

## Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 3 July 2019

### 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 A Goggin		
Cllr M Maddocks		
Cllr C Souter		Left 3pm
Cllr A Hedley		
Cllr A Davies	(Substitute for Cllr Scordis)	

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

Cllr M Dent	Southend 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	
Sara Maxey	Employer Manager	
Sam Andrews	Investment Manager	
Helen Pennock	Compliance Analyst	
Marcia Wong	Compliance Officer	
Karen McWilliam	IGAA (AON)	Left 3:10pm

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

Paul Hewitt	Scheme Member Representative
Andrew Coburn	UNISON

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

**Opening Remarks**

The Chairman welcomed Cllr Dent to his first meeting. Cllr Davies along with observers Paul Hewitt and Andrew Coburn, Essex Pension Fund Advisory Board (PAB) members, and Dan Chessell, Essex Pension Fund - Retirements Manager.

This being Cllr Dent's first meeting, introductions round the table took place.

**Apologies for Absence**

Apologies were received from Cllr Scordis, Cllr Erskine, Cllr Riley (Castle Point Borough Council), Nicola Mark (Chairman of Essex Pension Fund Advisory Board (PAB) and Debs Hurst (PAB member).

**Declarations of Interest**

As this was the first meeting of the year declaration forms were given to all Board members present to complete.

Declarations were received from:

Cllr S Barker - in receipt of an Essex LGPS pension. Son is a member of the Essex LGPS pension scheme;

Cllr A Goggin - wife, sister and brother-in-law are in receipt of an Essex LGPS pension;

Cllr M Maddocks - in receipt of an Essex LGPS Pension;

Cllr Hedley - in receipt of an Aviva Group pension;

Cllr A Davies - has a deferred Essex LGPS pension;

Jenny Moore - in receipt of an Essex LGPS Pension; and

Sandra Child - in receipt of an Essex LGPS Pension.

**2. Appointment of Chairman**

It was noted that on 14 May 2019, Cllr S 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:**

The Board noted this.

**3. Appointment of Deputy Chairman**

It was agreed that Cllr M Platt be reappointed as Vice Chairman.

**Resolved:**

The Board agreed this.

**4. Minutes**

Minutes of the meeting of the PSB held on 6 March 2019 were approved as a correct record and signed by the Chairman.

**Resolved:**

The Board noted this.

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

The Chairman highlighted that an unchanged ToR was agreed at the annual meeting of Essex County Council on 14 May 2019.

**Resolved:**

The Board noted the ToR.

**6. Essex Pension Fund ToR Review**

The Independent Governance & Administration Advisor (IGAA) provided the Board with a presentation and report on the revised ToR and wording for:

- Essex Pension Fund Advisory Board;
- Essex Pension Fund Strategy Board;
- Investment Steering Committee; and
- Other Matters including Officer Delegations.

The IGAA explained that these had been reviewed in consultation with the Director of Legal & Assurance (Monitoring Officer) for ECC. The Board were advised that the ToRs would be taken to the Constitution Working Group in September and to Full Council in October. The Chairman advised the Board that the revised ToRs would need to be early on the Full Council agenda as Cllr Members of the ISC would be leaving early to attend the Baillie Gifford Conference in Edinburgh.

Slides were shown highlighting the process and the key changes to the ToRs.

It was explained that the ISC had asked for one amendment to clause 4b at their meeting on 26 June 2019. This change had subsequently been taken into account after the publication of the agenda for this meeting and therefore hardcopies of the revised ISC ToR were given to the Board.

The Chairman highlighted that the PSB ToR referred to 'triennial' valuation and in light of the current consultation reviewing the valuation cycle, it was agreed that 'triennial' be replaced with 'actuarial' valuation.

The Chairman asked the Boards view on the expenses detailed in the PAB ToR and asked if this should apply to PAB attendance only or also include

observers. It was discussed and agreed that these seemed reasonable and fair.

It was also stated that the recent change to Section 151 Officer role would be incorporated within all ToRs prior to going to Full Council for approval.

**Resolved:**

The Board agreed:

- for PAB Members to receive an allowance for their attendance at their meetings and as observers to the PSB and ISC meetings;
- for the amendment from 'triennial' to 'actuarial' being made to the PSB ToR; and
- to approve all ToRs for onward approval by Full Council.

**7. Update on the PAB Membership Review**

The Head of Essex Pension Fund gave an update on the progress to date.

The closing date for applications is 5 July 2019 and so far there has been a good level of interest with 4 applicants. It was confirmed that current members could re-apply.

The Board was advised that interviews would be taking place on either the 24 or 25 July 2019 and that the interview panel was agreed at a previous meeting.

**Resolved:**

The Board noted the progress and update.

**8. Valuation Training including update on the McCloud judgement/guidance and Cost Management Process**

The Board received a training presentation on the triennial valuation from the Fund's Actuary.

The presentation covered:

- a recap on actuarial valuations;
- assumptions;
- funding update; and
- the 2019 valuation along with current issues.

The Board were also updated on the McCloud judgement. The Board were informed that the Government appeal had been denied by the Supreme Court. The Board were also provided with an update on the Cost Management Process.

**Resolved:**

The Board noted:

- valuation training; and
- updates in relation to McCloud and the Cost Management Process.

## 9. Government Consultations

The Board received a report from the Director for Essex Pension Fund and the Fund Actuary on the following consultations:

### **Restricting exit payments in the public sector: consultation on implementation of regulations (95k CAP)**

The Board were notified that a response to this consultation was due today 3 July 2019. Subject to minor amendments agreed by the Board, the response would be submitted this afternoon.

### **Changes to the local valuation cycle and the management of employer risk**

The Board were advised that officers were in discussions with advisers concerning this consultation and the Fund's final response would be shared with the Chairman before it is submitted.

### **Fair Deal**

The Board were referred to the agenda pack Item 9 appendix C for the Fund's response to this consultation which was agreed at the Board's last meeting.

### **Resolved:**

The Board agreed:

- minor amendments to be made to the draft response to the Restricting exit payments consultation;
  - under the section Level of the cap: amend paragraph 5 to include 'as is now understood to be the case in regulations due to be implemented in Scotland';
  - within the supporting information page, amend the title of the table to include 'by £95k Cap' and include another column to show the percentage profile of the affected employees; and
- once these changes had been made, the response to be submitted.

### **Resolved:**

The Board noted:

- the update in relation to the valuation cycle consultation; and
- the response submitted by the Fund in relation to Fair Deal.

## 10. Update on Pension Fund Activity

The Board received an update from the Director for Essex Pension Fund and the Head of Essex Pension Fund on the Business plan, Risk Register and the Scorecard, noting in particular any areas of concern.

During the consideration of this item the following were highlighted:

- good progress had been made on the Business Plan, although 12 objectives have been carried forward into 2019/20;
- GMP communication/entitlement would revert to BAU, until the next steps by the HMRC are known;
- an update on the risk register was provided to the Board highlighting those with an amber score or more. A new format was used to present these results; and
- the scorecard improvement and declined scores were highlighted .

The Director for Essex Pension Fund notified the Board that the Risk Register is a live document and due to recent assessment, risk G14 has been scored as 12 falling into the red categorisation. This is due to the current issues surrounding the McCloud case.

The Chairman referred to 4.1 of the Scorecard and brought to the Boards attention the number of cases processed by the Admin Team.

The Head of Essex Pension Fund also informed the Board that the PAB had been asked to assist with the review of the Employer Survey. As there had been a decline in the numbers responding, it was suggested by the IGAA that this was a similar pattern across all Fund's and it seemed that the decline could be linked to the surveys being digital.

**Resolved:**

The Board noted:

- the update for year end 31 March 2019;
- progress for 2019/20;
- the current risks scoring an Amber; and
- the latest scorecard measures.

**11. Internal Audit Report 2018/19**

The Head of Essex Pension Fund provided the Board with the results of the two internal audit reviews. Both reviews received 'Good Assurance' and it should be noted that this is the highest level of assurance that can be given.

Although previously 'Good Assurance' has been received this is the first time that there were also no recommendations.

The Chairman requested that their congratulations be passed back to all teams for their excellent work.

The Head of Essex Pension Fund provided the Board with an update in relation to the NFI data matching exercise and stated that some cases were still under review.

**12. Essex Pension Fund – Draft Accounts 2018/19**

The Board received a report in relation to the Essex Pension Fund draft accounts from the Investment Manager. The Board were notified that the timeline for completion had been brought forward.

It was highlighted that under Fund Account for the year ended 31 March 2019 (page 190 of the agenda pack) transfers out show a significant increase on previous year, but this was due to a transfer of one employer.

It was also noted that the membership figure (page 206 of the agenda pack) for Contributors and Deferred pensioners showed a significant decrease/increase compared to last year due to the lack of notification from one employer in relation to the movements of the Funds members. This has since been addressed.

The Director for Essex Pension Fund thanked the Investment Manager and Employer Manager for their hard work to get the accounts completed within the timeframe.

**Resolved:**

The Board noted the report.

**13. External Audit Plan 2018/19**

The Investment Manager provided the Board with an update in relation to the Audit Plan from BDO and stated that this was their first year auditing the Fund.

**Resolved:**

The Board noted the report.

**14. Essex Pension Fund Strategy Board (PSB) – Annual Report**

The Board received a presentation from the Director for Essex Pension Fund. It was noted that since publication of the agenda pack, amendments had been made to incorporate the Chairman's comments.

These were:

- consistency of the value of the fund; and
- revision of the paragraphs relating to GAD and s13.

The Board were advised that the Report would be taken to Full Council next week.

**Resolved:**

The Board noted the report.



**15. 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 met on 27 March 2019 and the decisions made were detailed within the report. A second meeting was held on 26 June 2019 and the Board received a verbal update on this meeting.

**Resolved:**

The Board noted the report and update.

**16. Essex Pension Fund Advisory Board (PAB) Annual and Quarterly Reports**

The Head of Essex Pension Fund provided the Board with an overview of the PAB annual report which detailed their activities during 2018/19. The Board were also informed that this report would be sent to the SAB and that it would also form part of the Funds Annual Report and Accounts.

The Board also received an update on the last PAB meeting which took place in June.

**Resolved:**

The Board noted the report and update.

**17. Schedule of Future meetings**

The Board received a presentation from the Director for Essex Pension Fund which detailed the planned Committee and Board meetings for the municipal year.

Pension Strategy Board

11 September 2019

18 December 2019

4 March 2020

Investment Steering Committee

17 July 2019

8, 9 & 10 October 2019 – Baillie Gifford Investment Conference

27 November 2019

19 February 2020

25 March 2020

Pension Advisory Board

25 September 2019

15 January 2020

The Director for Essex Pension Fund also notified the Board of the events/conferences that were on the horizon during 2019/20.



**Resolved:**

The Board noted the schedule of meetings and events for 2019/20.

**18. Urgent Part I Business**

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.

**19. Pooling Update**

The Board received a presentation and update on the latest developments from the Director for Essex Pension Fund.

**Resolved:**

The Board noted the presentation.

**20. Exit Payments of Employer Contracts**

The Board received a report from the Employer Manager on employer cessations that had resulted in an exit credit.

**Resolved:**

The Board noted the report and update.

**21. Urgent Exempt -Business**

None.

**22. Closing Remarks**

The Chairman reaffirmed that the next PSB would take place on Wednesday 11 September 2019 at its usual start time of 1.00pm.

There being no further business the meeting closed at 3.35pm.

**Chairman**  
**11 September 2019**