



Essex County Council

Essex Pension Fund Investment Steering Committee

10:00	Wednesday, 14 June 2023	Committee Room 2 County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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3	Appointment of Vice Chairman To appoint the Vice Chairman of the Essex Pension Fund Investment Steering Committee (ISC)	
4	Minutes of the ISC Meeting held on 22 February 2023 To approve as a correct record the Minutes of the ISC meeting held on 22 February 2023	9 - 22

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(ISC) Terms of Reference

To receive a report from the Head of Fund Compliance and Governance

6 Urgent Business

To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

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.

7 Strategy Review - Bitesize Training

To receive a Bitesize Training presentation from Hymans Robertson in consultation with the Director for Essex Pension Fund and the Independent Investment Adviser, Mark Stevens

**8 Strategic Implementation Framework - Pillar 3 -
Exploring changes to existing or new mandates:
Investment Strategy Review Analysis and
Conclusions - June 2023**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**9 Strategic Implementation Framework - Pillar 3 -
Exploring changes to existing or new mandates: UK
Property Mandate Review - June 2023**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

- 10 Strategic Implementation Framework - Pillar 3 - Exploring changes to existing or new mandates: Impact Investing - Partners Group LIFE II fund**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 11 Urgent Exempt Business**
- To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency

Essex Pension Fund Investment Steering Committee	ISC 01
Date: 14 June 2023	

Essex Pension Fund Investment Steering Committee Membership, Apologies and Declarations of Interest

Report by the Head of Fund Compliance and Governance

Enquiries to Amanda Crawford on 03330 321763

This Report is for noting

Executive Summary

Report Type: Governance

There has been one membership change since the last meeting as a result of Councillor C Riley's elected term ceasing in June 2023. The Borough, City and District position is currently vacant and will be appointed in late June 2023.

No apologies were received for the meeting at the time of writing.

1. Purpose of the Report

- 1.1 To present Membership, Apologies and Declarations of Interest for the 14 June 2023 morning ISC.

2. Recommendation

- 2.1 That the Committee should note:
 - Membership as agreed as shown overleaf;
 - Apologies and substitutions; and
 - Declarations of Interest to be made by Committee Members in accordance with the Members' Code of Conduct and the Essex Pension Fund's Conflict of Interest Policy.

3. Membership

(Quorum: 4)

5 Conservative Group: 1 Liberal Democrat Group: 1 Non-Aligned Group

Membership

Representing

Councillor S Barker

Essex County Council (Chairman)

Councillor A Goggin

Essex County Council

Councillor A Hedley

Essex County Council

Councillor M Hoy

Essex County Council

Councillor D King

Essex County Council

Councillor M Platt

Essex County Council

Councillor C Souter

Essex County Council

Observers

Vacant

Borough, City and District Representative

Sandra Child

Scheme Members

Essex Pension Fund Investment Steering Committee	ISC 02
Date: 14 June 2023	

Confirmation of the Appointment of the Essex Pension Fund (EPF) Investment Steering Committee (ISC) Chairman and the Appointment of the Fund's Representative on the ACCESS Joint Committee (JC)

Report by the Head of Fund Compliance and Governance

Enquiries to Amanda Crawford on 03330 321763

This Report requires a decision

Executive Summary

Report Type: Governance

This report is to confirm the Chairman appointment for the Investment Steering Committee (ISC) as agreed at the 16 May 2023 Full Council Annual Meeting and to agree that the Chairman of the ISC be the Fund's representative on the ACCESS Joint Committee (JC).

1. Purpose of the Report

- 1.1 To note the appointment of the ISC Chairman of the Essex Pension Fund.
- 1.2 To agree the Fund's representative on the ACCESS JC.

2. Recommendation

- 2.1 That the Committee note the appointment of Councillor Susan Barker as Chairman of the ISC as agreed at the Essex County Council (ECC) Full Council meeting held on 16 May 2023.
- 2.2 That the Committee **agree** that the Chairman of the ISC act as the Fund's representative on the ACCESS JC and that in their absence that the Vice Chairman, or any other ISC Member, act as the Fund's representative.

3. Background

- 3.1 Each year, the County Council hold their Annual Meeting to appoint and/or reconfirm ECC's Committee Memberships and Chairmen appointments. This year's Annual Meeting was held on 16 May 2023.
- 3.2 Under the Essex Pension Fund Strategy Board (PSB) Terms of Reference the Chairman and Vice Chairman of the PSB will also act as Chairman and Vice Chairman for the ISC respectively.
- 3.3 Confirmation of the Chairman appointment is then reaffirmed at their respective first meetings. In addition, at the first meeting of either the PSB or ISC the Vice Chairman is also elected.

4. Confirmation of the Chairman

- 4.1 At the 16 May 2023 ECC Full Council meeting, Councillor Susan Barker was reconfirmed as the Chairman of the ISC for the Essex Pension Fund.

Minutes of the Meeting of the Essex Pension Fund Investment Steering Committee (ISC), held in Committee Room 2 at 10:00am on 22 February 2023

1. Membership, Apologies and Declarations of Interest

The report of the Membership, Apologies and Declarations of Interest were received.

Membership

Present:

Essex County Council (ECC)

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr A Goggin	
Cllr M Durham	(substitute for Cllr A Hedley)
Cllr M Hoy	
Cllr D King	
Cllr C Souter	

Scheme Employer Representative

Cllr C Riley	(Observer) (via Zoom)	(arrived 10:10am)
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Scheme Member Representative

Sandra Child (UNISON)	(Observer)
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The following Officers and Advisers (O&A) were also present in support of the meeting:

Jody Evans	Director for Essex Pension Fund
Samantha Andrews	Head of Fund Investments
Amanda Crawford	Head of Fund Compliance and Governance
Suzanne Sinclair	Compliance Analyst
Marcia Wong	Compliance Officer (via Zoom)
Debbie Hadley	Business Support Administration (via Zoom)
Mark Stevens	Independent Investment Adviser (IIA)
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson
Ana Lei Ortiz	Hamilton Lane (item 12a only)
Mitesh Pabari	Hamilton Lane (item 12a only)

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

Andrew Coburn	Pensioner, Ex Essex County Council, UNISON
James Durrant	Employer Representative (via Zoom)

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

Opening Remarks

The Chairman welcomed the Committee, Observers and Advisers to the meeting and introduced Suzanne Sinclair, the new Compliance Analyst for the Fund to the Committee.

Apologies for Absence

It was noted that ISC Member: Cllr A Hedley, PSB Members: Cllr S George; and Rachel Hadley, and PAB Members: Nicola Mark; Debs Hurst; and Stuart Roberts had sent their apologies and that Cllr M Durham would be substituting for Cllr A Hedley.

Declarations of Interest

Declarations were received from:

Cllr S Barker declared she was in receipt of an Essex LGPS pension and is a Member on the Audit, Governance and Standards Committee. In addition, she declared that her son was also a member of the Essex Pension Fund and was employed by Essex County Council as a Sustainability Manager;

Cllr Platt is a Deputy Cabinet Member and is a Member on the Audit, Governance and Standards Committee;

Cllr Durham declared he is a Deputy Cabinet Member, is a member of Maldon District Council and is a Governor of Essex Partnership University NHS Foundation Trust (EPUT);

Cllr A Goggin declared that his wife and sister were in receipt of an Essex LGPS Pension;

Cllr Hoy declared that his brother-in-law and nephew are members of the LGPS;

Cllr King is a member of the Audit, Governance and Standards Committee; and

Cllr Riley and Sandra Child declared that they are in receipt of an Essex LGPS Pension.

Resolved:

The Committee noted the report.

2. Minutes of ISC Meeting held on 30 November 2022

The Minutes of the meeting of the ISC held on 30 November 2022 were approved as a correct record and signed by the Chairman.

The Chairman brought to the attention the Matters Arising, it was noted that:

- a further update in regard to the reporting of the agreed Taskforce for Climate-Related Financial Disclosures (TCFD) Metrics would be provided at Agenda Item 11 and that as per a Member's suggestion the agreed Metrics were now included as part of the Members' Briefing alongside the Responsible Investment (RI) Priorities, which Officers hope Members' find useful;
- O&A had engaged with ACCESS Partners and UBS, ACCESS' index tracking manager and were making good progress towards the adoption of the RAFI low carbon transition approach as agreed at the last meeting. Members were advised that this is due to launch in March 2023; and
- £130m top up had been committed to the Partners Group Global Real Estate mandate with the remaining £50m to be determined following the outcome of the ACCESS real estate procurement. An update would be brought to a future meeting.

Resolved:

The Committee noted the updates from the matters arising.

3. Market Commentary Quarter 4 2022

The Committee received a report from Hymans Robertson detailing the Market returns and their views about the global economy.

Mark Stevens, IIA, presented to Members his view covering the events of 2022 has had on the global economy, an update on Quarter 4 together with his outlook for the year ahead.

The Committee were reminded that 2022 had been a particularly challenging year for markets with the post-Covid recovery which delivered multiple inflationary impacts and in turn, affected both supply chains as well as labour markets. In addition, the energy crisis that began in February 2022 and the invasion of Ukraine saw index linked gilts fall rapidly.

Quarter 4 had delivered some positive returns with global equity up 7.5%, UK Corporate Bonds up 7% and gilts also delivered a slight positive return. This had been driven by better economic data than the markets were expecting, with inflation peaking in the US together with milder weather in Europe which assisted a lower-than-expected increase in gas supply prices.

It was explained the sector that suffered the worst during the final quarter of 2022 was UK property, falling 14%, and this sector could face some additional problems moving forwards with working from home continuing to impact on office demands.

Looking forward, the year had started strongly with the FTSE up 7%, the S&P up 6% and Euro stocks up 12%. However, the Committee were made aware that the investment landscape looked challenging especially as the geopolitical issues went beyond Ukraine and Europe.

It was also noted that inflationary pressures embedded within economic systems could potentially be in place for some time with the UK quite possibly seeing 3% or 4% inflation for a while.

Resolved:

The Committee noted the update and content of the report.

4. Essex Pension Fund Treasury Management (TM) Strategy 2023/24

The Committee were provided with an overview of the TM Strategy. The Head of Fund Investments informed Members that the content was largely unchanged from the Strategy approved at their February 2022 meeting. However, the following was noted:

- the forecasts had been revised throughout, showing a surplus cashflow projection for both 2022/23 and 2023/24; and
- interest rate forecasts had been revised to reflect the higher rate environment.

Resolved:

The Committee **approved** the 2023/24 Essex Pension Fund TM Strategy and noted the content of the report.

5. Responsible Investment (RI) Project Plan Update

5a. RI Project Plan Update

Members were provided with an update of the progress made against the Fund's 2022/23 RI Project Plan as agreed at their 15 June 2022 meeting. It was explained that fifteen out of seventeen areas of activity were now complete, with two areas currently in progress.

The Committee were made aware that the RI engagement meetings had largely been completed for the year with the outcome of the Fund's index tracking and fixed income Investment Managers meetings being provided as part of this meeting.

In addition, the climate metric baseline report for total Fund assets had been completed as far as possible for 2021 and would be discussed later in the agenda.

It was explained that the two areas of progress remaining were in regard to the RAFI Environmental, Social and Governance (ESG) index tracking solution which was on course to be implemented in March 2023 and the completion of the Fund's

UK Stewardship Code submission which was also on track to be finalised ahead of the 31 May 2023 deadline.

Resolved:

The Committee noted the progress against the Fund's RI Project Plan and the content of the report.

5b. Financial Reporting Council (FRC) 2020 UK Stewardship Code 2023 Submission Update

The Head of Fund Investments provided the Committee with an update on the progress made to date in regard to the Fund's 2023 FRC UK Stewardship Code Submission, highlighting that the deadline for asset owners to provide their Submission to the FRC had been put back a month to 31 May 2023.

It was explained that the Fund had undertaken a significant number of RI engagement meetings with its Investment Managers with the outcomes subsequently reported back to the Committee and that these engagements would now form the basis of evidence within the Submission and the Fund's adherence to the twelve principles of the Code.

Members were also advised that the draft Submission would be shared with the Fund's Institutional Investment Consultant, Hymans Robertson, and the IIA for their comments to ensure the Fund had covered all aspects and requirements under each of the twelve principles taking on board, where possible, the feedback received from the FRC following last year's submission.

Due to the FRC's revised submission date of 31 May 2023, the ISC would need to enact the Out of Committee Decision-Making Process, as detailed in the Governance Policy and Compliance Statement, to approve the final Submission prior to its submission to the FRC.

Resolved:

The Committee **agreed** that the Fund adopt the Out of Committee Decision-Making Process to agree the final Submission in order to meet the FRC's application deadline of 31 May 2023.

The Committee noted the progress to date, the proposed next steps, and the content of the report.

6. Essex Pension Fund Investment Steering Committee (ISC) Pamphlet

The Committee were provided with an update on the development of the ISC Pamphlet undertaken by the Essex Pension Fund Strategy Board's (PSB) Task & Finish Group (T&FG).

Members were reminded in September 2022, the PSB agreed that a T&FG be set up to develop a PSB Pamphlet to explain the role of the PSB and its Members. At

the first T&FG meeting, it was agreed that an ISC Pamphlet also be developed as the role of the ISC differs to that of the PSB. Both Pamphlets would be used to assist in any upcoming Election recruitment activities.

It was explained that the ISC Pamphlet had been reviewed by the Director for Essex Pension Fund, Head of Fund Administration and Operations and the Independent Governance and Administration Adviser (IGAA) AON, Karen McWilliam and that a few minor revisions would be made to the Pamphlet based on the comments received and the T&FG approval.

The Committee were invited to provide comments on the ISC Pamphlet for consideration by the T&FG prior to its onward transition to the PSB for their subsequent approval.

The Chairman asked that Members feedback any comments to the Head of Fund Compliance and Governance.

Resolved:

The Committee noted the content of the report.

7. Schedule of Future Meetings and Events

The Committee received a report from the Head of Fund Compliance and Governance detailing the agreed schedule of future meetings for the forthcoming municipal year 2023/24. In addition, meeting dates were also proposed for 2024/25:

19 June 2024	10:00 - 16:00
16 October 2024	10:00 - 13:00
27 November 2024	10:00 - 16:00
26 February 2025	10:00 - 13:00

It was explained that the February 2025 date may need to be reviewed when the academic timetable for 2024/25 had been published.

The Committee were also reminded of the forthcoming Local Government Chronicle (LGC) Investment Seminar due to take place at the end of March 2023 and made Members aware of the LGC Investment and Pension Summit due to take place in September 2023. Any Member wishing to attend either event was requested to contact the Head of Fund Compliance and Governance.

Resolved:

The Committee **agreed** the proposed provisional ISC meeting dates for 2024/25 as stated above and noted the content of the report.

8. Urgent Part I Business

The Chairman informed the Committee that she had the pleasure to present to Full Council on 9 February 2023 the LAPF Investment Strategy of the Year Award that the Fund recently won. Officers were thanked for their hard work in achieving this and a round of applause was observed.

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 Members' attention the above statement and the Committee **agreed** to proceed.

9. Investment Manager Monitoring

9a. Investment Tables: Quarter ended 31 December 2022

The Chairman brought to Members' attention that the value of the Fund reached an all-time high on 17 February 2023 of **£9.733bn** which was a movement of c£500m from the £9.243bn achieved in December 2022.

Mark Stevens, IIA, further updated the Committee in regard to the Fund's investment performance for the quarter ended 31 December 2022, highlighting that despite it being a difficult year the Fund remained robust, only down 4.0% in the year but since then had recovered in the final quarter.

The Committee were informed that 64.1% of the Fund's assets were now under pooled governance, and that Goldman Sachs (GSAM) bond mandate had been replaced by the ACCESS bond mandate managed by Janus Henderson.

It was explained that a few managers had triggered breaches but overall had provided a very robust set of returns due to diversification within the asset classes.

Members were advised of the strong performers within the quarter, noting that one manager delivered 5.3% ahead of a benchmark of 2%.

The Committee were also advised that a typo in the report had been noted on page 75 where it should read "will be updated to reflect the 2022 Valuation outcome" instead of 2021.

Resolved:

The Committee noted the content of the report.

9b. Traffic Light Rating Report

Matt Woodman, Hymans Robertson advised Members that since the last ISC meeting in November 2022, there had been no change to either Investment Manager ratings or RI ratings for the Fund's Investment Managers.

Members were advised that the report now listed Janus Henderson, which replaced GSAM, and that Stewart Investors had also been removed.

The Committee thought it would be helpful for the report to contain a column to show the percentage of the portfolio's Environment, Social and Governance (ESG) data being reported on by those managers and if it had improved or declined since the last report. It was agreed that this would be captured within the report and that the proposed Engagement Logs would provide more detail in regard to this.

Resolved:

The Committee **agreed** the percentage of portfolio ESG data reported on by the Investment Managers be added to the report.

10. Responsible Investment (RI) Manager Monitoring – RI Engagement Reports**10a. UBS Asset Management (UBS) Equity Index Tracking Manager**

The Committee received a report and presentation from Matt Woodman, Hymans Robertson detailing the outcome of the RI Engagement meeting that had taken place with the O&A and the Fund's equity index tracking manager UBS.

It was explained that, overall, the O&A were content that the Fund's new ESG fund, the Life Global Equity Sustainable Transition Fund, had been implemented effectively, efficiently and managed as intended.

In addition, it was felt the team were well resourced, their priorities, voting policy and engagement activities aligned with the Fund, and Members noted that going forward the O&A would continue to monitor the Manager's net zero commitment as well as reviewing the ESG reporting for the new fund.

Resolved:

The Committee noted the next steps arising from the engagement meeting and the content of the report.

10b. Fixed Income Active Management Engagement Summary

Members were further provided with a summary of the outcome of the Engagement Meeting held with the Fund's active fixed income managers.

The Committee were advised the O&A held their first meeting with the Fund's newly appointed fixed income manager, Janus Henderson as well as a second meeting with M&G. It was noted, unlike the equity mandates previously reported,

that limited ESG data was attainable for the underlying assets of these bond portfolios and as such the conclusions that could be drawn were of limited use. However, the O&A were assured that both Managers embed ESG considerations in their investment process, recognising that ESG data for the underlying portfolio will be an area that requires progress and monitoring.

It was also explained that during the RI Workshop held in January 2023, the Committee discussed the possibility of selecting one RI priority from each section (E, S and G) to focus engagement and to help achieve better traction.

At the Workshop Members put forward the following areas for focus: 'Resource Scarcity' (E), 'Employee Relations' (S) and 'Company Board Structure' (G) in addition to 'Climate Change' as part of TCFD for the ISC's formal approval.

In addition, the Committee felt that the current RI Priorities required two refinements, specifically that 'Weapons' should be amended to 'Controversial Weapons' and 'Gender Diversity' expanded to 'Diversity'.

Members were also presented with a template to record future engagements with the Fund's Investment Managers, for approval.

Resolved:

The Committee **agreed:**

- to focus on four RI priorities for the next round of Engagement meetings, these being: Resource Scarcity; Employee Relations; Company Board Structure; and Climate Change;
- to amend two of the RI priorities to state "Controversial Weapons" replacing "Weapons" and "Diversity" replacing "Gender Diversity"; and
- the approach that the Fund would take in regard to logging manager RI engagements going forward.

The Committee noted the next steps arising from the engagement meeting and the content of the report.

The Chairman informed Members the meeting would break for a short adjournment.

The meeting was adjourned at 11:20am.

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The Committee reconvened at 11:28am.

11. Task Force for Climate Related Financial Disclosures (TCFD) Metrics

11a. Developing the Fund's TCFD Reporting Approach

John Dickson, Hymans Robertson, provided Members with a presentation outlining the Fund's experience in regard to reporting the baseline climate related

metrics for the equity portfolio as well as observations made in regard to the accessibility, quality, and coverage of data for the remaining non-equity portfolio 'buckets' of the fund.

Members were asked to consider some amendments to the agreed metrics as they were either not achievable or specific enough in their current form. It was therefore proposed that: the 'data quality' metric be amended to specify what 'acceptable' meant; the 'portfolio alignment' metric be amended to specify and make clear what 'substantial' referred to; and to remove the 'percentage of board meetings where climate is a substantial item' metric as it cannot be measured at this point in time.

The Committee were asked to agree to the revisions as detailed in the report.

Resolved:

The Committee **agreed** to the TCFD climate metric revisions and noted the content of the report.

11b. 2021 TCFD Benchmarking Report

Members were provided with a presentation in regard to the 2021 TCFD baseline position which now captured a total Fund position as far as can be reported on.

It was explained that significant progress will have been made on reducing emissions following the allocations made to the new Life Global Equity Sustainable Transition fund and RAFI Low Carbon fund since the baseline of 2021 which will be evidenced in future re-assessment dates. The O&A will continue to monitor managers through engagement meetings.

Within the alternative asset allocations, the data coverage was limited and patchy, however, the recent engagement meeting with the new bond manager indicated significant progress would be made on the next data coverage report. The O&A will continue the next round of engagement meetings and will focus on how managers are improving their data quality and managing climate risk.

Resolved:

The Committee **agreed**

- to assess carbon emissions of the Fund's holdings on an asset class basis in the first instance given the data coverage and quality issue;
- that the equity holdings, being the largest contributor to the Fund's overall emissions, be the Fund's focus in regard to the aspiration of reducing the Fund's carbon footprint by 50% by 2030; and
- the content of the report be noted.

12. Manager Presentation

12a. Presentation from Hamilton Lane

The Chairman welcomed Hamilton Lane: Ana Lei Ortiz, the Fund's Private Equity Manager and Mitesh Pabari, Principal, Fund Investments to the meeting and received a presentation on the Fund's Private Equity Portfolio.

The Chairman thanked Hamilton Lane for an informative presentation.

Hamilton Lane left the meeting at 12:17pm.

Resolved:

The Committee noted the presentation.

12b. Strategic Implementation Framework – Pillar 1 – Implementing and maintaining existing strategic targets within the investment strategic decision framework: ISC Briefing note – Private equity rolling commitment review

Matt Woodman, Hymans Robertson provided a report on the Fund's private equity mandate managed by Hamilton Lane outlining to Members that the Fund was expected to be broadly in line with its target allocation of 4.0% over the next three years if an annual commitment of £70m was maintained.

It was explained the rolling commitment programme should be reviewed again in twelve months' time in particular when the ISC's thinking around impact investing around this asset class had progressed further.

In addition, the Committee requested Hamilton Lane attend a future meeting to enable consideration to be given to their impact investment opportunities.

Resolved:

The Committee **agreed:**

- a further £70m be committed to the new private equity opportunities in 2023/24;
- to review the commitment again in twelve months; and
- the content of the report be noted.

13. Strategic Implement Framework – Pillars 2 and 3 – Evolving existing allocations and exploring changes to existing or new mandates: Bitesize Training – ISC Infrastructure Impact Investing

The Committee received a training presentation and report from John Dickson, Hymans Robertson reviewing the Fund's 10% infrastructure allocation outlining the potential implementation options available to the ISC within this asset class in regard to incorporating an allocation to impact investing.

It was highlighted that to incorporate more impact investing strategies, 7.5% (of the 10% infrastructure allocation) needed to be targeted to core infrastructure with the remaining allocation of 2.5% to impact solutions.

Two options were presented to the Committee on how impact solutions could be incorporated with the Fund's infrastructure strategic allocation, being:

- option 1 - evolve the asset allocation approach to allow for a degree of overlap between the private equity and infrastructure target allocations, achievable with the current manager roster; or
- option 2 - introduce a specific infrastructure impact solution within the investment strategy which would likely require a new mandate /manager be added.

Resolved:

The Committee **agreed:**

- option 1 - to evolve the Fund's 10% infrastructure asset allocation approach to allow for a degree of overlap between the private equity and infrastructure allocations;
- to target 7.5% to core infrastructure through the Fund's existing infrastructure managers with the remaining 2.5% targeting impact solutions; and
- to note the content of the report.

14. Structural Reform of the LGPS – Pooling Quarterly Update of ACCESS Joint Committee (AJC)

The Director for Essex Pension Fund presented to the Committee the outcome of the AJC meeting which took place on 05 December 2022.

It was explained that one of the main areas of business discussed included the proposed ACCESS 2023/24 Business Plan and Budget with the recommendation to suggest back to Local Authorities their agreement to the proposed ACCESS Business Plan and Budget for 2023/24. In addition, an update in regard to the ACCESS procurements was provided in regard to: the Third Party Review of the ACCESS Support Unit (ASU); the second phase of the RI Adviser Support; and the re-procurement of the communication partner.

Members were also advised that the AJC were provided with an update of the latest position regarding the potential sale of the Link Group. It was noted that the potential bidder had withdrawn from the process and therefore Link Group were now exploring the possibility of a sale of Link Fund Solutions part of the business.

The Committee were advised that an update from the March meeting would be reported at the next ISC on 14 June 2023.

Resolved:

The Committee **agreed:**

- the proposed ACCESS Business Plan activities for 2023/24;

- ACCESS Authorities S151 Officers recommendation to accept the 2023/24 ACCESS Budget totalling £1.559m (£141,727 per Administering Authority) to support the 2023/24 Business Plan; and
- in regard to BAU Evaluation next steps, that Officers may enact the Out of Committee Decision-Making Process should the need arise.

The Committee noted the items listed under section 2.2 of the report.

15. Institutional Consultant Review of Competition and Markets Authority (CMA) Strategic Objectives

The Committee received an update from the Director for Essex Pension Fund on the outcome of the third annual CMA Strategic Objective Assessment meeting undertaken on 30 November 2022 with the Fund's Institutional Investment Consultant, Chairman, Vice Chairman and Officers of the Fund.

It highlighted that the assessment showed good progress against objectives and that the contract relationship was working well with no areas of concern identified to be brought to the Committee's attention.

Members were reminded that CMA requires the Fund to submit an annual Compliance Statement by 07 January 2023. To this end, the Fund submitted its Compliance Statement on 19 December 2022.

Resolved:

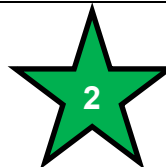
The Committee noted:

- the Assessment, as set out in Appendix A of the report, of the strategic objectives of the Fund's Institutional Investment Consultant, Hymans Robertson;
- Fund Officers to periodically monitor and review Hymans Robertson's progress and establish next steps as and when applicable;
- a formal assessment be undertaken in 12 months' time with Hymans Robertson, and the outcome to be reported back to the ISC in Q4 2023/24;
- the Fund's compliance with the requirement to submit a Compliance Statement to the CMA by 07 January 2023 confirming compliance with Part 7 of the CMA, by setting strategic objectives for the investment consultant and then annually thereafter; and
- the content of the report.

16. Urgent Exempt Business

There being no further business the meeting closed at 12:58pm.

**Chairman
14 June 2023**

Essex Pension Fund Investment Steering Committee	ISC 05	
Date: 14 June 2023		

Essex Pension Fund Investment Steering Committee (ISC) Terms of Reference

Report by the Head of Fund Compliance and Governance

Enquiries to Amanda Crawford on 03330 321763

This Report is for noting

Executive Summary

Report Type: Governance

This report is to set out the Terms of Reference for the ISC.

No recommendations have been made for amendment.

1. Purpose of the Report

1.1 To note the Committee's Terms of Reference (TOR).

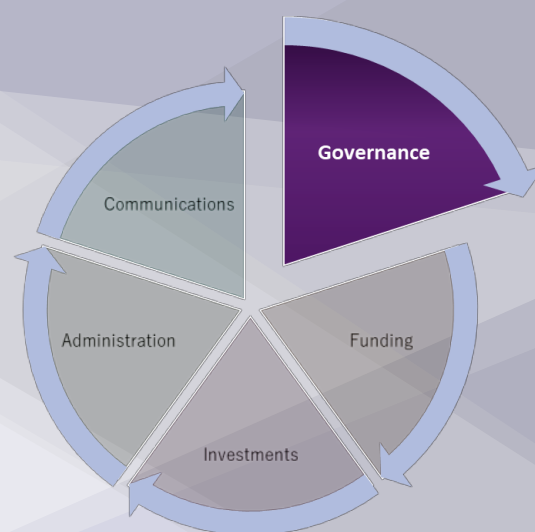
2. Recommendation

2.1 At the Essex Pension Fund Strategy Board (PSB) meeting held on 07 December 2022 a review of the Committee's TOR was carried out by Fund Officers. It is therefore recommended that no further changes to the TOR are required, and the TOR as set out in Appendix A to this report, are noted.

Essex Pension Fund

Investment Steering Committee Terms of Reference

June 2023



Essex Pension Fund

Investment Steering Committee

Membership

There are nine Members of the Investment Steering Committee (ISC).

All ISC Members shall be drawn from Essex Pension Fund Strategy Board (PSB) membership as follows:

Members	How Nominated or Appointed
7 Members of the Council (voting members)	All Council Members of the PSB
1 Member representing Employers in Essex (non-voting member)	The Member of the PSB nominated by Essex Borough, City and District Leaders/Chief Executives
1 Member representing Scheme Members (non-voting member)	The Member of the PSB nominated to represent Scheme Members

The Chairman and Vice-Chairman of the ISC shall be the Chairman and Vice-Chairman of the PSB respectively.

Quorum

A meeting of the ISC shall only be quorate when there are three voting members present.

Term of Office for non-voting members

The Term of Office for non-voting members is as follows:

Members	Term of Office
The Member of the PSB nominated by Essex Borough, City and District Leaders/Chief Executives	Four years from the date of appointment
The Member of the PSB nominated to represent Scheme Members	Six years from the date of appointment

The Term of Office for non-voting members may be extended by up to six months if considered necessary for the purpose for the re-appointment process, for example, due to

Essex Pension Fund

Investment Steering Committee

the timing of local authority elections, with the agreement of the Director for Essex Pension Fund.

Any ISC non-voting Member may be re-appointed for further terms following the appropriate appointment process in line with the PSB.

A non-voting Member may resign by giving notice to the Director for Essex Pension Fund or Leader of the Council and shall cease to be qualified to be a member of the ISC if they cease to hold the office or employment which qualifies them for the role.

Role and Functions

- (i) to approve and review the asset allocation benchmark for the Fund;
- (ii) to determine, review and monitor the Fund's aims, objectives, policies, strategies and procedures relating to investment of the Fund's assets including the Investment Strategy Statement and Environmental, Social and Governance (ESG) matters;
- (iii) to appoint and terminate Investment Managers (in relation to non-pooled assets), Custodians and Advisers to the Fund solely relating to investment matters;
- (iv) In relation to the LGPS ACCESS Pension Fund Pool;
 - a) to consider pooling matters including recommendations by the ACCESS Joint Committee;
 - b) to determine the transition of the assets held by the Fund in relation to the Pool and the funds or sub-funds operated by the Operator;
 - c) to appoint the elected Councillor for Essex County Council (ISC Chairman) to the Joint Committee as and when required with the ISC Vice Chairman, or any other Member, able to deputise in their absence;
 - d) to advise the representative on the Joint Committee on such matters as may be required;
 - e) to monitor the performance of the LGPS ACCESS Pool and its Operator and recommending actions to the ACCESS Joint Committee or ASU, as appropriate;
 - f) to receive and consider reports from the LGPS ACCESS Joint Committee and the Operator;
 - g) to undertake any other decisions or matters relating to the operation or management of the LGPS ACCESS Pool as may be required.

Essex Pension Fund

Investment Steering Committee

- v) to assess the quality and performance of each Investment Manager and the relevant ACCESS Operator annually in conjunction with the Fund Investment Advisers and the Section 151 Officer;
- (vi) to monitor compliance of the investment arrangements with the Investment Strategy Statement;
- (vii) to monitor and review the Fund's compliance with the LGPS Scheme Advisory Board adopted Code of Transparency and UK Stewardship Code;
- (viii) to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;
- (ix) to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and
- (x) to submit quarterly reports on its activities to the PSB.

Training

The Essex Pension Fund has a dedicated Knowledge and Skills Strategy which applies to all members of the ISC and which includes the expectation to attend regular training sessions in order they may maintain an appropriate level of knowledge and skills to perform their role effectively.

Essex Pension Fund Advisory Board (PAB)

Members of the PAB are permitted to attend the ISC, including during any items of private business. Comments may also be made by these persons subject to permission to speak being granted by the Chairman. In accordance with the Fund's Conflicts of Interest Policy, a member of the PAB may be asked to leave the room during an item where they have a potential conflict of interest.