

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 19 December 2018

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	
Cllr L Scordis	
Cllr A Hedley	

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
Sara Maxey	Employer Manager
Amanda Crawford	Compliance Manager
Marcia Wong	Compliance Officer
Graeme Muir	Actuary, Barnett Waddingham

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

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

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

The Chairman welcomed Cllr M Maddocks to his first meeting as a substantive PSB Member. PAB observers Debs Hurst, Paul Hewitt and Andrew Coburn were also welcomed to the meeting.

Apologies for Absence

Apologies were received from Cllr A Davies (ECC, PSB sub-member), Cllr A Erskine (ECC, PSB sub-member) and Cllr Moring (Southend-on-Sea Borough Council).

Declarations of Interest

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr A Goggin declared his wife, sister and brother-in-law were in receipt of an Essex LGPS pension. Cllr C Riley, Cllr M Maddocks and Jenny Moore declared they were in receipt of an Essex LGPS Pension.

2. Minutes

Minutes of the meeting of the PSB held on 12 September 2018 were approved as a correct record and were signed by the Chairman.

The Chairman updated the Board in relation to page 12, paragraph 6. The Fund achieved Highly Commended at the Local Authority Pension Fund Awards which took place during October 2018.

Resolved:

The Board noted the update.

3. Independent Governance & Administration Advisor (IGAA) Appointment

The Board received a report from the Director for Essex Pension Fund. The Head of Essex Pension Fund informed the Board that a paper in part two of the agenda described the tender process and interview results for the appointment of the IGAA carried out during November 2018.

The outcome of which meant that AON had been appointed as the Fund's new IGAA.

Resolved:

The Board noted the content of the report.

4. Government Actuarial Department (GAD) S.13

The Board received a presentation from the Fund's Actuary, Graeme Muir, Barnett Waddingham.

Graeme outlined the requirements of Section 13 valuations. The Fund's performance in comparison from 2013 and 2016 valuations were discussed.

Resolved:

The Board noted the presentation.

5. Risk Review

The Board received a report and presentation from the Director for Essex Pension Fund. The Board were provided with a brief summary on the progress made with the review of risks so far drawing their attention to the reduction in the quantity of risks.

The Board were informed that original expectations would have been to present the full revised Risk Register at this meeting for their approval. However, due to the appointment of the new IGAA, the Fund thought it would be more prudent to seek advice and guidance from the new IGAA prior to Board approval.

The revised Risk Register would be brought the March 2019 PSB for their approval.

The Chairman notified the Board that she would be meeting with the new IGAA on 22 January 2019.

Resolved:

The Board noted the update.

6. 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 appraised the progress against the objectives, risk and scorecard, noting in particular any areas of concern.

During consideration of this item the following points were highlighted:

- the business plan objectives;
- three-year Business Plan;
- reduction in 3 risks previously scored as amber, now scored as yellow;
- two Scorecard red measures this quarter;
 - one in relation to PSB Member attendance which was highlighted as an issue during the September 2018 PSB meeting; and
 - one in relation to monthly reconciliations carried out by the Investment Team which was caused by new Team Members requiring training and unable partial unavailability of the general ledger.

The Board discussed the revised 4.1 Scorecard paper noting the amount of cases the Fund processed with specific reference to the increase of retirement benefit cases.

The Director for Essex Pension Fund notified the Board of two possible consultations due during 2019; Pooling Guidance and Separation. However, the impact of these consultations remains unclear.

Resolved:

The Board noted:

- the progress against the 2018/19 Business Plan;
- the three year Business Plan;
- the current risks with a score of six or above;
- the latest scorecard measures; and
- the possible consultations during 2019.

7. Review of Administration Strategy

The Board received a report from the Technical Hub Manager which provided details of the consultation undertaken with the Fund's Employers in relation to the draft revised Administration Strategy.

The Board were advised that the Fund has reviewed all comments and suggestions received and made amendments to the revised Administration Strategy where appropriate. Some responses were general queries and have been responded to separately.

The Board were asked to approve the revised Administration Strategy.

Resolved:

The Board approved the revised Administration Strategy.

8. 2019/20 Charging Policy

The Board received a report from the Technical Hub Manager which explained that the policy had worked well again in 2017/18 and that no changes were necessary at this time. Additionally, the charging policy has now been incorporated as an appendix within the revised Administration Strategy.

Resolved:

The Board noted the report.

9. MHCLG Consultation on Technical Amendments

The Board received a report from the Technical Hub Manager which provided the Board with the Fund's response to the Ministry of Housing, Communities and Local Government (MHCLG) consultation in relation to technical amendments to benefits.

The Board noted the Fund's comment on page 110, 2nd paragraph that male partners of post leaving opposite sex marriages would be disadvantaged by the proposed amendments.

Resolved:

The Board noted the report and the Fund's response.

10. 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, 17 October and 28 November 2018, since the last PSB meeting and had made a number of decisions as detailed in the report.

Resolved:

The Board noted the report and update.

11. Pension Advisory Board (PAB) Vacancy

The Board received a report from the Head of Essex Pension Fund notifying the Board of a resignation from a PAB Member.

The Board were asked for their agreement for the Fund to start the recruitment process for a new Scheme Member representative and to agree Membership of the interview panel.

The Chairman notified the Board that the PAB would undergo a review during 2019 to be in line with the 4-year cycle and would therefore ask the Board for their consent to delay the recruitment of one Member, to enable the Fund to undertake a full recruitment exercise for the revised PAB Membership for May 2019. The Chairman informed the Board that she would be seeking further guidance from the IGAA in relation to this recruitment.

Resolved:

The Board noted the content of report and agreed to postpone the recruitment of one PAB Member to enable the PAB to be reviewed as part of its 4-year cycle.

12. PAB Quarterly Report

The Board received an update from the Head of Essex Pension Fund on the PAB meeting held on the 26 September 2018.

It was noted that; the PAB reinstated Paul Hewitt as the Vice Chairman; the PAB agreed their Annual Report to feed into the Fund's 17/18 Annual Report & Accounts; the IGAA tender process agreed by the PSB and an update in relation to Pooling and Stocklending.

Resolved:

The Board noted the content of report.

13. HMRC GMP Update

The Board received a report and presentation from the Head of Essex Pension Fund in relation to the GMP Reconciliation Project.

The Board were notified of the process undertaken by the Fund and the amount of records that were required to be reconciled. The Board appraised the process and the complexities of issues that had arose.

The Head of Essex Pension Fund notified the Board that a future consultation is expected in relation to a further potential project, GMP Equalisation. The Board were notified that the Fund would liaise with the IGAA and Actuary where necessary and would keep the Board updated on developments.

Resolved:

The Board noted the report and presentation.

14. Schedule of Future meetings

The Board received a presentation from the Director for Essex Pension Fund detailing the planned Board and Committee meetings for the next municipal year. The Board were advised that these slides would be provided alongside the minutes to formally agree the proposed Board dates.

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

The Chairman also informed the Board that she would be exploring how Board and Committee training can be delivered in consultation with Officers and the IGAA. The Board agreed that an hour slot prior to a meeting would be preferred.

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

Pension Strategy Board

6 March 2019 – 1.00pm

Investment Steering Committee

20 February 2019 – 1.00pm

27 March 2019 – 1.00pm

Pension Advisory Board

5 February 2019 – 1.00pm

15. Urgent Part I Business

None.

Exclusion of the Public and Press

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.

Resolved:

The Chairman brought to the attention the above statement.

16. MAT Liability Transfer

The Board received a report from the Employer Manager outlining a request received from NET Academies. The Head of Essex Pension Fund, Employer Manager and Fund Actuary notified the Board of the implications to the Fund and the various outcomes that could arise.

Resolved:

The Board noted the content of the report and that a further update would be provided in due course.

17. IGAA - Contractual Arrangements

The Board received a joint report and presentation from the Director for Essex Pension Fund and Head of Essex Pension Fund. The Board were notified that they agreed at their 12 September 2018 meeting that an Appointment Sub Committee (ASC) consisting of Cllr S Barker, Cllr C Riley and Jenny Moore, would be set up to conduct IGAA interviews as part of the IGAA tender.

The results of the Interview process were shared with the Board and they were notified that AON were awarded the IGAA contract which commenced on 3 December 2018.

The Chairman notified the Board that she would be meeting with the new IGAA on 22 January 2019 and therefore saw it appropriate for the IGAA to attend the next PAB meeting scheduled for the 5 February 2019.

Resolved:

The Board noted the report, presentation and update.

18. Pooling Update

The Board received a presentation from the Director for Essex Pension Fund outlining the latest developments in respect of the structural reform of the LGPS.

It was noted that:

- during November 2018, the 1st sub-fund was populated;
- sub-funds 2-9 would be populated during February 2019; and
- sub-funds 10-18 would be populated during May 2019.

Resolved:

The Board noted the presentation.

19. Urgent Exempt Business

None.

20. Closing Remarks

The Chairman reaffirmed that the next PSB would take place on Wednesday 6 March 2019 at its usual start time of 1.00pm.

There being no further business the meeting closed at 11.40am.

Chairman
6 March 2019