

Minutes of the meeting of the Essex Pension Fund Strategy Board (PSB) held in Committee Room 2, on 04 March 2020

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 A Hedley	
Cllr M Maddocks	
Cllr L Scordis	
Cllr C Souter	

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
Helen Pennock	Compliance Analyst
Marcia Wong	Compliance Officer
Karen McWilliam	Independent Governance & Administration Adviser (IGAA), AON
Barry McKay	Fund Actuary, Barnett Waddingham
Colin Dobbie	Fund Actuary, Barnett Waddingham

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

Andrew Coburn	Scheme Member Representative
Stuart Roberts	Scheme Member Representative

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

The Chairman politely requested that the use of mobile phones be prohibited during the meeting.

Members were reminded that the Annual Related Party Transactions letters would soon be issued to Members for completion and that it would greatly assist Officers if they could be returned in a timely manner in order to assist with the Fund's year-end closure process.

Opening Remarks

The Chairman welcomed the Members of the Board, Karen McWilliam, Barry McKay and Colin Dobbie, Fund Advisers along with PAB Members, Andrew Coburn and Stuart Roberts to the meeting.

To mark the occasion of Jenny Moore's last meeting as the Other Employing Body Representative, Cllr Barker, Chairman made a presentation in recognition of Jenny's contribution and commitment to the work of the Board since her appointment in January 2012.

Apologies for Absence

It was noted that Cllr A Erskine (ECC substitute), along with PAB Members, Nicola Mark, Debs Hurst and James Sheehy were unable to attend the meeting.

Declarations of Interest

Declarations were received from Cllr S Barker who stated she is in receipt of an Essex LGPS pension and that her son is also a member of the Essex LGPS. Cllr S Barker also declared that she sits on the Foreign Travel Committee.

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

Cllr A Goggin stated that his wife, sister and brother-in-law were in receipt of an Essex LGPS pension.

Cllr A Hedley declared that he is in receipt of an AVIVA Group Pension.

Cllr M Maddocks, Cllr C Riley, Sandra Child and Jenny Moore declared they were also in receipt of an Essex LGPS Pension.

Resolved:

The Board noted the report.

2. Minutes

The minutes of the meeting of the PSB held on 18 December 2019 were approved as a correct record and signed by the Chairman.

Matters Arising:

Item 7 - The Chairman encouraged Members yet to watch the Valuation webinar to do so and to notify the Compliance Team accordingly to enable their training record to be updated.

Item 9 - It was noted that a verbal response had been received from Nicola Mark accepting her position as Independent Chairman on the PAB.

Cllr Dent enquired if the Investment Strategy Statement (ISS) consultation had been announced. It was confirmed that Board Members would be included in the communication when the ISS is released for stakeholder consultation.

3. 2019 Actuarial Valuation and Funding Strategy Statement (FSS)

The Chairman suggested that Item 3b be taken ahead of 3a.

3b. 2019 Actuarial Valuation

The Board received a presentation from Barnett Waddingham on the 2019 Valuation. The presentation covered the following areas:

- Purpose of the Valuation;
- Key outcomes;
- Assumptions; and
- Results.

The Board also received an update on exit credits.

Resolved:

The Board noted the presentation and update.

3a. 2019 Actuarial Valuation and Funding Strategy Statement (FSS)

The Board received an update from the Employer Manager whereby Members were appraised on the progress of the 2019 Actuarial Valuation and on the recent consultation exercise undertaken on the draft Funding Strategy Statement (FSS).

It was confirmed that the Fund was on track to complete the Valuation, the Actuary to issue the Valuation Report and the Funding Strategy Statement (FSS) to be published by the statutory deadline of 31 March 2020.

It was noted that during the FSS consultation which had now closed, two comments had been received, one relating to minor grammatical suggestions and the other, a question regarding the potential impact of McCloud.

The Employer Manager, in light of the Valuation outcome and following conversations with the Fund Actuary, explained that the Funding Objectives had been revisited and proposed some suggested changes for the Board's approval.

Members were reminded about the Valuation Webinar training that was available for them to view.

Resolved:

The Board:

- approved the updated FSS for final publication;
- agreed the proposed amendments to the Fund's Funding Objectives; and
- noted the content of the report.

4. Update on Pension Fund Activity

The Board received an update from the Compliance Manager on the current Business Plan, Risk Register and Scorecard.

During the consideration of these items the following was highlighted:

- good progress had been made against the 2019/20 Business Plan with two actions completed, five actions on course to be completed by the end March 2020, with the remaining actions currently in progress to be carried forward to the 2020/21 Business Plan;
- one action would be removed from the Business Plan for 2020/21 as it is now reclassified as Business as Usual;
- two red risks on the Risk Register, one, an existing risk concerning the unknown surrounding the McCloud judgement and one, a new risk concerning the procurement of the BACS Cloud Solution;
- the scorecard improvement and declined scores.

An update was provided in regard to the BACS Cloud Solution project. It was explained that plans were being advanced to implement a mitigation plan. It was therefore envisaged that this risk rating would subsequently be downgraded at the next assessment.

The Compliance Manager also brought to the Board's attention that following the publication of a revised Essex County Council (ECC) Risk Strategy, an additional yellow risk rating colour had been introduced within the risk scoring matrix. This would result in the risks that are currently green or amber, scoring 4 or 6 respectively, being re-assessed and scored as yellow.

The Compliance Manager also apologised to the Board as the published scorecard measure relating to PSB and ISC Member's training was assessed

as amber. However, on further investigation, an error within the training log had been identified and the actual scores for both PSB and ISC Member's training was green.

Resolved:

The Board noted:

- progress for 2019/20 against the Business Plan;
- the actions being carried forward to the 2020/21 Business Plan;
- the current risks scoring Amber and Red; and
- the latest scorecard measures.

5. Essex Pension Fund Three Year Business Plan 2020/21 to 2022/23

The Board received a report from the Interim Director for Essex Pension Fund which introduced the Board to the Fund's new look Business Plan for 2020/21 to 2022/23 for their approval.

The Interim Director for Essex Pension Fund outlined the process undertaken to date and highlighted that Officers had taken on board Members feedback in regard to content, format and presentation. As such, the Plan was designed to be more visually impactful rather than too prescriptive.

It was explained that the revised Business Plan had been expanded to include: key priorities; strategic goals; areas of activity; staff resourcing; financial implications; on the horizon challenges; and for the first time a Budget. These were all broken down into the Fund's five key areas of: Governance; Funding; Investments; Administration; and Communications.

Board Members expressed their appreciation to all those who had contributed towards the work of the Business Plan. The Interim Director for Essex Pension Fund confirmed that the Business Plan would be incorporated within the Annual Report and Accounts.

Resolved:

The Board approved:

- the Essex Pension Fund Three Year Business Plan for 2020/21 to 2022/23; and
- the Budget for 2020/21 of £4.62m as detailed in the Business Plan.

Resolved:

The Board noted:

- the revision to the 2020/21 Funding Objectives detailed in Agenda Item 3 and agreed for the amendments to be incorporated within the 2020/21 to 2022/23 Business Plan; and
- the content of the report.

6. Essex Pension Fund (EPF) Policies

The Board received a report from the Interim Director for Essex Pension Fund on the review of three of the Fund's Policies. These were:

- Conflict of Interest Policy – it was explained that this was a new Policy developed in consultation with ECC Monitoring Officer and was in line with suggested best practice and one of the recommendations to come out of the recent Good Governance Phase I Review.
- Governance Policy and Compliance Statement – it was explained that the Policy had been updated to include the revised Terms of References for the Fund's Boards/Committee and the revised Governance Structures.
- Communications Policy – it was explained that the Policy had been updated to reflect the greater use of digital channels that the Fund utilise when communicating to its Stakeholders.

Resolved:

The Board approved the:

- Conflict of Interest Policy;
- Governance Policy and Compliance Statement; and
- Communications Policy.

Resolved:

The Board noted the content of the report.

7. Scheme Advisory Board (SAB) Good Governance Project

The Board received a report from the Compliance Manager in consultation with the Independent Governance & Administration Adviser (IGAA) on the developments in regard to the SAB Good Governance Project.

The IGAA explained that as Statutory Guidance had not yet been issued, nine of the seventeen recommendations made within the Phase II Report could not yet be implemented by the Fund. However, from the self-assessment completed by Fund Officers, Members were informed that the Fund was already fully compliant against five of the recommendations made and were partially/mainly compliant against the remaining three recommendations.

The IGAA notified the Board that the Fund was in a strong position going forward.

Resolved:

The Board noted the report and update.

Barry McKay and Colin Dobbie, from Barnett Waddingham left the meeting at 11:59am.

8. Arrangements for PSB Representatives

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

It was confirmed that Sandra Child had been reappointed as the UNISON Scheme Member Representative on the Board for a further term of six years.

The Compliance Manager notified the Board that two nominations had been received in regard to the Other Employing Bodies Representative vacancy. It was noted that both nominees had been contacted and asked to provide a short statement to enable online voting to commence week commencing 9 March 2020.

Resolved:

The Board noted:

- the reappointment of Sandra Child as the Scheme Member representative (UNISON) for a term of six years; and
- the update in relation to the recruitment process for the Other Employing Bodies Representative vacancy.

9. 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 had met on one occasion on 19 February 2020 where the Committee received bitesize training presentations from Hymans Robertson on Timberland and Private Lending.

The main areas of business discussed were the development of the draft Responsible Investment (RI) Policy, to be included as part of the Investment Strategy Statement (ISS) and the Strategic Allocation Structure Review.

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

It was also noted that further consideration was required in regard to Stage 3 strategic allocation options.

Resolved:

The Board noted the report and update.

10. Pension Advisory Board (PAB) Quarterly Report

The Board received a report from the Compliance Manager which provided an update on the PAB activity since the previous Board meeting.

It was noted that the PAB had met on one occasion on 15 January 2020 and that the main areas of business were the review of the last PSB meeting, the PAB Review, Business Continuity Plan review update and the self-assessment undertaken against the Pensions Regulator (tPR) Code of Practice 14.

It was noted that the PAB next meeting would take place on 17 June 2020 after the PSB meeting.

Resolved:

The Board noted the report and update.

11. Schedule of Future meetings

The Board received a report from the Compliance Manager detailing the remaining planned Committee meeting for this municipal year along with the planned Board and Committee meetings for 2020/21.

It was reconfirmed that the ISC meeting on 25 March 2020 would commence at 1.00pm.

Members were also reminded that Board and Committee meetings for 2020/21 would all commence at 10.00am unless otherwise stated.

The Compliance Manager 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 if required.

Investment Steering Committee

25 March 2020 – 1.00pm

21 July 2020 – 11.00am

21 October 2020 – 10.00am

20 January 2021 – 10.00am

24 March 2021 – 10.00am

Pension Strategy Board

17 June 2020 – 10.00am

23 September 2020 – 10.00am

16 December 2020 – 10.00am

17 March 2021 – 10.00am

Training Days

1 July 2020 – 10am-4pm

4 November 2020 – 10am-4pm

The Board noted that PAB meetings would be held on the same day as the PSB and would commence once the PSB had concluded.

Resolved:

The Board noted the schedule of meetings and events for the remainder of 2019/20 and the schedule of meetings and events for 2020/21.

12. Urgent Part I Business

The Interim Director for Essex Pension Fund was pleased to announce that following the Fund being shortlisted for three Pension Age Awards, it had been successful in winning the Best Risk Management Exercise Award.

Resolved:

The Board noted the achievement and asked for their congratulations to be passed on to the Pension Fund Team.

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. Cessation Payment Plan

The Board received a report and update from the Employer Manager on the revised cessation valuation and payment plan for two employers.

Resolved:

The Board agreed:

- a legal agreement be formalised for the proposed payment plan outlined in the report;
- Fund Officers to monitor the payment plan on an ongoing basis; and
- a review to take place at the 2022 Valuation.

Resolved:

The Board noted the report and update.

14. Pooling Update

The Board received a presentation and update from the Interim Director for Essex Pension Fund on the latest developments in respect of the structural reform of the LGPS.

The Chairman provided an update on the meeting held between each Pool's Joint Committee Chairmen and the Scheme Advisory Board Chairman during January 2020.

It was noted that the next Joint Committee meeting would be held on 9 March 2020 and the Chairman accompanied by the Interim Director for Essex Pension Fund would be in attendance.

Resolved:

The Board noted the update.

15. Urgent Exempt -Business

None.

16. Closing Remarks

The Chairman reaffirmed that the next PSB would take place on Wednesday 17 June 2020 at 10am.

There being no further business the meeting closed at 12:18pm.

**Chairman
17 June 2020**

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