

## **Minutes of a meeting of the Essex Pension Fund Board held at 2.30 pm at County Hall, Chelmsford on 9 December 2013**

Present:

### **Member**

#### **Essex County Council**

Cllr R L Bass (Chairman)  
 Cllr S Barker  
 Cllr K Clempner  
 Cllr N J Hume  
 Cllr N Le Gresley  
 Cllr J Whitehouse

### **District/Borough Councils in Essex**

Cllr J Archer Maldon District Council  
 Cllr P Challis Castle Point Borough Council

### **Scheme Members**

Mr K Blackburn

The following officers were also present in support:

Annemarie	Allen	Senior Pensions Consultant (Barnett Waddington)
Jody	Evans	Head of Essex Pension Fund
Margaret	Lee	Executive Director for Corporate Services
Kevin	McDonald	Director for Essex Pension Fund
Barry	Mack	Independent Governance and Administration Adviser (Hymans Robertson LLP)
Sara	Maxey	Employer Relationship Manager
Matt	Mott	Communications Manager
Graeme	Muir	Fund Actuary (Barnett Waddingham)
David	Tucker	Employer Liaison Manager
Graham	Hughes	Secretary to the Board

## **1. Apologies for Absence**

Apologies for absence were received from Councillors G Rice (Thurrock Council), A Moring (Southend on Sea Borough Council), M Danvers (Essex Fire Authority), Ms J Moore (Smaller Employing Bodies), C Garbett (Essex Police and Crime Commissioner) and A Hallam (Assistant County Solicitor).

## **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.

In connection with the discussion on Funding (under minute 4 below) and, in particular, contribution rates for the major tax raising bodies, Councillor J Whitehouse declared an interest as he was a member of Epping Forest District

Council and Councillor K Clempner also declared an interest for this item, and also for the discussion on Harlow Welfare Rights and Advice under minute 6 below, as her husband worked for Harlow Council. No other declarations were made.

### **3. Minutes**

#### **Resolved:**

That the minutes of the Essex Pension Fund Board held on 18 September 2013 be approved as a correct record and signed by the Chairman.

#### **4(i) Funding: Actuarial Valuation**

The Board considered a report (EPB/36/13) from the Director of Essex Pension Fund and the Head of Essex Pension Fund updating the Board on the draft Actuarial Triennial valuation results.

Preliminary results for the major tax raising bodies and colleges and universities had already been disseminated. Other preliminary results would be distributed early in 2014. Five different options for employer contributions and deficit repayment periods had been given to each of the 17 major presenting bodies in light of an increase in funding levels. Members speculated on the advantages to employers of paying down their respective deficits more quickly and the effective discount rate in doing so.

**Resolved:** That the update be noted.

#### **4(ii) Funding: Matters Arising**

The Board considered a joint report (EPB/37/13) from the Director of Essex Pension Fund and the Head of Essex Pension Fund comprising Department of Communities and Local Government (DCLG) guidance on schools converting to academies and the Department for Education guarantee with regard to contribution rates for maintained schools converting to Academies.

**Resolved:** That the report be noted.

#### **4(iii) Funding – Pooling Arrangements for Academies within the Local Government Pension Scheme Consultation**

The Board considered a joint report from the Director of Essex Pension Fund and the Head of Essex Pension Fund, comprising the Fund's response to the recent DCLG consultation on pooling arrangements for Academies within the Local Government Pension Scheme (EPB/38/13). In summary, the response explained the approach taken by the Fund to maintain stability of contributions and did not support the various pooling options suggested.

**Resolved:** That the report be noted.

## 5. Local Government Pension Scheme Reform update

The Board considered a report (EPB/39/13) by the Head of Essex Pension Fund updating the Board on developments regarding potential structural reforms of the Local Government Pension Scheme, required scheme Regulations, and governance arrangements. The anticipated timings for a Ministerial Statement and public consultation were outlined with a Ministerial announcement likely in May 2014. It was noted that, whilst structural reform could pose a risk to how the Essex Pension Fund was run, the Pensions Department needed to continue managing the Fund as if this risk did not exist as otherwise it could lead to a hiatus in activities ultimately impacting the Fund's ability to deliver.

It was highlighted that delays in the publication of the transitional Scheme Administration regulations could adversely impact on the timely implementation of updates to the Fund's current software system, placing a higher reliance on manual calculations. It was highlighted that this would require the diversion of resources from other areas with less priority and impact on certain scorecard measures.

**Resolved:** That the report be noted.

## Governance

### 6.

#### Update on Pension Fund Activity

**A(i) 2013/14 Business Plan**

**A(ii) Draft 3 year business plan**

**B Risk Management**

**C Measurement against Fund Objectives (Scorecard)**

The Board received a joint report (EPB/40/13) by the Director for Essex Pension Fund and Head of Essex Pension Fund, which provided an update on the 2013/14 Business Plan, a draft 3 year business plan, risk management and scorecard recording measurement of progress against objectives.

Key developments in the Business Plan and Risk Register were outlined. No new risks had been added since the last Board meeting. To date, auto-enrolment had not caused a significant drain on resources but it was expected to have a more significant impact during 2014.

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 and/or noted:

- Harlow Welfare Rights and Advice (HWRA) had been placed into liquidation. The Actuary was in the process of calculating a final termination liability. In discussions arising from the Employer Analysis project earlier in the year, Harlow District Council had confirmed that it had taken on responsibility for the majority of the HWRA deficit although there would be a remaining residual

liability at risk. It was agreed that a further update would be brought to the next meeting of the Board;

- 92% of contributing employers were submitting timely payments. The majority of late payments were usually paid within days after the deadline had passed. Repeat offenders were chased for payment. Charges for late payment were being considered as part of updating administration arrangements.

**Resolved:**

That the update be **noted**.

**7. Governance Policy and Compliance Statement**

The Board considered a joint report (EPB/41/13) by the Secretary to the Board and the Director for Essex Pension Fund comprising an updated Governance Policy and Compliance Statement.

**Resolved:** That the Board approved the Fund's updated Governance Policy and Compliance Statement as presented subject to (i) Section E: to include commentary relating to the Fund not directly providing re-imbursement of expenses for members of the Board although there may be arrangements for re-imbursement available through nominating employer bodies; and (ii) Section F: to include reference to meetings generally being conducted in public and also to refer to the annual Employer Forum.

**8. Knowledge and skills – Training Strategy**

The Board considered a report by the Independent Governance and Administration Adviser (EPB/42/13) proposing an updated training strategy to meet the Fund's objectives relating to knowledge and skills along with an initial training plan. Targeted training would be provided that was timely and directly relevant to the Board's activities as set out in the Fund's three year business plan and would run as part of a continuous rolling two year programme. Attendance at training events would warrant the award of credits which also would be reported through the scorecard.

The LAPF Strategic Investment Forum, to be held in London on 6 February 2014, was highlighted to the Board.

**Resolved:** That the Board approved the updated training strategy.

**9. Investment Steering Committee (ISC) Quarterly Report**

The Board considered a report (EPB/43/13) by the Director for the Essex Pension Fund which provided an update on the ISC activity since the last Board meeting.

**Resolved:**

That the report be noted.

#### **10. Dates of Future Meetings**

The Board considered a report (EPB/44/13) proposing a schedule of meetings for the municipal year 2014/15.

**Resolved:**

That the report be noted and approved.

#### **11. Forward Look**

The Board considered a report (EPB/45/13) by the Secretary to the Board which presented a Forward Look detailing the Board's future business.

**Resolved:**

That the report be noted and approved.

#### **12. Date of Next Meeting**

The next Board meeting would be held at 2pm on 5 March 2014 preceded by a Member training session (timing to be confirmed).

#### **13. 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 item 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.

#### **14. National Procurement Frameworks**

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

The Board considered a report (EPB/46/13) on the recommended procurement for the supply, implementation and development of new Pension Administration software.

**Resolved:**

The Board agreed that the resolutions be approved in full, in accordance with the recommendations set out in section 2 of the report:

There being no further business, the meeting closed at 3.50 pm.

Chairman  
5 March 2014