

Essex Pension Fund
Investment Steering Committee (ISC)

Minutes of a meeting of the Essex Pension Fund Investment Steering Committee held at 2:00pm at County Hall, Chelmsford on 20 July 2016

Present

Cllr R Bass (Chairman)	Essex CC
Cllr S Barker	Essex CC
Cllr S Canning	Essex CC
Cllr N Hume	Essex CC
Cllr K Clempner	Essex CC
Cllr N Le Gresley	Essex CC
Cllr J Whitehouse	Essex CC
Cllr K Bobbin (Labour substitute)	Essex CC
Sandra Child (Observer representing scheme members)	UNISON
Cllr C Riley (Observer representing scheme employers)	Castle Point District Council

The following Advisers were present in support of the meeting;

Mark Stevens	Independent Adviser
Matt Woodman	Hymans Robertson

The following Officers were present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager

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

Keith Flowers	UNISON
Paul Hewitt	Deferred Member
Mark Paget	Active Member

1 Membership

The Committee's membership, as agreed at the annual meeting of Essex County Council on 10 May 2016 was noted as follows:

(4 Conservative : 1 Labour : 1 Liberal Democrat : 1 UKIP)

Cllr Rodney Bass - Conservative
Cllr Norman Hume - Conservative
Cllr Susan Barker – Conservative
Cllr Stephen Canning - Conservative

Cllr Karen Clempner - Labour
Cllr Nigel Le Gresley - UKIP
Cllr Jon Whitehouse - Liberal Democrat

Conservative substitute : Cllr John Spence
Labour substitute : Cllr Keith Bobbin
UKIP substitute : Cllr Jamie Huntman
Liberal Democrat substitute : Cllr Mike Mackrory

In addition the Committee also has the following observers nominated by the Pension Strategy Board:

Sandra Child - representing scheme members
Cllr Colin Riley - representing scheme employers

It was also noted that the Pension Advisory Board had yet to formally nominate its two observers to the Committee.

2 Chairman

It was noted that on 10 May 2016, Cllr Rodney Bass was formally appointed at the annual meeting of Essex County Council, Chairman of the Essex Pension Fund Strategy Board and the Essex Pension Fund Investment Steering Committee.

3 Appointment of Vice Chairman

It was agreed that Cllr Susan Barker be appointed Vice Chairman.

4 Apologies for absence

No apologies were received.

5 Terms of Reference

The report was noted.

6 Arrangements for Future Meetings

The Committee confirmed a schedule of meetings for the remainder of the municipal year 2016/17.

(2:00pm, unless stated)

Wednesday 23 November 2016
Monday 20 February 2017
Wednesday 22 March 2017

7 Declaration of Interest

Cllr Riley declared that he is in receipt of a LGPS pension.

8 Minutes

The minutes of the meeting of the Committee which took place on 21 June 2016 were approved as a correct record.

9 Local Government Pension Scheme (LGPS) Reform – Investment Pooling

Kevin McDonald, Director for Essex Pension Fund, gave a brief update outlining the latest developments in respect of structural reform of the LGPS.

This highlighted that at the previous week's Pension Strategy Board it had been agreed that Essex be a signatory on the July ACCESS pooling submission to Government. It was noted that Fund officers along with officers from the other participating ACCESS authorities would be working over the summer so that the September meeting of ACCESS Chairman could consider the matter of building or renting the Collective Investment Vehicle.

Kevin updated the Committee on a press release released on 7 July highlighting the setup of an all Party Parliamentary Group for Local Pension Funds to be chaired by Clive Betts MP.

The presentation was noted.

10 Market Commentary

Matt Woodman from Hymans Robertson gave a verbal update on the markets since the Committees' last meeting in particular highlighting the reaction of markets to Brexit vote. Matt explained that as predicted markets initially reacted badly to the news but markets have since bounced back and at present are c.8% above pre-election levels.

The update was noted.

11 Urgent Part 1 Business

Kevin McDonald, Director for Essex Pension Fund confirmed that Officers will be in contact on arrangements for those ISC Members attending the Baillie Gifford Conference in Edinburgh in October.

12 Exclusion of the Public

Resolved:

That the Public (including the press) be excluded from the meeting during consideration of the following items on the grounds that they involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972:

- Annual Review of Investment Performance for the year ended 31 March 2016;
- Annual Review of Managers;
- Investment Manager Presentation – Aviva Investors; and
- Institutional Investment Consultant – contractual arrangements.

13 Annual Investment Monitoring Report

(Press & public excluded)

The Committee received a presentation from Matt Woodman summarising the investment performance to 31 March 2016 of the investment managers of the Fund along with a synopsis of market conditions during this time.

It was noted that the Fund's performance for the year ending 31 March 2016 of 2.2% was in the top quantile, ranking 7th out of 100 funds in the Local Authority League table compiled by State Street.

Following discussions the report was noted.

14 Review of Manager Line Up

(Press & public excluded)

The Committee received a presentation from Matt Woodman which summarised the current views of Hymans Robertson on the capabilities of each of the Fund's managers relative to their peer group universe.

Each manager was assessed against a series of both quantitative and qualitative factors. Matt highlighted that whilst M&G and GSAM quantitative score was affected by disappointing short term performance all managers however passed their respective overall hurdle requirement.

Following the presentation Matt provided an update to the Committee on GSAM's risk management process and in particular how GSAM utilise derivatives in the bond portfolio they manage. In addition Matt informed the Committee that since the last ISC as per the Committee's agreement Officers and Advisers had carried out further due diligence on Infracapital's Greenfield fund.

Following discussions it was agreed:

- that Infracapital present at the November meeting; and
- that the report be noted.

15 Aviva Investors Presentation

The Committee received a presentation from Sarah Emberson, Anna Rule and Alastair Dryer from Aviva Investors on the property portfolio.

The presentation covered the background to, implications of and subsequent actions taken in the light of a reporting error within the September 2015 quarterly valuation. This, and the opportunity cost to the Fund was discussed in detail. AVIVA made a proposal designed to address the matter.

Following discussions the Committee agreed:

- that the proposal be accepted without prejudice;
- that Officers and Advisers liaise with Aviva to make the necessary arrangements;
- that Aviva be invited to attend the next Officers and Advisers meeting to follow up on the action points raised; and
- that the presentation be noted.

At 2:55pm Matt Woodman from Hymans Robertson and Mark Paget, Member of the Pension Advisory Board left the room.

16 Institutional Investment Consultant –contractual arrangements

Kevin McDonald explained that Officers will commence the process for re-tendering for Institutional Investment Consultant contract, using the National LGPS Framework. Officers along with Mark Stevens, Independent Investment Adviser will establish a short list of candidates to be interviewed.

The Committee agreed:

- that a short-list be circulated to all ISC Members;
- that an appointment Sub-Committee be established; and
- that the report be noted.

17 Urgent Exempt Business

(Press & public excluded)

There was none.

There being no further business, the meeting closed at 3.45pm.

Chairman
23 November 2016