

Minutes of a meeting of the Essex Pension Fund Board held at 1.00 pm at County Hall, Chelmsford on 13 December 2012

Present:

Member

Essex County Council

Cllr R L Bass (Chairman)

Cllr J Aldridge

Cllr N J Hume

Cllr M Lager

Cllr M Mackrory

District/Borough Councils in Essex

Cllr J Archer Maldon District Council

Unitary Councils in Essex

Cllr M Healy Thurrock Council

Essex Fire Authority

Cllr E Johnson

Scheme Members

Mr K Blackburn

Smaller Employing Bodies

Ms J Moore

Cllr Barker, a substitute Essex County Council representative Member for the Board, was also in attendance.

The following officers were also present in support:

Jody	Evans	Pensions Services Manager
Kevin	McDonald	Head of Essex Pension Fund
Anne-		
marie	Allen	Senior Pensions Consultant (Barnett Waddington)
Barry	Mack	Head of Governance and Plan Management (Hymans)
Sara	Maxey	Senior Contributions Analyst - Investments
Karen	McWilliam	Independent Governance and Administration Adviser (Hymans)
Graeme	Muir	Fund Actuary (Barnett Waddingham)
Martin	Quinn	Head of Investments
Nicole	Wood	Assistant Director – Financial Strategy
Graham	Hughes	Secretary to the Board

1. Apologies for Absence

Apologies for absence were received from Councillors D Finch (Essex County Council), P Challis (Borough/District Councils) and B Kelly (Unitary Councils)

In addition, apologies had been received from Alex Hallam, Assistant County Solicitor.

It was noted that there was a vacancy on the Board as a result of the transfer of responsibilities from the Essex Police Authority to the newly elected Police and Crime Commissioner. A nomination was being sought from the PCC for a representative to join the Board.

2. Declarations of Interest

It was acknowledged that all Councillors under the age of 75 were entitled to join the Local Government Pension Scheme and some Board members had done so.

Councillor Mackrory declared a personal interest, in that he was a deferred pensioner of the Essex Pension Fund and his son was an employee of Aviva Pensions department. This would be recorded as a standing interest for all future meetings at which Councillor Mackrory was in attendance.

3. Minutes

Resolved:

That the minutes of the Essex Pension Fund Board held on 7 March 2012 be approved as a correct record and signed by the Chairman subject to the following amendments:

- (i) Minute 7, Pension Fund Board Representative for the Essex Police Authority: Resolution (2) that the first two lines be amended to read "That the Council be recommended to amend the membership of the Board (as set out in paragraph 8.1.7 of the Constitution) with effect from 22 November 2012...." and then to continue unchanged to the end of the resolution.
- (ii) Minute 15, Employer Risk Analysis Update: at the end of the formal resolution the text noting changes to the attendance at the meeting be amended to read "[At this point, Councillor Bass left the meeting and Councillor Finch took the chair for the remaining item of business." The text then to continue unchanged to the end of the paragraph.

4. Local Government Pension Scheme update

The Board received and noted an oral update from the Fund Actuary and Pensions Services Manager. Full statutory consultation on the proposed changes to public sector pensions was expected to be published later in the month. A further risk measure had been included in the Risk Register to reflect the shortened time line now available to develop and introduce process and system changes by March 2014 arising from the proposed legislative changes.

Governance

5. Update on Pension Fund Activity

- A 2012/13 Business Plan**
- B Risk Management**
- C Measurement against Fund Objectives (Scorecard)**

The Board considered a joint report (EPB/31/12) by the Head of Essex Pension Fund and the Pensions Services Manager, which provided an update on the 2012/13 Business Plan, risk management and scorecard recording measurement of progress against objectives.

Key developments as outlined in the report on the Business Plan and Risk Management were noted.

With regard to Annex C (Measurement against Fund Objectives), the Board gave consideration to the scorecard, seeking clarification on points of interest and explanations for areas of concern. The following points were highlighted:

The relatively low score for Board Members completing the Training Needs Analysis (TNA) was highlighted. A new TNA would be circulated for completion to assess the knowledge acquired from the training session on the Role of the Actuary in the Local Government Pension Scheme held prior to the Board meeting.

There was a vacancy on the Board awaiting a nomination from the Police and Crime Commissioner. This had resulted in a red rating for Measure 1.4.4. (The Board has provision for representatives of employers and scheme members. Appointees are currently in place).

The Fund had filed a claim and received a payment against a surety bond provided by Connaught Partnership. Whilst a further payment from the liquidators was anticipated, it was not expected to cover the outstanding amount due and this potentially unrecoverable debt was reflected in the rating for Measure 3.4.2. in the scorecard (Manage Employers' Liabilities Effectively).

A new measure 3.5 (Maintain Liquidity in order to meet projected net cashflow outgoings) had been added as a result of discussions at the Board's offsite 'Away Day' in November.

Issues impacting on the scores for the measure 4.1 (Deliver a high quality, friendly and informative service) were outlined including the turnaround times for calculating and notifying deferred benefits. Further information would be provided at the next Board meeting on whether the current high level of requests was considered a temporary spike in demand for these calculations or a more permanent trend which could require changes to the scorecard target for this activity.

There had been one critical information security breach during the last quarter, with the data mistakenly sent having been promptly deleted by the recipient once the error had been highlighted to them. The Incident had been reported to Internal Audit. A change to a Fund reconciliation procedure had been implemented to ensure that such a breach could not occur in the future.

It was noted that the data extraction date varied across different measures depending on the most appropriate time to compile the score with some measures drawn as far back as the last actuarial valuation in March 2010.

Resolved

That the update be noted.

6. Employer Forum

The Board received and **noted** a report (EPB/32/12) by the Head of Essex Pension Fund and the Secretary to the Board on arrangements for an employer Forum to be held on 14 February 2013.

7. Investment Steering Committee Quarterly Report

The Board received and **noted** a report (EPB/33/12) by the Head of Investments which provided an update on the ISC activity since the last Board meeting.

8. Forward Look

The Board received and **noted** a report (EPB/34/12) by the Secretary to the Board which presented a Forward Look detailing the Board's future business.

9. Date of Next Meeting

The next Board meeting would be held at 2pm on 6 March 2013. There would be a Board member training day on 23 January 2013.

10. Change in adviser and officer retirement

The Chairman advised that Karen McWilliam, Independent Governance and Administration Adviser, was leaving Hymans to pursue a new career opportunity and would no longer be supporting the Board and gave best wishes for her future career success.

The Chairman advised that Martin Quinn, Head of Investments, was to retire and outlined his career since joining the Pension Team in 1989. On behalf of the Board, the Chairman expressed gratitude to Mr Quinn for the support he had given to the Board and the Investment Steering Committee, and gave best wishes for his retirement.

11. Exclusion of the Press and Public

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 paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

12. Employer Analysis Update

(Exempt under paragraph 3 – information relating to the financial or business affairs of any particular person)

The Board considered a report (EPB/35/11) on Employer Analysis work being undertaken by officers and advisers. Members sought clarification and further information on certain matters. The Board noted the conclusions in the report.

Resolved:

That the next steps listed in the paper be agreed.

13. Payment Plans

(Exempt under paragraph 3 – information relating to the financial or business affairs of any particular person)

The Board considered a report (EPB/36/12) on the proposed principles with which officers could negotiate and agree deficit payment plans with employers exiting the Fund.

Resolved:

That the recommendations listed in the paper be agreed.

The meeting closed at 2.10 pm.

Chairman
6 March 2013