Member and is Vice Chairman of the Audit, Governance and Standards Committee;

Cllr A Goggin declared that his wife, sister and brother-in-law were in receipt of an Essex LGPS pension;

Cllr A Hedley declared that he was in receipt of an Aviva Group Pension and is the Chairman of the Audit, Governance and Standards Committee;

Cllr D King declared that he is also a Member of the Audit, Governance and Standards Committee;

Rachel Hadley declared she was the HR Director of Chelmer Housing Partnership (an Employer of the Fund); and

Cllr C Riley and Sandra Child declared they were both in receipt of an Essex LGPS pension.

Resolved:

The Board noted the report.

2. Minutes of PSB meeting held on 07 July 2021

The Minutes of the meeting of the PSB held on 07 July 2021 were approved as a correct record and signed by the Chairman.

The Chairman brought to the attention the Matters Arising and it was noted that:

- James Durrant's (PAB Employer Representative) Employer title had been confirmed as *Essex Police, Fire and Crime Commissioner Fire and Rescue Authority* (Essex PFCC FRA);
- the National Fraud Initiative (NFI) Case Study in regard to the process undertaken by the Fund identifying a fraudulent recipient was issued to PSB Members on 12 August 2021;
- a note from the Chairman of the PSB highlighting the concerns and impacts regarding the delay of the BDO LLP External Audit was issued to the Chairman of the Audit, Governance and Standards Committee on 11 August 2021 and that a verbal update would be provided at Agenda Item 5;
- the draft Accounts were provided to External Audit by the deadline of 31 July 2021;
- the deadline for applications for the vacant Scheme Member position on the PAB was 17 September 2021. Officers would provide a verbal update at Agenda Item 6b;
- an update in regard to Members' Training and the Two-Year Training Plans would be provided at Agenda Item 3;
- two consultations were approved by the PSB through the Out of Committee process in August 2021 and the Final Responses were provided at Agenda Item 8 for noting; and
- an Out of Committee paper was issued to the PSB in August 2021 to agree the appointment of the Fund's Printing and Posting Supplier and the outcome has been provided at Agenda Item 7.

Members were informed that the remaining matters arising would be dealt with throughout the Agenda Pack.

3. Outcome of Individual Training Needs Analysis (TNA) and proposal for Online Training

The Compliance Manager provided the Board with the Two-Year Training Plans for the PSB/Investment Steering Committee (ISC) and PAB which had been developed following the outcome of individual TNA meetings held with the Director for Essex Pension Fund and Investment Manager. It was noted

that the PAB Training Plan would also be presented to the PAB at their meeting that afternoon.

It was also confirmed that Members should now be in receipt of their Individual Training Plans.

The Compliance Manager took Members through the content of their Individual Training Plans and informed Members that all Training Plans would be updated periodically.

Members were also advised that they would be provided with a training session on the 'Wider LGPS' (Ref No 3 of the Training Plan) at Agenda Item 9 and that after the meeting a YouTube training video would be circulated to all Members in regard to the Fund's Policy on Recording and Reporting Breaches of the law (Ref No 8 of the Training Plan).

In response to Members' request to have optionality with their training, Hymans Robertson were invited to present a demonstration to the Board of their LGPS Online Learning Academy (LOLA).

In addition, it was highlighted that following Members feedback via their TNA meetings Executive Summaries were now added to all Reports. The Board welcomed the approach.

Resolved:

The Board **agreed** the Fund sign up to the Hymans Robertson LOLA.

The Board noted the outcome of the TNA's and the Two-Year PSB/ISC and PAB Training Plans.

5. External Audit Update

An update was provided by the Investment Manager outlining progress to date of the external audit.

As reported at the previous meeting BDO had pushed back the start of the audit with fieldwork eventually commencing in August. Despite the efforts of Officers to provide timely responses to the queries, BDO had found it increasingly difficult to keep to the timetable specified in their Audit Planning Report sighting delays in the sign off of NHS audits having a dramatic impact in their ability to meet the deadline.

It was noted that BDO had formally written to the Audit, Governance and Standards Committee of which a copy was also shared with Members at the meeting. It confirmed that they would now not be in a position to provide the Fund's Audit Completion Report and their opinion by the statutory deadline of 30 September 2021. The revised proposal was to have substantially

completed their testing by the end of October and for their sign off by the middle of November.

Officers alerted the Board to a further potential issue in regard to a new International Standard for Auditing (ISA540) that BDO were required to adhere to, which if it transpired that further testing was required to gain additional assurance around the methods and models used in calculating material accounting estimates, this would potentially put in jeopardy their ability to meet the revised deadline.

There was recognition that these were not isolated issues for BDO LLP but industry wide.

The Board once again discussed their disappointment and concerns noting the External Audit community were aware of ISA540 since March 2020. It was suggested that the Board monitor this issue closely and escalate further if necessary.

Resolved:

The Board noted the update.

4. Update on Pension Fund Activity : Quarterly Update Report

The Compliance Manager provided the Board with the Scorecard position as at 30 June 2021 and an update on progress in relation to the 2021/22 Business Plan and Budget, and Risk Register as at 31 August 2021.

Of the forty-five areas of activities highlighted in the Business Plan, the Board noted that thirteen of these had been completed.

It was also noted that the Fund was forecasting a 7% underspend against the agreed 2021/22 Budget.

In addition to the usual Scorecard exceptions report Members were also provided with the Full Scorecard as part of their annual review process. One notable movement from amber to green was in regard to the number of risks now at their target score.

It was emphasised that the issues raised with the delays in BDO completing the External Audit, would result in a red measure as at 30 September 2021.

It was also explained that the full Risk Register had been provided as part of the Board's annual review. It was confirmed that since the last meeting two risks had been reassessed, reduced back to their target score due to the Fund continuing to be able to carry out Business as Usual throughout the Covid-19 Pandemic and with the recent lifting of restrictions. No new risks had been identified since the last meeting.

Resolved:

The Board **reviewed** the full Scorecard and Risk Register as part of the Annual Review and **agreed** that these be shared with the PAB.

The Board noted the update on Pension Fund Activity.

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

An update was provided on PAB activity since the last Board meeting. It was confirmed that the PAB had met on one occasion on 07 July 2021.

During that meeting, the PAB discussed the business of the PSB meeting of 07 July 2021 raising no concerns.

The main areas of business discussed were the:

- key areas within the PAB's Terms of Reference;
- PAB Annual Report and the agreement it be shared with the Scheme Advisory Board;
- outcome of the PAB TNA and draft Two-Year Training Plan; and
- interactive training session provided in regard to the Fund's Policy for Recording and Reporting Breaches of the law.

Resolved:

The Board noted the content of the report.

6b. Scheme Member and Independent Chairman Recruitment

The Board was provided with an update in regard to the Scheme Member recruitment. It was noted that three applications had been received by the closing date of 17 September 2021, with Fund Officers now assessing each candidate's suitability to enable interviews to be carried out by the Appointments Panel.

Members were also informed that the current term for the PAB Independent Chairman would cease in January 2022 and proposed the Appointments Panel be created to ensure the process and timetable detailed in the Report was adhered to, to ensure the new Chairman is in place for the March 2022 PAB meeting.

Resolved:

The Board **agreed**:

- the Appointments Panel be created to carry out the Independent Chairman recruitment; and
- the proposed timetable and process for this recruitment.

The Board noted:

- the update in regard the vacant Scheme Member position; and
- the content of the report.

7. Essex Pension Fund Printing and Posting Procurement

The Board were provided with the outcome of the recent Printing and Posting Tender which had been carried out in conjunction with Essex County Council's (ECC) Procurement Policy and Procedures.

During August 2021, the Out of Committee process was enacted with the Board agreeing to award the contract to the preferred bidder, Adare Sec Ltd to supply the Fund's Printing and Posting service.

Resolved:

The Board noted:

- the Out of Committee decision made during August 2021 to award the preferred bidder, Adare Sec Limited, a two-year contract with the option to extend for up to a further two years, subject to satisfactory performance; and
- the content of the report.

8. HM Treasury Consultation Responses

The Employer Manager reminded the Board that at their last meeting they were made aware of two upcoming HM Treasury consultations in regard to: Discount rate methodology and Cost control mechanism.

Due to the timing of the Consultations, the Out of Committee process was enacted in August 2021 for the Fund's responses to be agreed by the Board. The final responses were provided at Appendices A and B of the report for noting.

Resolved:

The Board noted:

- the Out of Committee decision in August 2021 to approve the draft responses to the Discount rate methodology and Cost control mechanism Consultations;
- the Fund's final response to the Discount rate methodology Consultation;
- the Fund's final response to the Cost control mechanism Consultation; and
- the content of the report.

9. Bitesize Training: LGPS Landscape

The Independent Governance and Administration Adviser (IGAA) provided training to the Board in regard to the Wider LGPS Landscape which was an area identified within the TNA's (Ref Number 3).

It was confirmed that the training slides would be sent to Members following the meeting.

Resolved:

The Board undertook the Training in regard to the Wider LGPS Landscape.

10. Schedule of Future Meetings and Events

The Board received a report detailing the planned Board and Committee meeting dates for the remainder of this municipal year along with a reminder of the LGA three-day Fundamentals course that was due to commence in October. Members were requested to contact the Compliance Team at their earliest convenience should they wish to undertake this training.

Resolved:

The Board noted the content of the report.

11. Urgent Part I Business

There were none.

Exclusion of the Public and Press

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

Resolved:

The Chairman brought to the attention the above statement and the Board **agreed** to proceed.

12. Employer Update

The Employer Manager provided the Board with an update in regard to the liquidations of two Employers confirming that the outstanding Employer and Employee contributions had now been received.

Members were also updated in regard to a third Employer who had gone into liquidation. It was noted that a claim had been filed with the liquidator and that an update would be brought to a future meeting.

The Board were also notified of an Employer who, under the Fund's new Employer Flexibilities Policy, had applied for a Deferred Debt Arrangement (DDA). It was noted that this would be for a term of ten years and a further update in regard to this would be brought to a future meeting.

Resolved:

The Board noted the content of the report.

13. Update on Aon Combination

The Board received a report from the IGAA in regard to the proposed combination with Willis Towers Watson which had subsequently been terminated.

Resolved:

The Board noted the information set out in the paper regarding the Aon Combination.

14. Urgent Exempt Business

Closing Remarks

The Board commended Fund Officers for all their efforts in providing good quality reports, which was supported by good engagement, involvement and depth of information throughout the meeting.

There being no further business, the meeting closed at 11:46am.

**Chairman
15 December 2021**