

Essex Pension Fund Advisory Board	PAB 03
Date: 15 January 2020	

Essex Pension Fund Strategy Board Update

Report by the Interim Director for Essex Pension Fund
 Enquiries to Jody Evans on 0333 0138 489

1. Purpose of the Report

- 1.1 To provide the Board with an update from the last Essex Pension Fund Strategy Board (PSB) meeting held on 18 December 2019.

2. Recommendation

- 2.1 The Board to review the papers reviewed by the PSB.

3. Background

- 3.1 Since the last PAB meeting, one PSB meeting was held on 18 December 2019. Board Members (PAB) were sent a copy of the Agenda Pack for this meeting. Each agenda item and outcome has been summarised below and the Board are invited to comment and/or raise questions on each item.
- 3.2 From this information, the Fund will highlight the key items through a PowerPoint presentation to the PAB at this meeting. These items will include:
- Essex Pension Fund (EPF) Policies and Publications;
 - Good Governance Report;
 - Valuation update; and
 - Update on Pension Fund Activity.

4. Update on the Terms of Reference (TOR) for PSB, ISC and PAB

- 4.1 Agenda Item 3 was a report from the Interim Director for Essex Pension Fund to inform the PSB that the PSB, ISC and PAB TORs were approved by Full Council on 8 October 2019 and had now been published within the Council's Constitution.
- 4.2 A copy of the published PAB TOR is provided at Appendix A for noting.

5. PSB Member Recruitment

- 5.1 Agenda item 4 was a report from the Interim Director for Essex Pension Fund reminding the PSB that the Other Employing Bodies PSB Representative would be stepping down after the 4 March 2020 PSB Meeting. A report was presented to the PSB providing details of the proposed recruitment process including a timeline for the position to be filled.
- 5.2 In addition, the PSB were notified that the Scheme Member PSB Representative (UNISON) was reaching the end of their 4-year term end of March 2020. A report was presented to the PSB on the arrangements for reviewing the Scheme Member PSB representative position. The PSB expressed the view that in order to provide continuity and retain Fund knowledge it would be their preference if UNISON re-appointed Sandra Child for a further 4-year term
- 5.3 The PSB agreed the commencement of the recruitment process and timeline to fill the Other Employing Bodies PSB Representative. In addition, the PSB agreed for Officers to approach UNISON in relation to the re-appointment of Sandra Child as the Scheme Member PSB Representative.

6. EPF Policies and Publications

- 6.1 Agenda item 5 was a report from the Interim Director for Essex Pension Fund in consultation with the Independent Governance & Administration Advisor (IGAA) updating the PSB on the progress made against the review of the Fund's Policies and Publications.
- 6.2 The PSB were notified that on review of the Fund's Scorecard measures, the IGAA made recommendations for minor amendments to be made to the Fund's objectives to ensure they were measurable.
- 6.3 The PSB noted the progress made against the review of the Fund's Policies and Publications and approved the amendments to the Fund's Objectives.

7. Good Governance Report

- 7.1 Agenda item 6 provided the PSB with a report from the Interim Director for Essex Pension Fund in consultation with the IGAA highlighting the self-assessment carried out by the Fund against the recommendations made within the Good Governance Survey carried out by Hymans Robertson in July 2019.
- 7.2 The IGAA informed the PSB that the Fund was in a strong position and whilst there were areas marked as partially compliant, the Fund have started to put measures in place to become fully compliant in the near future. An example of this was the Fund's Conflict of Interest Policy due to be approved by the PSB at their March 2020 meeting.
- 7.3 A key area of discussion was in relation to the Fund's approval of the Business Plan alongside a Pension Fund Budget. The Interim Director for Essex Pension Fund confirmed that the Fund has an internal operational budget and highlighted the current arrangements undertaken within ECC in regard to the budget approval process. It was explained that a recommendation of the Good Governance Review was the PSB should in the future be presented a budget alongside the Business Plan for approval.

8. Valuation Update

- 8.1 Agenda item 7 provided the PSB with a presentation from the Employer Manager highlighting the progress made against the timetable that was agreed at their 11 September 2019 meeting.
- 8.2 The PSB were provided with an update on the issuing of results to the Fund's Employers.

- 8.3 The PSB were made aware that the Employer Manager had been working through the results with each employer individually as well as presenting initial results via a webinar in consultation with Barnett Waddingham. Members of the PSB were encouraged to watch the webinar and to notify the Compliance Team once completed to allow their training record to be updated accordingly.
- 8.4 The PSB queried the capacity within the Employer Team to allow for this type of one to one communication and negotiation with employers. The PSB were made aware of the team structure including a vacancy of which it was explained that a recruitment process was currently underway.

9. Update on Pension Fund Activity

- 9.1 Agenda item 8 updated the PSB on the 2019/20 Business Plan, Risk Register and the Scorecard.
- 9.2 During consideration of this item the following points were highlighted:
- good progress had been made on the Business Plan with all tasks in progress;
 - a red risk on the risk register remains concerning the unknowns surrounding the McCloud judgement;
 - the scorecard improvement and declined scores.

10. Pension Advisory Board (PAB) Quarterly Report

- 10.1 Agenda item 9 provided an update on the last Board meeting which took place on 25 September 2019.

11. Investment Steering Committee (ISC) Quarterly Report

- 11.1 Agenda item 10 provided details on the ISC activity since the previous PSB meeting.
- 11.2 It was noted that the ISC had met on one occasion, 27 November 2019, since the last PSB meeting and had made a number of decisions as detailed in the report.

12. Urgent Part I Business

- 12.1 During this part of the meeting, the Interim Director for Essex Pension Fund notified the PSB that the Fund had been shortlisted for the following Pension Age Awards:
- Pension Scheme Innovation Award;
 - Best Risk Management Exercise; and

- Defined Benefit Pension Scheme of the Year.

13. Pooling Update

- 13.1 Agenda item 13 provided the PSB with a presentation from the Interim Director for Essex Pension Fund outlining the latest developments on LGPS Asset Pooling.

14. Background Papers

- 14.1 PSB Agenda pack for the 18 December 2019 meeting.