

Essex Pension Fund Board

Minutes of a meeting of the Essex Pension Fund Board held at 2.00 pm at County Hall, Chelmsford on 15 December 2010

Membership/Attendance

Essex County Council (6)

- | | |
|---|-------------------------|
| * Cllr R L Bass (Chairman) | * Cllr A J Jackson |
| Cllr Mrs T M Chapman (Deputy
Chairman, in the Chair) | * Cllr M C Lager |
| Cllr D M Finch | * Cllr T C Smith-Hughes |

District/Borough Councils in Essex (2)

- | | |
|---|---|
| * Cllr J P F Archer, Maldon District
Council | Cllr Mrs P A Challis, Castle Point
Borough Council |
|---|---|

Unitary Councils in Essex (1)

- | | |
|----------------------------------|--|
| Cllr B Johnson, Thurrock Council | * Cllr B Kelly, Southend on Sea
Council (named substitute with
right to attend all meetings) |
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Essex Police Authority (1)

- * Cllr S M Walsh

Essex Fire Authority (1)

- * Cllr E C Johnson

UNISON (to represent all Scheme members) (1)

Vacancy

* Present

The following were also in attendance:

Margaret	Lee	Director for Finance
Martin	Quinn	Head of Investments
Kevin	McDonald	Group Manager, Investments
Jody	Evans	Pensions Services Manager
David	Tucker	Employer Liaison Manager
Karen	McWilliam	Independent Governance and Administration Adviser
Paul	Middleman	Fund Actuary (Mercer)
Natalie	Thoms	Audit Commission
Judith	Dignum	Governance Officer

28. Apologies for Absence

Apologies for absence were received on behalf of Councillors Mrs P A Challis, Mrs T M Chapman, D M Finch and B Johnson.

Apologies for lateness were received on behalf of Councillor A J Jackson.

29. Declarations of Interest

Members declared personal interests as set out below:

Member	Nature of Interest
Councillor M C Lager	Member of Braintree District Council (Cabinet Member for Efficiency and Resources) Member of Witham Town Council
Councillor S M Walsh	Member of Braintree District Council Member of Great Bardfield Parish Council
Councillor B Kelly	Close family members belong to various Local Authority Pension Schemes
All Councillors present	Members of Employing Authorities within the Essex Pension Fund.

30. Minutes**Resolved:**

That the minutes of the Essex Pension Fund Board held on 25 August 2010 be approved as a correct record and signed by the Chairman.

Governance**31. Measurement Against Fund Objectives and Risks**

The Board considered a report (EPB/17/10) by the Independent Governance and Administration Adviser in conjunction with the Head of Investments and the Pensions Services Manager. The report set out the proposed methods for measuring against the Fund's agreed objectives and the way in which this would be reported to the Board on an ongoing basis. In addition, proposals were made regarding the monitoring of the risks of not achieving the Fund's objectives and how this would be reported to the Board.

The following matters arose from consideration of the report:

- Whilst giving their broad support to the proposals as a means to focus on what the Board was attempting to achieve, Members cautioned against a 'tick box' approach involving the preparation of lengthy, complicated reports. It was noted that future reports would highlight key issues only.
- It was agreed to broaden the measurements for objective b) on page 2 of Annex A to include reference to employers.

- With regard to page 5 of Annex A, it was agreed to add 'the receipt of satisfactory audit reports' to the list of management structures indicating proper management of the Fund

Resolved:

1. That progress against the business plan, performance against the objectives and the risks of not achieving the objectives be monitored and managed by officers on a day to day basis.
2. That use of the measures against objectives detailed in Annex A of the report be approved, subject to the amendments agreed at the meeting as set out above.
3. That the Board be provided with:
 - A progress report against the business plan at each meeting (as is currently the case);
 - A copy of the risk register at each meeting; and
 - An annual report (each December) presenting performance against the Fund's agreed objectives.

32. Update on 2010/11 Business Plan

The Board received a joint report (EPB/18/10) by the Head of Investments and the Pensions Services Manager which provided an update on the Essex Pension Fund 2010/11 Business Plan.

In presenting the report, the Head of Investments drew attention to two key areas of work that had arisen in addition to that identified within the business plan. One of these related to the Independent Public Service Pension Commission chaired by Lord Hutton, and the Board noted the Director for Finance's comment that this was likely to represent an ongoing commitment requiring considerable resources. Consideration was currently being given as to how this should be managed, and a further report on the matter had been included elsewhere on the agenda for the meeting (minute 35 below refers).

The report was noted.

33. Annual Training Needs Assessment

The Board considered a report (EPB/19/10) by the Independent Governance and Administration Adviser which provided an overview of progress made against the agreed training plan, considered training requirements for next year and outlined available training courses in the forthcoming months.

The following matters arose from consideration of the report:

- The Chairman highlighted the value of external training and conferences, and asked Members to advise Officers of any events which they wished to attend.
- A training plan would be formulated and submitted to a future meeting of the Board. Following this, there would be an assessment of knowledge to identify

any remaining training needs, to include Members being asked to undertake an individual training needs assessment.

- A report would be submitted to the next meeting providing a more detailed assessment of the action needed to comply with the CIPFA Knowledge and Skills Framework for LGPS Funds.

Resolved:

1. That the progress made on training to date be noted.
2. That the Board aim for compliance with the CIPFA Knowledge and Skills Framework for LGPS Funds, with a report to be submitted to the next meeting providing a more detailed assessment of the action needed to achieve this.
3. That a training plan be developed for 2011, followed by an assessment of knowledge to identify any remaining training needs.
4. That Members advise Officers of any training or conferences which they wished to attend.

34. Forward Look

The Board received a report (EPB/20/10) by the Governance Officer which presented a Forward Look detailing the Board's future business.

Members noted particularly that the final valuation report and the Funding Strategy Statement would be included on the agenda for the meeting of the Board in March 2011.

35. Lord Hutton Review of Public Sector Pensions – Update

The Board considered a joint report (EPB/21/10) by the Director for Finance, the Head of Investments and the Pension Services Manager which provided an update on the progress on Lord Hutton's review of public service pensions and considered the role of the Board in further related consultations.

In introducing the report, the Head of Investments advised that the call for evidence referred to in paragraph 4.4 of the report had been made on 1 November rather than 1 December as stated.

Members gave consideration to the level of input from the Board into the current call for evidence and also into future consultations on changes arising from the review. It was agreed that, due to the timescales involved and the complexity of the subject matter, the response to the current call for evidence should be signed off by the Director for Finance, with Members passing any comments they may wish to see included to her in advance of the deadline. For the future, it was agreed to establish a small sub-group of the Board to debate and feed into consultations relating to the reform. The sub-group would comprise three members, who should not be representatives of the same employing authority, and would be chaired by Councillor R L Bass.

As discussed earlier in the meeting (minute 32 above refers) the Director for Finance emphasised that the action required to implement any changes arising from the Review would constitute a large piece of work with extensive implications in terms of staffing resources and costs. It was not yet clear whether or not there would be a need to employ additional staff.

Members asked to receive a digest of the Review's final report as soon as possible after publication, which was expected in early March 2011 to feed into the Government's budget process.

In response to a question, it was noted that the Review's interim report included data on the size and membership of other public sector pension schemes.

Resolved:

1. That the progress made to date be noted.
2. That a sub-group of the Board be established to debate and feed into consultation on reform arising from the work of the Public Service Pensions Commission. The sub-group would comprise three members, who should not be representatives of the same employing authority, and would be chaired by Councillor R L Bass.

Investments

36. Investment Steering Committee (ISC) Quarterly Report

The Board received a report (EPB/22/10) by the Head of Investments which provided an update on ISC activity since the last Board meeting. There had been one meeting of the ISC during that period, on 13 October 2010, and also a meeting of the Appointments Sub-Committee on 14 September.

The report was noted.

Funding

37. March 2010 Actuarial Valuation Update

The Board received a presentation from the Fund Actuary, Paul Middleman, concerning the outcomes from the 2010 Actuarial Valuation. The key message was that the funding strategy developed arising from the Valuation had succeeded predominantly in achieving the objective of stability of contribution rates, which could be considered as a positive outcome for employers and the Pension Fund alike.

Mr Middleman clarified the following points in response to Members' questions:

- The final Funding Strategy Statement (FSS) would be submitted to the March meeting of the Board for approval, with the final sign-off of the valuation report due by 31 March 2011.
- In the list of employers on page 5 of the presentation slides circulated at the meeting, 'Essex Schools' related to non-teaching staff. There was a separate pension scheme for teachers.

- The valuation results had been communicated to the Essex Police and Essex Fire Authorities.

The Chairman commented on the need to bear in mind in the current economic climate that any significant reduction in the number of active Pension Fund members (with an associated fall in employee contributions) as a result of redundancies may necessitate a rise in the employer contribution rate at some point in the future. He thanked Mr Middleman for his presentation.

38. Funding Strategy Statement

The Board considered a report (EPB/23/10) by the Head of Investments which reported the responses to the recent consultation exercise on the draft Funding Strategy Statement (FSS) for 2010/11 and made further proposals with regard to its final approval.

Resolved:

1. That the responses to the consultation exercise be noted.
2. That the proposed course of action with regard to the Grouped Employers be approved.
3. That the draft FSS, amended if appropriate in the light of individual and collective discussions with the Small Admission Bodies Group (SABG), be submitted to the Board for final approval on 9 March 2011.

Administration

39. Administering Authority Discretions

The Board received a report (EPB/24/10) by the Pensions Services Manager which asked Members to note the discretionary policies currently operated by Pensions Services and Investments in respect of certain administering authority discretions. These were shown in the Administering Authority Statement of Policy on Discretions in Relation to the Local Government Pension Scheme attached to the report as an appendix. The report also asked the Board to approve the Statement of Policy, subject to its final review by a pensions lawyer and the Fund Actuary and to any consequent material changes being brought back for further approval.

In discussing the report Members gave particular consideration to whether the Board would wish to have input into the exercising of any of the discretions, with a view to ensuring good governance. It was agreed to consider the possibility of establishing a sub-group to deal with this and other broader governance issues as part of the forthcoming review of the Board.

Resolved:

1. That the policies shown in the Statement of Policy attached to the report be approved, subject to their final review by a pensions lawyer and the Fund Actuary and to any consequent material changes being brought back for further approval.

2. That the possibility of establishing a sub-group to deal with broader governance issues be considered as part of the forthcoming review of the Board.

40. External Audit – Annual Governance Report for the Essex Pension Fund Accounts 2009/10 Forward Look

The Board received a report (EPB/25/10) by the Director for Finance which submitted for information the Annual Governance Report for the Pension fund (AGR) by the District Auditor and the Action Plan prepared in response to that AGR.

Members were pleased to note that the audit of the Pension Fund had been a smooth process, resulting in the issue of an unqualified audit opinion.

The report and appendices were noted.

41. Dates of Future Meetings

Resolved:

1. That meetings of the Board be held at County Hall, Chelmsford on the following dates, commencing at 2.00pm

29 June, 28 September and 14 December 2011
7 March 2012
2. That Members reserve the entire day on each of the above dates to allow for training and development activities.

The meeting closed at 3.05pm.

Chairman
9 March 2011