

## **Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 6 March 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	(arrived 1.24pm due to traffic)
Cllr M Maddocks	
Cllr C Souter	
Cllr L Scordis	
Cllr A Hedley	

##### **Scheme Member Representatives**

Sandra Child (UNISON)

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
David Tucker	Technical Hub Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst
Karen McWilliam	IGAA (AON)
Mary Lambe	Support to IGAA (AON)

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

The Chairman welcomed Karen McWilliam as Independent Governance & Administration Advisor (IGAA) and Mary Lambe as support to IGAA to their first PSB meeting. Both Karen and Mary introduced themselves to the Board.

#### **Apologies for Absence**

Apologies were received from Cllr Riley (Castle Point Borough Council), Cllr Moring (Southend-on-Sea Borough Council), Jenny Moore (Smaller Employing Bodies), Nicola Mark (Chairman Pension Advisory Board (PAB)), Paul Hewitt, Andrew Coburn and Debs Hurst (PAB Scheme Member Representatives).

## **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 M Maddocks declared he was in receipt of an Essex LGPS Pension. Cllr Hedley declared he is in receipt of an Aviva pension.

Cllr Hedley also stated, directly following the meeting, that his daughter was in the Teachers Pension Scheme. On checking with the IGAA, this does not need to be held as a declaration but has been noted by the Fund.

## **2. Minutes**

Minutes of the meeting of the PSB held on 19 December 2018 were approved as a correct record and were signed by the Chairman.

The Chairman stated that the MAT liability transfer update was included in the agenda at item number 12.

### **Resolved:**

The Board noted the update.

## **3. LGPS Governance**

The Board received a presentation from the Independent Governance & Administration Advisor (IGAA) in relation to LGPS governance and the challenges ahead and their potential impact on the Fund over the next 3 to 5 years. These included but were not limited to: Fair Deal, GMP Equalisation, ACCESS, Triennial Valuation, Data Quality and Data security.

The Board discussed recent developments in the cost CAP process. The significant degree of uncertainty regarding next steps was noted.

The possibility of a 12 week consultation on exit CAP payments was also noted.

The Board were also informed that the Scheme Advisory Board (SAB) had initiated a Good Governance project, previously known as 'Separation'. The SAB have appointed Hymans Robertson to carry out the Good Governance Project and it is likely that the Fund will be asked for input later in the year.

### **Resolved:**

The Board noted the presentation and content.

## **4. Update on Fund Activity**

The Board received an update from the Compliance Manager 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 has been made on the Business Plan, although some tasks would roll over into 2019/20 due to deadlines not aligning with the end of the financial year;
- the proposed Business Plan tasks for 2019/20 were presented to the Board for their agreement;
- an update on the current risk register was provided to the Board highlighting those with a score of Amber or more;
- the Scorecard included the results of the Annual Employer and Member surveys. Improved scores were highlighted to the Board as well as those areas which had declined in performance. Two measures highlighted to the Board that were recorded as Red:
- 1.4.4 PAB vacancy, however the Board were advised that this would be covered as part of agenda item 6; and
- 5.2.6 Decrease in response to employer surveys, however discussions had already taken place on how this score could be improved for the next Survey.

**Resolved:**

The Board agreed:

- the proposed 2019/20 Business Plan tasks.

The Board noted:

- the progress for 2018/19;
- the current risks scoring an Amber; and
- the latest scorecard measures.

**5. 2019/20 Objectives, Business Plan, Risk Register and Scorecard**

The Board received a report and presentation from the Compliance Manager.

It was noted that the objectives were agreed at previous PSB meetings held in March and July 2018 and had been included within the new draft Business Plan template.

A new draft Business Plan template was presented to the Board and the Board were asked for their approval for the Fund to use this template going forward.

The work undertaken by the Fund in relation to the revised Risk Register was outlined. It was noted that the risks had reduced from 83 to 46, although amber risks had increased from 14 to 21. It was explained that this was due to the re-assessment and combination of risks which took place during in the full review. The Board were informed that the review was now complete, and the

Fund was seeking approval for the revised Risk Register to go live. The Board were also informed that the revised Risk Register would be a “live” document allowing amendments to be made as and when required.

The Board were notified that the Fund was in consultation with the IGAA in relation to the format of the Scorecard. The Board were advised that the reformatting of this document would enable better reporting to the Board but may not go live until 2020/21.

**Resolved:**

The Board agreed:

- the draft template of the revised Business Plan; and
- for the revised Risk Register to go live.

The Board noted:

- revised objectives within the draft Business Plan template; and
- the update in relation to the revision of the Scorecard.

**6. Governance Compliance Statement & PAB Review**

The Board received a joint report from the Compliance Manager and the IGAA

The Board were provided with an update on the review of the Governance Compliance Statement, which included the revision of the Terms of References for the PSB, Investment Steering Committee (ISC) and PAB.

The Board also received the timeline for the PAB review and were asked for agreement on what the Interview Panel membership should include.

**Resolved:**

The Board agreed:

- the approach for the review; and
- that the interview panel should consist of two PSB Members (Cllr Barker and Cllr Platt), the IGAA and one Officer from the Fund.

**7. Fair Deal**

The Board received a report and update from the Technical Hub Manager.

The Board were notified that the Fair Deal consultation was launched by the MHCLG on 10 January 2019, with a deadline of 4 April 2019.

The draft response was discussed and it was noted that the draft response had been shared with Fund employers for their information when considering their own responses.

Discussions were still ongoing and the draft response could be amended, subject to the agreement by the PSB Chairman.

**Resolved:**

The Board noted:

- the consultation and the Fund's draft response; and
- discussions with advisers was still ongoing and minor amendments could be made before the final response is submitted.

## **8. 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 20 February 2019 and the decisions made were detailed within the report.

### **Resolved:**

The Board noted the report and update.

## **9. PAB Quarterly Report**

The Board received an update from the Compliance Manager in relation to the PAB meeting held on the 5 February 2019.

The PAB were notified of the PSB's decision, at their December meeting, to review PAB membership as a whole rather than to set up a recruitment exercise for one vacancy.

The Board also discussed what the PAB could be asked to review as part of their 'critical friend' role to the Board moving forward. The IGAA informed the Board that the revised Risk Register as well as the Pension's Regulator (tPR) Code of Conduct could be good areas for the PAB to review.

### **Resolved:**

The Board noted the report and update.

## **10. Schedule of Future meetings**

It was brought to the attention of the Board that the next ISC meeting may have an earlier start time of 11am.

### Pension Strategy Board

3 July 2019

11 September 2019

18 December 2019

4 March 2019

### Investment Steering Committee

27 March 2019 –possible 11am start

26 June 2019

17 July 2019

9 &10 October 2019 – Baillie Gifford Investment Conference

27 November 2019

19 February 2020

25 March 2020

Pension Advisory Board

5 June 2019

25 September 2019

15 January 2020

**Resolved:**

The Board confirmed the schedule of meetings and the potential for the next ISC meeting, 27 March 2019, to be at an earlier start of 11am.

**11. 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.

**12. MAT Liability Transfer**

The Board received an update from the Employer Manager in relation to the MAT Liability Transfer. This included the view of the Fund's Actuary and the draft proposal from the Employer Manager regarding the request received from NET Academies liability transfer.

**Resolved:**

The Board noted the update and agreed:

- subject to satisfying the circumstances highlighted in 4.2 of the report, to accept, in principle, the terms of the draft proposal.

**13. Pooling Update**

The Board received a presentation from the Director for Essex Pension Fund outlining the latest developments, specifically in relation to the MHCLG Statutory Guidance on LGPS Asset Pooling.

**Resolved:**

The Board noted that:

- the ISC noted the ACCESS joint response to the Governments

- consultation at their meeting on 20 February 2019;
- the ISC will utilise the Fund's decision-making Process, section 3, to agree to the final response considered at the ACCESS Joint Committee meeting due to be held on Monday 18 March;
- the PAB comments will be provided in response to the consultation separately; and
- the final ACCESS response will be on the 27 March 2019 ISC agenda for noting.

#### **14. Urgent Exempt Business**

None.

#### **15. Closing Remarks**

The Chairman reaffirmed that the next PSB would take place on Wednesday 3 July 2019 at its usual start time of 1.00pm.

There being no further business the meeting closed at 14:43pm

**Chairman  
3 July 2019**