

---

**Minutes of the meeting of the Essex Pension Fund Strategy Board, held in Committee Room 2 County Hall, Chelmsford, CM1 1QH on Monday, 18 December 2017**

**Present:**

**Essex County Council**

Cllr S Barker (Chairman)  
Cllr S Canning  
Cllr A Erskine (Conservative Group Substitute)  
Cllr A Goggin  
Cllr T Hedley  
Cllr M Maddocks (Conservative Group Substitute)

Cllr L Scordis

**District/Borough Councils in Essex**

Cllr C Riley

**Unitary Councils**

**Scheme Members**

Mrs S Child

**Smaller Employing Bodies**

Jenny Moore

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

Andrew Coburn  
Mark Paget  
Paul Hewitt\*

\*For part of meeting

The following Advisors were present at the meeting;

Ian Colvin	Independent Governance and Administration Adviser
Graeme Muir	Fund Actuary
Rodney Bass	Specialist Adviser

The following Officers were also present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Sam Andrews	Investment Manager
Sara Maxey	Employer Relationship Manager

---

Matt Mott	Communications Manager
Greg Mortimer	Audit Manager
Andy Gribben	Senior Democratic Services Officer

**1 Apologies for Absence**

Apologies were received from Cllr Moring, Southend Borough Council and Cllr Souter

**2 Declarations of Interest**

The Chairman requested Members declare any interests as appropriate. Councillor Colin Riley declared he was in receipt of an Essex LGPS pension, Councillor Alan Goggin declared his wife, sister and brother-in-law are in receipt of an Essex LGPS pension and Councillor Stephen Canning declared that he was a Director of Essex Cares.

**3 Minutes**

**Resolved:**

That the Minutes of the Essex Pension Strategy Board held on 13 September 2017 be approved as a correct record and signed by the Chairman.

**4 Investment Steering Committee (ISC) Quarterly Report**

The Board received report (EPB/25/17) presented by the Director for Essex Pension Fund and the Head of the Essex Pension Fund.

Members were advised that the Investment Steering Committee was required to submit quarterly reports on its activities to the Essex Pension Fund Strategy Board and that since the Board's last meeting the ISC has met on two occasions 12 October 2017 and 15 November 2017.

The business of those two meetings were detailed in the report and it was

**Resolved**

That the report be noted.

**5 2017 Interim Review**

The Board received report (EPB/26/17 and Annex A) from the Fund Actuary and the Director of the Essex Pension Fund to consider the impact of the Interim Review on the Funding Strategy.

Members of the Board noted that All Local Government Pension Scheme Funds were required to have a full Actuarial Valuation every three years. The last such Valuation was as at 31 March 2016 and the next will be due at 31 March 2019.

Members of the Board were advised that all Funds were required to produce, consult on, and publish a Funding Strategy Statement (FSS). The Board had agreed the FSS at its meeting on 8 March 2017 and also commissioned from the Actuary an Interim Review the report of which was noted to be in Annex A and showed that the funding level had increased from 89% to 93% in the 12 months to 31 March 2017.

Members considered the report, Annex A and the presentation by the Actuary on the Interim Funding Review and it was

### **Resolved**

1. That the 31 March 2017 Interim Review report be noted.
2. That no changes - as a consequence of the 31 March 2017 Interim Review - are made to the Essex Pension Fund's Funding Strategy Statement.

## **6 Funding Strategy Statement**

The Board received report (EPB/27/17) presented by the Director for Essex Pension Fund, the Head of the Essex Pension Fund and the Fund Actuary in order to consider the Funding Strategy in light of the completion of the 2017 Asset Liability Study (as discussed within item 4) and the 2017 Interim Review (as discussed within item 5) and to consider any recommendations that may have arisen.

Members considered the report and the presentation (further to the two previous items) and it was

### **Resolved**

1. In light of the 2017 Asset Liability Study, that the section of the Funding Strategy entitled 'Impact of Investment Strategy' is updated as set out in paragraph 4.3 of the report (and shown as Appendix 1 to these minutes) and
2. in light of the 2017 Interim Review that no changes are made to the Essex Pension Fund's Funding Strategy Statement.

## **7 Consultation on Tier 3 Employers**

Members of the Board considered report (EPB/28/17) by the Employer

Relationship Manager, Essex Pension Fund and were informed that the Scheme Advisory Board have issued an online survey to gather views and information from all tier 3 employers participating in the Essex Pension Fund and that those employers have been further encouraged, by subsequent communications, to participate. The deadline for completion was 31 December 2017. A report providing an update of the survey is expected from the appointed consultant Aon Hewitt in 2018.

**Resolved**

The report was noted.

**8 2017/18 Charging Policy**

The members of the Board considered report (EPB/29/17) by the Employer Liaison Manager, Essex Pension Fund that provided an update on a review of the 2016/17 year-end data submissions exercise, detailed plans for the 2017/18 year-end data submissions exercise were provided with proposed minor revisions to the charging policy for late or inaccurate year-end data submissions, approval was sought for these amendments.

**Resolved**

1. That the Board note the Review of the 2016/17 year-end data submissions exercise and plans for the 2017/18 exercise and
2. approve the charging policy for late year-end data submissions for 2017/18 onwards attached at appendix 2 A to the report (and shown as Appendix 2 to these minutes)

**9 Update on Pension Fund Activity**

The members of the Board considered report (EPB/30/17 and appendices (Ai), (Aii), B and C ) presented by the Director for the Essex Pension Fund and the Head of the Essex Pension Fund and it was

**Resolved**

To note

1. progress against the 2017/18 business plan,
2. the three year business plan,
3. current risks with a residual score of six or above and
4. the latest scorecard measures.

**10 Review of Objectives and Plan of Risks Review**

The members of the Board considered report (EPB/31/17) presented by the Director for Essex Pension Fund and the Head of Essex Pension Fund proposing a timetable for reviewing the objectives and risk register of the Essex Pension Fund.

**Resolved**

That the timetable for the review of the Fund's objectives and risk register was to be:

PSB	18 December 2017	Paper to PSB to approve approach
PAB	24 January 2018	PAB updated on approach
ISC	21 February 2018	Paper to ISC containing Funding and Investment objectives for comment
PSB	7 March 2018	Paper to PSB containing full set of objectives for comment and approval
	March / April	Officers / advisers commence risk review
PAB	Late May 2018	Update on risk review progress to PAB
ISC	Mid-June 2018	Paper to ISC containing draft Funding and Investment risks for comment
PSB	July 2018	Paper to PSB containing draft Risk Register for comment
PSB	Mid-September 2018	Risk register taken to PSB for approval
PAB	Late September 2018	PAB to review process and comment

**11 Digital Delivery: Employer Online and Member Online**

Members of the Board noted report (EPB/32/17) presented by the Director for Essex Pension Fund and the Head of Essex Pension Fund that outlined

the new solution of online services available to both Essex Pension Fund Scheme Members and Employers, highlighted recent significant developments and described the work undertaken by officers to date and the roll out plan for online services. The report also proposed arrangements to allow the Board to monitor progress on the roll out of services.

**Resolved**

That the Board approve

1. the general release of online services to all members and employers in line with the proposed roll out approach;
2. officers be authorised to make all necessary implementation arrangements and
3. progress reports on the distribution of online services be reported to the Board each quarter within Annex A action 17 of the business plan.

**12 Internal Audit Results Report**

The members of the Board noted a report (EPB/33/17) by the Head of Internal Audit and Counter Fraud and presented by Greg Mortimer, Audit Manager, providing a summary of Internal Audit's 2016/17 activity in relation to the pension fund and proposals for 2017/18.

**Resolved**

The Board noted:

1. The outcomes of the 2016/17 plan,
2. The outcomes of the 2016/17 National Fraud Initiative and
3. The planned audits of the Pension Fund for 2017/18.

**13 Essex Pension Fund Advisory Board (PAB) Quarterly Report**

The members of the Board noted a report (EPB/34/17) by the Director for Essex Pension Fund and Head of Essex Pension Fund that provided an update on the activity of the Pension Advisory Board since the last meeting of the Board.

**Resolved**

The Board noted the report.

**14 Date of Next Meeting**

To note that the next meeting of the Board will be held on Wednesday 21 March 2018 in Committee Room 2.

**15 Exclusion of 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.

**16 Operator ACCESS**

The members of the Board considered a confidential report (EPB/35/17 and appendix) by the Director for Essex Pension Fund and the Head of Essex Pension Fund regarding the outcome of the operator procurement for the provision of ACCESS LGPS Pool Operator Services.

**Resolved**

That the Board note:

- the outcome of the operator procurement: and
- the recommendation of the ACCESS Joint Committee (AJC) to award the contract for ACCESS LGPS Pool Operator Services to the successful provider.

That the Board agree that Essex be a joint signatory along with the other 10 ACCESS Authorities on the ACCESS LGPS Pool Operator Services Contract with the successful provider.

**17 Vote of thanks**

The Chairman, noting that this meeting was to be the last attended by Mr Rodney Bass in his capacity as Specialist Adviser to the Board and with the approval of all members and officers present, took the opportunity to thank him for his invaluable service and the significant contribution he had made to the success of the Board.

**18 Close of formal meeting**

---

There being no further business the meeting closed at 15:08pm.

**Chairman**

A training session was subsequently held on InfoBoard.



## Appendix 1

## Funding Strategy Statement – see minute 6 above.

.....  
'As detailed within paragraphs 4.8 and 4.9 of item 4 on this agenda (ISC Quarterly Report) the outputs of the Asset Liability Study included updated probability analysis of the achieving 100% funding. **It is therefore recommended** that:

- the existing wording in the published FSS from “Impact of investment Strategy” (on page 14) through to the start of Section 8 (on page 16) be deleted; and
- the following wording and graph be included within the revised FSS:

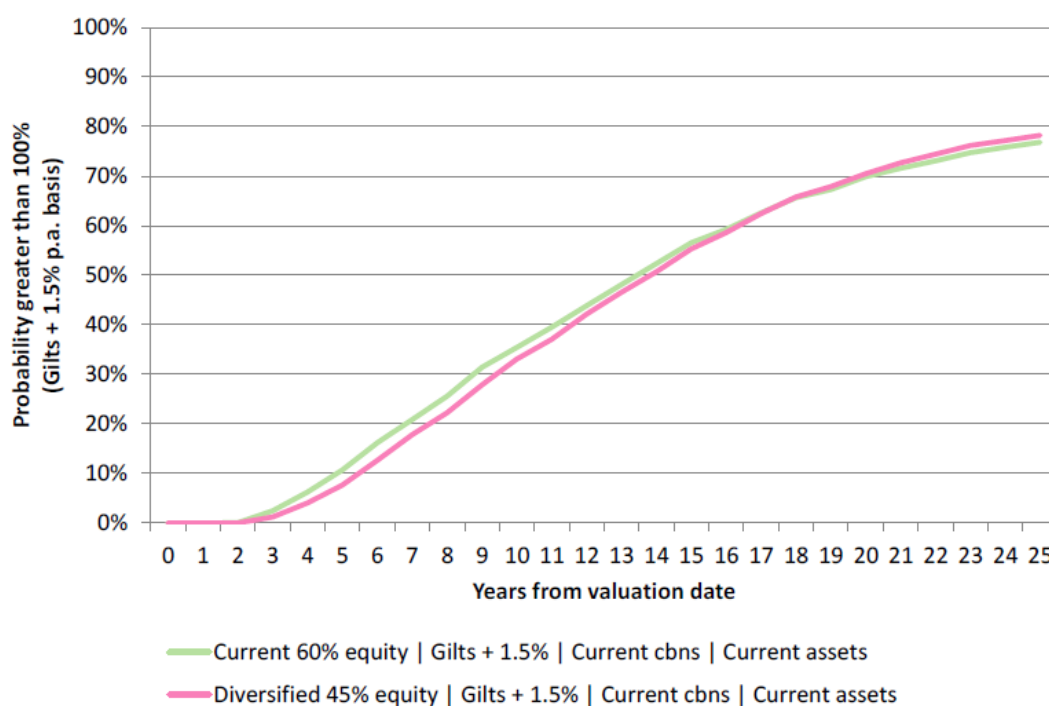
***Impact of investment strategy***

*In autumn 2017 the Investment Steering Committee considered an Asset Liability Study (ALS).*

*In the chart below, the green line highlights the current investment strategy. The ALS indicates that there is a 50/50 chance that the Fund has recovered the current deficit by 2029. There is a c. 75% chance that the deficit will be eliminated by the end of 25 years under the current funding plan.*

*The pink line represents a revised strategy, with which the ISC has agreed in principle and to which the ISC expects to migrate over the next two years. This strategy reduces equity allocation from 60% to 45% with the majority of assets being reinvested in alternatives.*

*As can be seen, the probabilities of success remain broadly the same given alternatives are expected to generate broadly the same level of return as equity. However, this is expected to reduce risk through further diversification of the equity allocation.*



*The Administering Authority has itself undertaken an exercise to identify those risks that are specific to the Fund and the measures to be taken to counter those risks.*

*The resultant risk assessment is attached to the FSS as Schedule A to the report'*

2017/18 Charging Policy – see minute 8 above.

.....

## DRAFT YEAR-END CHARGING POLICY

## Essex Pension Fund

## YEAR-END DATA RETURNS

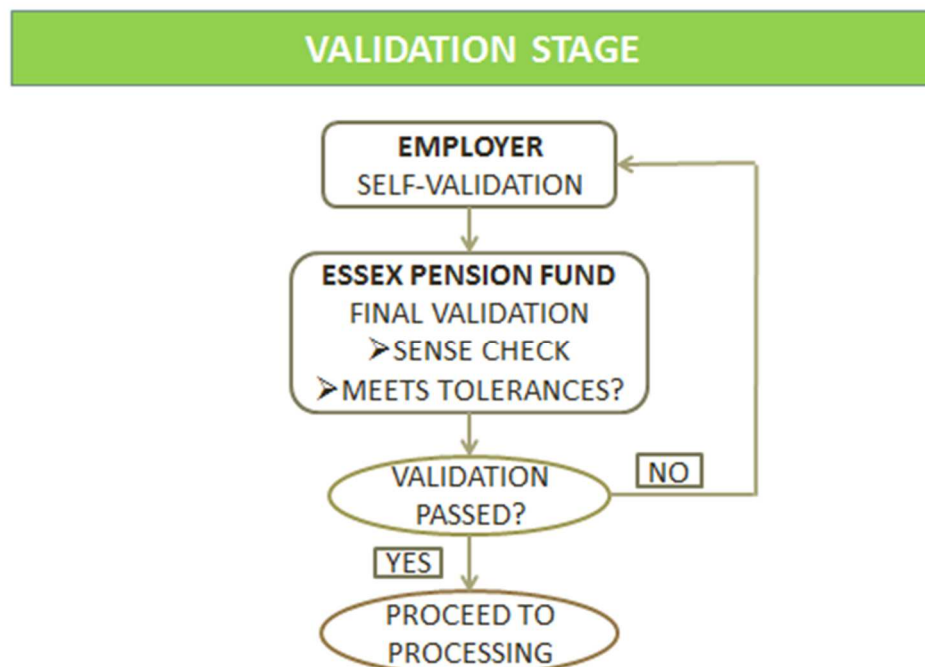
### Policy on charging for late and/or inaccurate returns

Effective date: 18 December 2017

- If a return is late and/or contains errors, or data omissions are identified, then charges can be incurred by an employer at both the Validation stage and at the Processing stage.
- Any charges incurred by employers for either stage will be invoiced at the end of the year-end data return exercise.

Details of the two acceptance stages are outlined below;

Nb. *all dates are following the year-end, e.g. 30 April means 30 April 2018 for the 2017/18 return, 30 April 2019 for the 2018/19 year-end and so on.*



- Employers will be expected to undertake many of the formatting and tolerance checks themselves, by using the self-validation facility built into the year-end data return spreadsheet, before they submit their return.

- Any return submitted with Red or Amber validation errors without explanatory comments, or not submitted on the correct layout provided for the year in question, will be rejected and returned to be corrected and resubmitted
- Correctly submitted returns will then be subject to additional validation and tolerance checks by officers which must be passed before the return can be accepted and proceed to the Processing stage.

**No charge if;**

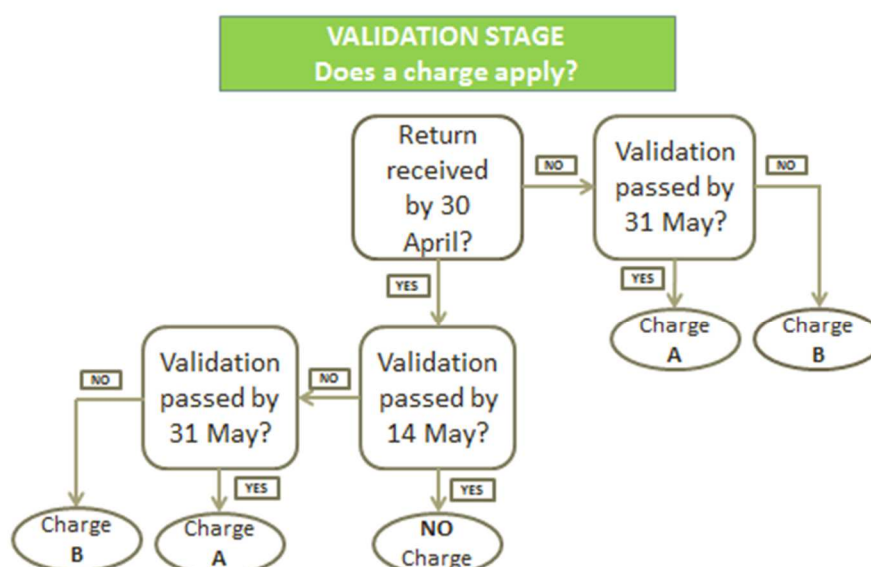
- the return is received by the deadline of 30 April and passes the validation and tolerance checks by 14 May

**Charge A if;**

- the return is received by 30 April and passes the validation and tolerance checks after 14 May but by 31 May, or
- the return is received after 30 April but is received and passes the validation and tolerance checks by 31 May.

**Charge B if;**

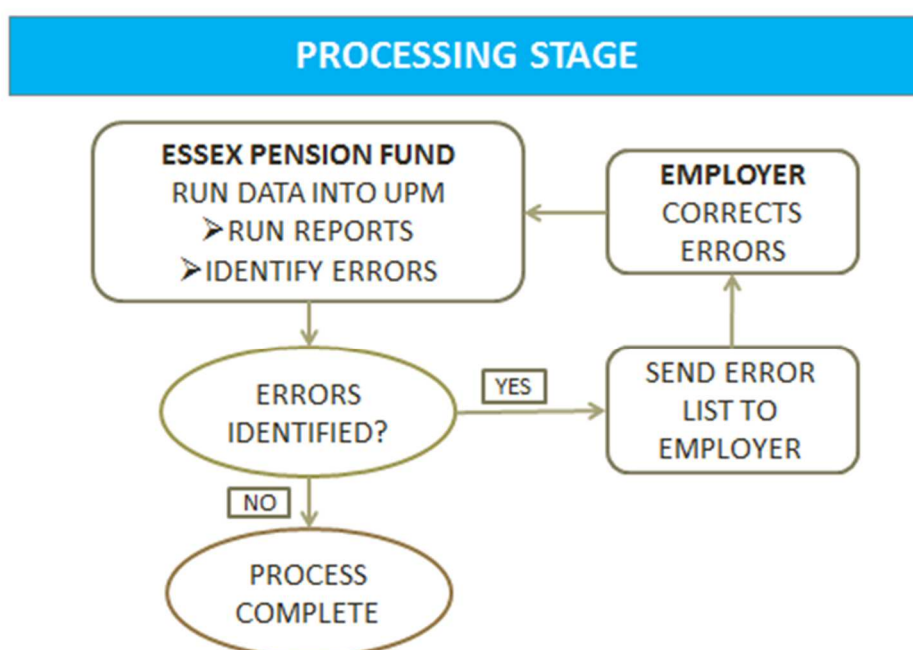
- the return is received after 30 April but by 31 May and does not pass the validation and tolerance checks by 31 May, or
- the return is received after 31 May.



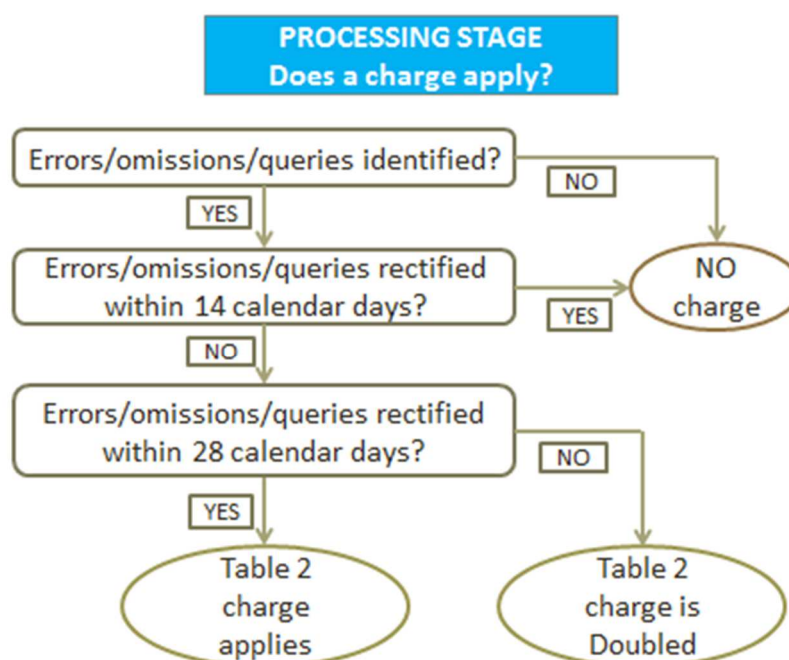
**Table 1: Validation stage charges**

Number of Active members at 31 <sup>st</sup> March	Validation Charge A	Validation Charge B
1 to 25	£206	£412
26 to 50	£361	£721
51 to 75	£464	£927
76 to 100	£567	£1,133

101 to 250	£1,030	£2,060
251 to 500	£2,163	£4,326
501 to 1,000	£2,833	£5,665
1,001 to 5,000	£5,665	£11,330
5,001 to 10,000	£9,785	£19,570
10,001 to 15,000	£15,450	£30,900
15,001 to 20,000	£23,175	£46,350
20,000+	£30,900	£61,800
If a return is not submitted by 31 May then Charge B will apply		
These charges will be increased each year by September's Consumer Prices Index (CPI) annual inflation figure		



- Data provided on the return is run into the administration system to identify any errors on the individual data lines (e.g. missing starter or leaver notifications)
- If any errors/omissions/queries are identified, a list of these will be sent to the employer and the employer will be given 14 calendar days to rectify the errors/omissions/queries.
- If the errors/omissions/queries are not rectified within 14 calendar days from notification by the Fund, there will be a Stage 2 charge
- The Processing charge will be based on the number of errors, omissions and queries in the list sent to the employer and the level of charges is shown in Table 2.
- If completely correct data is not received within 28 calendar days from notification by the Fund, the charge will be doubled.

**Table 2 – Processing stage charges**

No. of errors, omissions & queries	Processing Charge	Double charge*
1 – 10	£103	£206
11 – 20	£206	£412
21 – 30	£309	£618
31 – 40	£412	£824
41 – 50	£515	£1,030
51 – 100	£824	£1,648
101 – 250	£2,060	£4,120
251 – 500	£4,120	£8,240
501 – 750	£6,180	£12,360
751 – 1000	£7,725	£15,450
1001 – 1500	£10,300	£20,600
1501 – 2000	£12,875	£25,750
2001+	£15,450	£30,900

\*If correct data is not received, and any errors/omissions/queries rectified, within 28 calendar days from notification by the Fund then this charge will be doubled

If the data which gave rise to a particular query turns out to be correct then that query will be deducted from number of errors, omissions and queries used to determine the charge

These charges will be increased each year by September's Consumer Prices Index (CPI) annual inflation figure

### Additional charges

Additional charges will be incurred by an employer if a correct return is submitted too late;

- to be included in the annual benefit statements (ABS) run, or
- for correct data to be included in the annual submission/return to the Actuary, Government Actuary's Department or the LGPS Scheme Advisory Board.

Also, if the Fund should incur a fine from the Pensions Regulator as a result of an employer action or inaction then the employer will be required to reimburse the Fund for the amount of the fine.