

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 18 December 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	
Cllr M Maddocks	

Left 10.25am

District/Borough Councils in Essex

Cllr M Dent	Southend Borough Council
Cllr C Riley	Castle Point Borough Council

Scheme Member Representatives

Sandra Child (UNISON)

Other Employing Bodies

Jenny Moore

The following officers and advisers were also present in support:

Jody Evans	Interim Director for Essex Pension Fund
Sara Maxey	Employer Manager
Sam Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Karen McWilliam	Independent Governance & Administration Adviser (IGAA) (AON)

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

Andrew Coburn	Scheme Member Representative
James Sheehy	Scheme Member Representative

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

Opening Remarks

The Chairman welcomed the Board.

Apologies for Absence

It was noted that Cllr C Souter, Cllr A Hedley, Cllr L Scordis and Cllr A Erskine, along with PAB Members, Nicola Mark and Debs Hurst were unable to attend the meeting.

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 stated that his wife, sister and brother-in-law were in receipt of an Essex LGPS pension. Cllr M Maddocks, Cllr C Riley, Sandra Child and Jenny Moore declared they were also in receipt of an Essex LGPS Pension.

Cllr S Barker also declared that she sits on the Foreign Travel Committee which related to Agenda Item 11.

Cllr M Platt declared that he is the Deputy Cabinet Member for Environment & Climate Change Action.

Resolved:

The Committee noted the report.

2. Minutes

Minutes of the meeting of the PSB held on 11 September 2019 were approved as a correct record and signed by the Chairman.

3. Update on the Terms of Reference (TOR) for PSB, ISC and PAB

The Interim Director for Essex Pension Fund informed the Board that the PSB, ISC and PAB TORs were approved by Full Council on 8 October 2019 and had now been published within the Council's Constitution.

Clarification was also provided in regard to Appendix D entitled 'Other Matters', an extract from the Council's Constitution in regard to other pension related responsibilities.

Resolved:

The Board noted the revised TORs.

4. PSB Member Recruitment

4a. Arrangements for Other Employing Bodies PSB Representative

The Interim Director for Essex Pension Fund reminded the Board that Jenny Moore would be stepping down as the Other Employing Bodies PSB Representative after the 4 March 2020 PSB meeting as agreed at their last meeting.

A report was presented to the Board providing details of the proposed recruitment process including a timeline for the position to be filled.

The Board expressed thanks to Jenny for her commitment and service on the Board.

Resolved:

The Board agreed the commencement of the recruitment process and timeline to fill the Other Employing Bodies PSB Representative.

4b. Arrangements for Scheme Member PSB Representative (UNISON)

The Chairman requested Sandra Child be excluded from the meeting for the discussion of this item.

The Interim Director for Essex Pension Fund notified the Board that Sandra's 4-year term would cease at the end March 2020.

A report was presented to the Board on the arrangements for reviewing the Scheme Member PSB representative position.

The Board expressed the view that in order to provide continuity and retain Fund knowledge it would be their preference if UNISON re-appointed Sandra Child for a further 4-year term.

Resolved:

The Board agreed for Officers to approach UNISON in relation to the re-appointment of Sandra Child as the Scheme Member PSB Representative.

5. EPF Policies and Publications

The Independent Governance & Administration Adviser (IGAA) provided the Board with an overview of the work undertaken by Officers noting the progress made against the review of the Fund's Policies and Publications.

The Board were notified that on review of the Fund's Scorecard measures, the IGAA made recommendations for minor amendments to be made to the Fund's objectives to ensure they were measurable.

The IGAA explained the reasons for each of the amendments. The Board acknowledged that the Scorecard is an ongoing document and therefore should be changed as and when required.

Resolved:

The Board:

- noted the progress made against the review of the Fund's Policies and Publications; and
- approved the amendments to the Fund's Objectives.

6. Good Governance Report

The IGAA introduced this item to the Board highlighting the self-assessment (Appendix A) carried out by the Fund against the recommendations made within the Good Governance Survey carried out by Hymans Robertson during July 2019 (Appendix B).

The IGAA stated that the Fund was in a strong position and whilst there were areas marked as partially compliant, the Fund have started to put measures in place to become fully compliant in the near future. An example of this was the Fund's Conflict of Interest Policy due to be approved by the Board at their March 2020 meeting.

A key area of discussion was in relation to the Fund's approval of the Business Plan alongside a Pension Fund Budget. The Interim Director for Essex Pension Fund confirmed that the Fund has an internal operational budget and highlighted the current arrangements undertaken within ECC in regard to the budget approval process. It was explained that a recommendation of the Good Governance Review was the Board should in the future be presented a budget alongside the Business Plan for approval.

Resolved:

The Board noted the report and update.

7. Valuation Update

The Employer Manager introduced this item to the Board highlighting the progress made against the timetable that was agreed at their 11 September 2019 meeting.

The Board were informed that results had been issued to:

- all 18 District and Other Tax Raising Bodies;
- all 9 colleges;
- 22 out of the 34 Other Admission Bodies; and
- 3 of out of the 5 Designated Employers.

The Board were made aware that the Employer Manager had been working through the results with each employer individually as well as presenting initial results via a webinar in consultation with Barnett Waddingham. Members of the Board were encouraged to watch the webinar and to notify the Compliance Team once completed to allow their training record to be updated accordingly.

The Board queried the capacity within the Employer Team to allow for this type of one to one communication and negotiation with employers. The Board were made aware of the team structure including a vacancy of which it was explained that a recruitment process was currently underway.

Resolved:

The Board noted the presentation and update.

8. Update on Pension Fund Activity

The Board received an update from the Interim Director for Essex Pension Fund on the current Business Plan, Risk Register and the Scorecard.

During the consideration of this item the following was highlighted:

- good progress had been made on the Business Plan with all tasks in progress;
- a red risk on the Risk Register remains concerning the unknowns surrounding the McCloud judgement;
- the scorecard improvement and declined scores.

The Board asked if action 10 within the Business Plan could included a % rate for their March 2020 meeting.

In regard to Employer Online the Interim Director for Essex Pension Fund stated this was a much simpler and easier way for Employers to submit their information to the Fund on time. This was confirmed by the Other Employing Bodies Representative who encouraged all Employers to sign up for this service.

The Board were also notified that several risks were being reviewed by the Fund during Quarter 3:

- I8 – continually reviewed as part of the Investment Strategy Statement review in relation to Responsible Investment;
- G8, G10 and G11 – the IGAA suggested that these scores should be reassessed and potentially downgraded due to the good level of control activities in place.

The Board were also notified that Members training was currently scored as Amber within the Scorecard, however, should be green next quarter due to Members attendance at the Bailie Gifford Conference, ACCESS Investor Day and the Responsible Investment Workshop.

Resolved:

The Board noted:

- progress for 2019/20 against the Business Plan;
- the current risks scoring Amber and Red; and
- the latest scorecard measures.

9. Pension Advisory Board (PAB) Quarterly Report

The Board received a report for the Interim Director for Essex Pension Fund which provided the Board with an update on the PAB activity since the previous Board meeting.

It was noted that the PAB met on 25 September 2019 whereby Andrew Coburn was elected as Vice Chairman of the PAB. The main business of the meeting were the review of the last two PSB meetings.

The Board were also provided with an update in relation to the review of the PAB Chairman in which a letter to offer an extension to the current incumbent was being drafted.

It was noted that the PAB would be meeting again on 15 January 2020.

Resolved:

The Board noted the report and update.

10. Investment Steering Committee (ISC) Quarterly Report

The Board received a report from the Investment Manager which provided details on the ISC activity since the previous Board meeting.

It was noted that the ISC met on 27 November 2019 where the Committee received presentations from the Local Authority Pension Fund Forum (LAPFF) and Stewart Investors, the Fund's emerging market equity manager. In addition, an overview was provided in relation to the Responsible Investment Workshop, work undertaken on the investment tables, Fund's investment performance and strategy implementation progress.

A number of decisions at this meeting had been made and were detailed within the report.

Resolved:

The Board noted the report.

11. Schedule of Future meetings

The Board received a report from the Compliance Manager detailing the remaining planned Board and Committee meetings for this municipal year.

It was reconfirmed that PSB meetings would commence at 10am for the remainder of the municipal year with ISC meetings remaining at their 1pm start time.

Pension Strategy Board

4 March 2020 – 10am

Investment Steering Committee

19 February 2020 – 1pm

25 March 2020 – 1pm

Pension Advisory Board

15 January 2020 – 1pm

The Chairman requested that some 'back to basics' training be provided to the Board.

The Chairman also brought to the Board's attention the planned meeting dates for the 2020/21 municipal year which were agreed as follows:

Pension Strategy Board

17 June 2020 – 10am-1pm

23 September 2020 – 10am-1pm

16 December 2020 – 10am-1pm

17 March 2021 – 10am-1pm

Investment Steering Committee

15 July 2020 – 10am-4pm (*post meeting note, date now agreed as 21 July 2020 11am – 5pm*)

21 October 2020 – 10am-1pm

20 January 2021 – 10am-4pm

24 March 2021 – 10am-1pm

Training Days

1 July 2020 – 10am-4pm

4 November 2020 – 10am-4pm

The Board noted that the intention was for the PAB meetings to be held on the same day as the PSB and would commence once the PSB had finished.

The Chairman also notified the Board of the events/conferences that were on the horizon. Members were advised to contact the Compliance Manager if they would like to attend any of the events discussed by the given deadlines, in order for approval of travel to be sought from the Foreign Travel Committee.

Resolved:

The Board:

- noted the schedule of meetings and events for 2019/20;
- noted that a 'back to basics' training session would be planned in due course; and
- agreed the schedule of meetings and training days for 2020/21.

12. Urgent Part I Business

The Interim Director for Essex Pension Fund notified the Board that the Fund had been shortlisted for the following Pension Age Awards:

- Pension Scheme Innovation Award;
- Best Risk Management Exercise; and
- Defined Benefit Pension Scheme of the Year.

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.

13. Pooling Update

The Board received a presentation and update on the latest developments from the Interim Director for Essex Pension Fund including a verbal update of the ACCESS Joint Committee meeting held on 9 December 2019.

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 04 March 2020 at 10am.

Cllr Dent asked if he could be sent the announcement of when the Investment Strategy Statement consultation commences.

The Chairman wished everyone a Merry Christmas.

There being no further business the meeting closed at 11.45am.

Chairman
4 March 2020