

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 12 September 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 A Goggin
Cllr C Pond
Cllr C Souter
Cllr L Scordis

District/Borough Councils in Essex

Cllr C Riley Castle Point Borough Council

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
Sara Maxey	Employer Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst

Ian Colvin	Independent Governance and Administration Advisor (IGAA) (Hymans Robertson LLP)
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The following Essex Pension Fund Advisory Board (PAB) members were present as observers of the meeting:

Paul Hewitt.	Scheme Member Representative
Mark Paget	Scheme Member Representative

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

The Chairman welcomed Amanda Crawford, Compliance Manager, to her first PSB meeting along with PAB observers Paul Hewitt and Mark Paget.

Apologies for Absence

Apologies were received from Cllr M Platt, Cllr A Hedley, Cllr M Maddocks (Essex CC), Cllr A Davies and Cllr A Erskine. Cllr Moring (Southend-on-Sea Borough Council) was absent from the meeting.

It was noted that PAB members Debs Hurst and Andrew Coburn were unable to attend.

The Chairman noted that the PSB was not fully attended.

Declarations of Interest

Declarations were received from Cllr S Barker, Cllr C Souter, Cllr C Riley and Jenny Moore who were in receipt of an Essex LGPS pension. Cllr A Goggin declared his wife, sister and brother-in-law were in receipt of an Essex LGPS pension.

2. Minutes

Minutes of the meeting of the PSB held on 4 July 2018 were approved as a correct record and signed by the Chairman.

The Chairman asked for an update on the following items within the minutes:

- the Director for Essex Pension Fund gave an update on the Brewster case confirming that the Ministry for Housing, Communities & Local Government (MHCLG) was understood to be considering guidance on this matter;
- the Director for Essex Pension Fund confirmed that, as of 31 March 2018, the Fund was valued at £6.5Bn. However, since then the fund's value had increased to approximately £7Bn.

Resolved:

The Board noted the discussion and update.

3. External Audit Report 2017/18

The Board received a report from the Director for Essex Pension Fund outlining Ernst & Young's (EY) external Audit Results Report in relation to the 2017/18 financial statements of the Essex Pension Fund.

It was explained that a revised timetable for this year's accounts meant that the PSB were now receiving a final report in September whereas, this time last year, they would have been in receipt of the draft report prior to the Audit, Governance and Standards Committee. However this report was approved by Audit, Governance and Standards Committee on 30 July 2018.

The Director for Essex Pension Fund expressed thanks to the Investment Manager and Employer Manager who lead the accounting function within the team.

Re: Pension Disclosures within Employer Bodies' Financial Statements

The Chairman noted the revised assets within IAS19 disclosures within the accounts of tax raising bodies. The Employer Manager confirmed an estimated performance number was used in the initial disclosures. Given the eventual actual number being different, revised disclosures were required. It was noted that this would not affect cash contributions from Employers.

The Chairman noted inconsistencies of terminology within the report and asked the Director for Essex Pension Fund to discuss these inconsistencies with EY.

The Chairman passed on their congratulations to the Employer Manager and the team and their thanks to the auditors.

The Chairman stated that the PAB may wish to review certain findings within the report.

Resolved:

The Board noted the content of the report.

4. Internal Audit Report 2017/18

The Board received a report from the Head of Assurance outlining the Internal Audit Results in relation to the control environment of the Pension Fund and Administration for 2017/18.

The Director for Essex Pension Fund explained role of Internal Audit and highlighted the issues that had been raised within the report.

It was noted that the Governance of the Fund's Boards were now being managed in-house by the Compliance Team and therefore this area of improvement would be actioned accordingly.

The Board agreed it was an impressive report and the Chairman noted the amount of 'green' ratings.

Resolved:

The Board noted the content of the report.

5. Risk Review

The Director for Essex Pension Fund provided the Board with a brief summary on the progress made with the review of objectives and risk within the Essex Pension Fund. They explained that the fund was not as far forward with the review as first expected although significant progress has been made.

Ian Colvin, IGAA, provided the Board with a presentation outlining the key steps already completed including the redefining of risks along with their

mitigations. In addition, the Board noted the next steps to be taken which included the alignment of the fund's risk management processes to that of the ECC's along with the scoring of risks and the development of a revised scorecard.

The Board asked if Brexit would have an impact on the management of risks. The Director for Essex Pension Fund informed the Board that the Fund was conscious of potential volatility albeit the requirements were held for the long term. It was noted that the Actuary would be present at the December 2018 PSB meeting.

The Chairman asked the IGAA for an example of new risks within the register. The IGAA confirmed risks had been included to ensure the GDPR regulations had been considered. The Director for Essex Pension Fund also confirmed that Pooling had been included within the revised risk register.

The Chairman asked if the full revised risk register could form part of the December 2018 PSB Agenda Pack to enable the changes made by the Fund to be assessed by the Board.

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;
- revised wording of objectives would be included when the full review of objectives, risks and scorecard had been completed – April 2019.
- three year Business Plan;
- no changes to the Fund's risks;
- no Scorecard red measures this quarter;
- amber measure in respect of Castle Point Citizens Advice, one of the Fund's admitted bodies;
- amber measure in respect of a minor data breach during the dispatch of balance of pension notifications which has now been resolved;
- amber measure in respect of Employers not paying their contributions on time; and
- the Essex Pension Fund has been shortlisted for the Local Authority Pension Fund awards which will take place in October 2018.

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; and
- the latest scorecard measures.

7. 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 one occasion, 18 July 2018, since the last PSB meeting. It was highlighted the 27 June ISC had also been included within this update as the meeting had occurred after the 4 July PSB agenda pack was dispatched.

The Director for Essex Pension Fund informed the Board that during the July ISC meeting presentations were received from Goldman Sachs Asset Management (GSAM) and Aviva.

The Board queried the amount of contributions from the Fund in relation to ACCESS. The Director for Essex Pension Fund confirmed the savings outweigh the expenses.

Resolved:

The Board noted the content of the report.

8. Training Plan

The Board received a report and presentation from Ian Colvin, IGAA, in relation to the training framework that had been developed for the next two years.

It was noted that Board Members would prefer more direct reminding on what modules need to be completed by when.

Resolved:

The Board noted the content of report and presentation.

9. Schedule of Future meetings

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

Pension Strategy Board

19 December 2018 – 9.30am

6 March 2019

Investment Steering Committee

18 July 2018

17 October 2018

28 November 2018
20 February 2019
27 March 2019

It was agreed that the 19 December 2018 PSB meeting would start at the earlier time of 9.30am. All other meetings would commence at 1pm. Members were reminded by the Chairman that if they were unable to attend any of the meetings they should seek to make arrangements to be represented by a group substitute.

10. Urgent Part I Business

The Director for Essex Pension Fund advised the Board of a recent statement in Parliament relating to unfunded schemes and not the LGPS.

There was also the potential change in GAD valuation timeframes from 3 years to 4 years.

Resolved:

The board noted the update.

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.

11. Year End Returns Charging Policy update 2017/18

The Board received a report from the Technical Hub Manager outlining the year-end data submissions exercise.

The Board noted the 34 data fields Employers were to complete. The Board also noted the trend analysis showed improvement.

Resolved:

The Board noted the content of the report.

12. IGAA Contractual Arrangements

Ian Colvin, IGAA, was asked to leave the room for this agenda item.

The Board received a report from the Director for Essex Pension Fund. The Board was notified that the current IGAA contract with Hymans Robertson was due to expire end October 2018.

Resolved:

The Board agreed:

- to utilise the National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services;
- to utilise an Appointment Sub Committee (ASC) for the interviews of the IGAA;
- membership of the ASC would consist of: Cllr S Barker; Cllr C Riley and Jenny Moore; and
- the re-procurement of the IGAA would be added to the 2018/19 Business Plan.

13. Pooling Update

The Director for Essex Pension Fund gave an update outlining the latest developments in respect of the structural reform of the LGPS.

It was noted that, during August 2018, the Financial Conduct Authority (FCA) approved the Authorised Contractual Scheme (ACS) and one sub-fund. The first sub-fund would go live in October 2018.

The Board were made aware of the agenda items going forward at the next Joint Committee which was due to take place on 19 September 2018.

Resolved:

The Board noted the presentation.

14. Urgent Exempt Business

None.

15. Closing Remarks

The Chairman reaffirmed that the next PSB would take place on Wednesday 19 December 2018 at the earlier start time of 9.30am.

There being no further business the meeting closed at 2.33pm



**Chairman
19 December 2018**

