

Notes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 4 July 2018

1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of the Membership, Apologies and Declarations was received.

Membership

Present:

Essex County Council

Cllr S Barker	(Chairman)
Cllr A Goggin	
Cllr C Pond	(left at 3.05pm)
Cllr C Souter	

District/Borough Councils in Essex

Cllr C Riley	Castle Point Borough Council
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Scheme Member Representatives

Sandra Child (UNISON)

Smaller Employing Bodies

Jenny Moore

The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager
Sara Maxey	Employer Manager
Helen Pennock	Compliance Analyst
Ian Colvin	Independent Governance and Administration Advisor (IGAA) (Hymans Robertson LLP)
Melanie Durrant	the Fund Actuary, Barnett Waddington

The following Essex Pension Fund Advisory Board (PAB) members were present as observers of the meeting:

Andrew Coburn	UNISON
Paul Hewitt.	Scheme Member Representative
Debs Hurst	Scheme Member Representative

Members noted that the meeting would be recorded to assist with the notes for the meeting.

The Chairman welcomed: Cllr C Pond (Essex CC) to his first PSB meeting and PAB observers Debs Hurst, Paul Hewitt and Andrew Coburn.

Apologies for Absence

Apologies were received from Cllr Platt, Cllr Hedley, Cllr Maddocks (Essex CC), and Cllr Moring (Southend-on-Sea Borough Council). Cllr Scordis (Essex CC) was absent from the meeting.

It was noted that Essex Pension Fund Advisory Board member Mark Paget was unable to attend.

Declarations of Interest

Declarations were received from Councillor S Barker, Councillor C Souter, Councillor C Riley and Jenny Moore who are in receipt of an Essex LGPS pension. Councillor A Goggin declared his, wife, sister and brother-in-law are in receipt of an Essex LGPS pension.

2. Appointment of Chairman

It was noted that on 15 May 2018, Cllr Susan Barker was formally reappointed at the Annual Meeting of Essex County Council, Chairman of the Essex Pension Fund Strategy Board and the Essex Pension Fund Investment Steering Committee.

Resolved:

That the Board note this.

3. Appointment of Deputy Chairman

It was agreed that Cllr M Platt be appointed as Deputy-Chairman.

Resolved:

That the Board note this.

4. Essex Pension Fund Strategy Board Terms of Reference (ToR)

Kevin McDonald highlighted that an unchanged ToR was agreed at the annual meeting of Essex County Council on 15 May 2018.

Resolved:

That the Board note the ToR.

5. Minutes

Minutes of the meeting of the Essex Pension Fund Strategy Board held on 7 March 2018 were approved as a correct record and signed by the Chairman.

The following points were raised by the Chairman for noting:

- Business plan activity; effectiveness of the Board, Item 10 on the agenda;
- Surviving co-habitees, the Director for Essex Pension Fund gave an update on the Brewster case confirming that the Fund has received the

court judgement but was still waiting for the Judge's reasoning behind the judgement.

Resolved:

That the Board note the discussion and update.

6. 2018 Interim Review

The Board received a report from the Fund Actuary and Director for the Essex Pension Fund which considered the impact of the Interim Review on the Funding Strategy.

Members were informed that all Local Government Pension Funds were required to have a full Actuarial Valuation every three years. The last such valuation was as at 31 March 2016 and the next will be due at 31 March 2019.

Members were advised that all funds were required to produce, consult on and publish a Funding Strategy Statement (FSS).

It was noted that it was good practice for Fund's to carry out interim valuations between the triennial valuation cycle.

Melanie Durrant from Barnett Waddington provided an update on the change in asset and liability values and assumptions used since the last triennial valuation. It was confirmed that the Fund's funding level continued to improve, increasing from 93% to 94% in the 12 months to 31 March 2018.

An overview of the different valuation approaches and purposes was discussed.

Resolved:

That the Board **agree:**

- that no changes are required to the Funding Strategy Statement as a consequence of the interim valuation review; and
- that the outcome of the interim valuation review be noted.

7. Review of Administration Strategy

Jody Evans, the Head of the Essex Pension Fund gave an update on progress made to date in respect of the review of the Fund's Administration Strategy.

It was explained that an initial draft was presented to the Essex Pension Fund Advisory Board at its 1 June 2018 inviting member feedback.

It was noted that some comments had been received from the Chairman, Cllr Barker prior to the meeting which will be incorporated into the latest draft.

Members of the Board were invited to email the Head of the Essex Pension Fund with any further comments by the end of August.

The timetable for stakeholder consultation and publication of the final Administration Strategy was also highlighted.

Resolved:

That the Board **agreed** that:

- following feedback the Administration Strategy be circulated to stakeholders for consultation;
- the outcome of the stakeholder consultation be brought back to the Board's December meeting; and
- the update, review process and timetable be noted.

8. Governance & Compliance Statement

The Board considered a report and presentation by the Independent Governance and Administration Adviser on the progress made to date of the review of the draft Governance & Compliance Statement.

It was noted PAB members at its 1 June 2018 were invited to provide feedback on the Statement.

It was explained that in view of the new 'pooling' landscape the ISC revisit their Terms of Reference (ToR) and that any changes be then incorporated in the final draft of the Statement.

Resolved:

That the Board **agree**:

- that the ISC consider reviewing its ToR;
- a couple of minor presentation revisions; and
- that the update be noted.

9. Review of Fund Objectives and Risks

The Board received a presentation by the Independent Governance and Administration Adviser (IGAA) on the progress made in respect of the review of Fund Objectives and Risks.

It was highlighted that at its meeting of 21 March the PSB agreed a full set of revised objectives. Since then Fund officers along with the IGAA had commenced the review of the Fund's risks and have received some initial feedback from Fund Advisers.

It was explained that a revised set of investment risks will be considered at a future ISC after which the full set of risks will be brought back to the Board for their final consideration.

Resolved:

That the Board **agree** that:

- the administration objective of “*Data is protected to ensure security and authorised use only*” be amended to say “*Data is protected to ensure security and authorised use only and is regulatory compliant*”; and
- the progress to date be noted.

10. Update on Pension Fund Activity

The Director for Essex Pension Fund gave an update and presentation on the 2018/19 Business Plan, the three year Business Plan, risk management and the Scorecard. Members were appraised of the objectives, the risks and progress against the objectives, noting in particular any areas of concern.

During consideration of this item the following points were highlighted:

- The business plan objectives;
- The year end charging policy and the current position of employers’ year end data submission;.
- Three year Business Plan;
- No changes to the Fund’s risks;
- No Scorecard red measures this quarter– a red measure was recorded as at March due to the vacancy on the PAB, this has now been resolved;
- Amber measure in respect of Castle Point Citizens Advice, one of the Fund’s admitted bodies; and
- Amber measure relating to Members attendance.

Members were reminded by the Chairman that if they are unable to attend any of the meetings they should seek to make arrangements to be represented by a group substitute.

Resolved:

That the Board note:

- the progress against the 2018/19 Business Plan;
- the three year Business Plan;
- the current risks with a score of six or above; and
- the latest scorecard measures.

11. External Audit

The Board received a report from the Investment Manager outlining EY’s external Audit Plan in relation to the 2017/18 financial statements of the Essex Pension Fund.

It was explained that the Audit Plan sets out the approach that will be adopted for the external audit, summarising EY’s initial assessment of the key risks, and outlining their planned audit strategy in response to those risks.

Members were informed that the Audit Plan had previously been received by the Audit, Governance and Standards Committee on 26 March 2018.

Resolved:

The Board note the content of the report.

12. Essex Pension Fund – Draft Accounts 2017/18

The Director for Essex Pension Fund provided a summary of the process for publication of the Pension Fund's financial statements for 2017/18.

It was highlighted that for 2017/18 financial year, the County Council and Pension Fund had been subject to a faster close which required the Fund to present its annual accounts for external audit by 31 May and publish its final audited and approved accounts by 31 July each year. These statutory deadlines in previous years were 30 June and 30 September respectively

Members were informed that the results of the external audit would be brought to the Board's September meeting.

The Director for the Essex Pension Fund thanked Samantha Andrews and Sara Maxey for the hard work in ensuring the accounts were ready by the deadline.

Resolved:

The Board note the content of the report.

13. Essex Pension Fund – Annual Report

The Board considered the Annual Report of the work undertaken by the PSB. Members were informed that the Chairman would present the Annual Report to Full Council on 10 July 2018.

Resolved:

The Board note the content and suggested additions to the report.

14. Investment Steering Committee (ISC) Quarterly Report

The Board received a report from the Director for Essex Pension Fund which provided details on the ISC activity since the previous Board meeting.

It was noted that the ISC had met on two occasions 28 March and 27 June 2018 since the last PSB meeting. It was highlighted the latter meeting had occurred after the PSB agenda dispatch as a consequence the Director for the Essex Pension Fund provided a verbal update on that meeting.

Resolved:

The Board note the content of the report.

15. PAB Quarterly Report

The Board received an update from the Head of Essex Pension Fund on the PAB meeting held on the 1 June 2018.

It was noted that following the resignation of scheme member representative Jenny Hunt, the recruitment process had now concluded and that Debs Hurst was identified as the successful candidate.

Resolved:

The Board noted the content of report.

16. Schedule of Future meeting

The Board confirmed the schedule of meetings for the municipal year 2018/19.

Pension Strategy Board

12 September 2018

19 December 2018

6 March 2019

Investment Steering Committee

18 July 2018

17 October 2018

28 November 2018

20 February 2019

27 March 2019

It was reaffirmed that all meetings will commence at 1pm. Members were reminded by the Chairman that if they are unable to attend any of the meetings they should seek to make arrangements to be represented by a group substitute.

17. Urgent Part I Business

None

Exclusion of the Public and Press

Resolved:

That, having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as specified in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Chairman brought to the attention the above statement.

18. Fund Actuary – contractual arrangements

The Board received a report from the Director for Essex Pension Fund outlining the outcome of the review undertaken by Fund officers of the performance of the Fund Actuary, Barnett Waddingham.

Resolved:

The Board **agree** that:

- Barnett Waddingham continue to be contracted as Fund Actuary;
- a further review in 2020 be undertaken and a report be brought back to the future Board meeting; and
- the content of the report be noted.

19. Pooling Update

Kevin McDonald, Director for Essex Pension Fund, gave an update outlining the latest developments in respect of the structural reform of the LGPS.

The progress on key work streams were outlined in particular the establishment and hosting of the ACCESS Support Unit and the progress to date made in respect of finalising the prospectus for the first sub-fund for submission to Financial Conduct Authority.

It was noted that the ISC had at their last meeting agreed in principle to adopt the future ACCESS Security Lending Policy and ACCESS voting guidelines as part of the terms to invest in the sub-funds of the ACCESS Authorised Contractual Scheme (ACS).

Resolved:

The Board note the content of the report.

20. Date of Next Meeting

To note that the next PSB meeting is 12 September 2018.

21. Urgent Exempt Business

Cllr C Riley commented that the slide pack was very helpful.

There being no further business the meeting closed at 3.20pm

Chairman
12 September 2018