Essex County Council

Essex Pension Fund Investment Steering Committee

10:00	**Wednesday, 28 February 2024**	**Committee Room 2 County Hall, Chelmsford, CM1 1QH**

For information about the meeting please ask for:
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To consider a report from the Director for Essex Pension Fund in consultation with the Institutional Investment Consultant, Hymans Robertson and the Independent Investment Adviser, Mark Stevens

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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.

8 **Investment Manager Monitoring**

8a **Investment Tables: Quarter ended 31 December 2023**

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

8b **Traffic Light Rating Report**

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

9 **Investment Manager Monitoring - Responsible Investment (RI) Engagement Reports**

9a **Permira - Direct Lending**

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

9b **Hamilton Lane - Private Equity Mandate**

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

9c **Stafford International Timberland - Timberland Mandate**

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

9d **UBS - Index Tracking Mandate**

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

9e **RI Engagement Priorities**

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

10 **Carbon Emissions Training**

To receive a training presentation from Hymans Robertson

11 **Taskforce for Climate-Related Financial Disclosures (TCFD) Carbon Metrics Report**

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

12 **Manager Presentation**

12a **Hamilton Lane Impact Investment in Private Equity (PE) training**

To receive a presentation from Hamilton Lane, Private Equity Manager

12b **Market Update and Essex Portfolio**

To receive a presentation from Hamilton Lane, Private Equity Manager

12c **Strategic Implementation Framework - Pillar 1 - Implementing and maintaining existing strategic targets: Private Equity rolling commitment review**

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

13 **Structural Reform of the Local Government Pension Scheme**

13a **Pooling Quarterly Update of ACCESS Joint Committee (AJC)**

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

13b **Local Government Pension Scheme (LGPS): Next steps on investments Consultation**

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

14 **Institutional Consultant Review of Competition and Markets Authority (CMA) Strategic Objectives**

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

15 **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: 28 February 2024	

Essex Pension Fund Investment Steering Committee (ISC) 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

The ISC continues to carry a vacancy for the Borough, City and District Councils representative position (formerly Cllr C Riley).

One apology has been received from Cllr C Souter with Cllr M Durham substituting on his behalf. No further apologies have been received at the time of writing.

1. Purpose of the Report

1.1 To present Membership, Apologies and Declarations of Interest for the 28 February 2024 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 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 M Platt	Essex County Council (Vice 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 C Souter	Essex County Council
Observers	
Vacant	Borough, City and District Representative
Sandra Child	Scheme Members

Minutes of the Meeting of the Essex Pension Fund Investment Steering Committee (ISC), held in Committee Room 2 at 10.00 am on 29 November 2023

1. Membership, Apologies and Declarations of Interest

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

Membership

Present:

Essex County Council (ECC)

Cllr S Barker	(Chairman)
Cllr M Durham	(substitute for Cllr M Platt)
Cllr A Goggin	
Cllr A Hedley	(arrived 10.04 am)
Cllr D King	(arrived 10.32 am)
Cllr C Souter	

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
Senita Kaur	Compliance Analyst
Aleya Miah	Compliance Officer
Mark Stevens	Independent Investment Adviser (IIA)
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson
Hannah Marshall	CBRE (Item 11b only)
Chris Tucker	CBRE (Item 11b only)
Barney Rowe	Orchard Street (Item 12b only)
Sarah O'Connell	Orchard Street (Item 12b only)

The following ISC Member, Essex Pension Advisory Board (PAB) Member and Fund Officers were present via Zoom as Observers of the meeting:

Cllr M Platt	ISC Member and Vice Chairman
James Durrant	PAB Member, Employer Representative
Jamie Dougal	Investment Officer
Leah Eade	Graduate Pension Trainee
Sara Maxey	Head of Actuarial and Funding
Mick Smith	Investment Analyst
Kelly Thomas	Investment Officer

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, including Cllr M Durham, substituting for Cllr M Platt (who would be observing via Zoom). Members were made aware that Cllr Hedley and Cllr King would arrive shortly.

Apologies for Absence

It was noted that Scheme Member Representative, Sandra Child; Pension Strategy Board (PSB) Member, Cllr J Lamb; and PAB Members, Nicola Mark and Andrew Coburn had sent their apologies.

Cllr M Hoy was absent from the meeting.

Declarations of Interest

The following Declarations were received:

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 holds a deferred Essex LGPS pension;

Cllr M Durham declared he is a Cabinet Member and a Member of Maldon District Council;

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

Cllr A Hedley declared that he was in receipt of an Aviva Group Pension and that he is the Chairman of the Audit, Governance and Standards Committee; and

Cllr D King declared that he is also a Member of the Audit, Governance and Standards Committee.

Resolved:
The Committee noted the content of the report.

2. Minutes of the previous Meeting

The Minutes of the ISC meeting held on 11 October 2023 were approved as a correct record and signed by the Chairman.

The Chairman brought to Members' attention one matter arising from the minutes. It was noted that the Investment Strategy Statement (ISS) agreed at the meeting on 11 October 2023 had been published on the Fund's website on 10 November 2023.

Resolved:
The Committee noted the update from the matter arising.

3. Market Commentary: Quarter 2 2023

The Committee received a report from Hymans Robertson and a verbal update from the Independent Investment Adviser (IIA), Mark Stevens.

Mark Stevens shared his view that the themes of last year continued to be relevant:

- inflation was coming down yet remains inconsistent;
- rate rises appeared to have peaked, however they were expected to stay "higher for longer";
- new geopolitical risks had emerged alongside the existing Russia/Ukraine conflict;
- oil prices remained vulnerable to shocks, but an improvement had been seen in supply and storage of gas in Europe.

Looking ahead to 2024, he noted that the global economy was more resilient than expected with only one or two countries in recession. Corporate margins were robust with tight labour markets and strong wages. However, there is always a lag in the impact of monetary tightening so this might still be felt in the coming months and whilst signs of stress in the banking sector had eased, some weaker banks remained vulnerable as credit growth slowed and repayment capacity reduced. Although a "soft landing" was anticipated for the US, the International Monetary Fund expected divergence in inflation and economic outlook potentially leading to future desynchronisation of global monetary policy.

Equity Price Earnings valuations would not be stretched if there was no recession, but earnings yields were expensive compared with bonds and credit was offering better yields than had been available for many years. John Dickson, Hymans Robertson, added that inflated interest rates were just starting to bite, curtailing prospects for earnings growth and potentially heralding a "doldrums" period.

Mark Stevens expressed some concern about Government debt cost, which remained high, and a forthcoming Treasury sell-off post quarter-end. The US Government would be refinancing $9 trillion – one-third of its entire debt. Meanwhile, in the UK gilts yields had spiked with 30-year gilts hitting a 20-year high.

The key question was whether the UK could expect a soft landing – i.e. slow growth and inflation leading to a drop in interest rates without triggering a recession - or a recession proper where inflation falls and unemployment increases.

Resolved:
The Committee noted the content of the report.

4. Responsible Investment (RI) Project Plan Update

The Head of Fund Investments provided the Committee with an update on progress against the Fund's RI Project Plan.

It was noted that eight out of fifteen areas of activity were now complete, with five areas currently in progress – on target to complete all areas by the end of 2023/24.

Details of six engagement meetings with alternatives Managers were included with the agenda pack, and this week Officers and Advisers had met with Private Equity and Direct Lending Managers. Outcomes from these meetings would be reported to the next ISC.

Resolved:
The Committee noted:
- the progress made against the Fund's 2023/24 RI Project Plan; and
- the content of the report.

5. Schedule of Future Meetings and Events

Members were reminded that the next ISC meeting would be held on 28 February 2023 and about the forthcoming ACCESS Investor Day due to be held on Thursday 30 November 2023. Members wishing to attend were asked to notify Amanda Crawford during the break so that she could register them with Waystone online.

At the 28 February meeting, Members would be reminded of agreed meeting dates for 2024/25 and proposed dates for 2025/26 would be shared.

Resolved:
The Committee noted the content of the report.

6. Urgent Part I Business

There was none.

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

7. Part II Minutes of ISC meeting 11 October 2023

The Minutes of the Part II ISC meeting held on 11 October 2023 were approved as a correct record and signed by the Chairman.

8. Quarterly Investment Manager Monitoring

a. Investment Tables: Quarter ended 30 September 2023

Mark Stevens, IIA, provided the Committee with an update on the value of the Fund and its constituent portfolios, performance against benchmarks, and assets under ACCESS pool governance as at 30 September 2023.

The Fund was valued at £9.868bn at the end of the quarter, up £700m compared with the same period in the previous year. This represented good performance in the current economic climate. (It was noted that at the time of the meeting, and for the preceding 7days, the value of the Fund had increased further to over £10bn, a new Fund high.)

Alternatives Managers, JP Morgan (infrastructure), Hamilton Lane (private equity) and Partners Group had performed well during Q3 with valuations holding up despite the turndown in markets.

Active equity Managers had performed less well, however. Baillie Gifford were experiencing a tricky time; Longview had encountered stock issues, notably in the US-based Dollar Tree business; and M&G Global Dividends had also underperformed. It was noted that the Artificial Intelligence euphoria noted during the previous quarter had since diffused.

Looking at three-year annualised returns, overall the Fund was ahead of benchmark by 0.6% (over £50m) with two out of three active equity Managers outperforming. Also outperforming were bonds and, in the alternative space, property, infrastructure and private equity. However, private lending and timber alternatives, although still generating sizeable positive returns, were underperforming against their own benchmarks.

Overall, the IAA characterised the position as a good news story, particularly in the context of current market conditions.

Resolved:
The Committee noted the content of the report.

b. Traffic Light Rating Report

Matt Woodman, Hymans Robertson advised Members that since the last ISC meeting in October 2023, there had been no change to either Investment Manager ratings or RI ratings for Managers who had been in place for some time. The two new emerging markets Managers, Robeco and Columbia Threadneedle, had been rated as “good” for RI. Investment ratings for these Managers were currently being updated and would be added to the report going forward.

As requested, a new column had been added to the report on the far right, indicating ESG data coverage for each mandate. Equity Managers’ coverage was very high but Bond Managers’ lower, reflecting data availability and the types of products invested in. Coverage would be reviewed on an annual basis. It was proposed that targets be set for a number of the mandates during engagement meetings as part of the Fund’s Net Zero Journey Plan.

Resolved:
The Committee noted the content of the report.

9. Investment Manager Monitoring – Responsible Investment (RI) Engagement Reports

a. JP Morgan Asset Management (JPM) – Infrastructure Mandate

Matt Woodman, Hymans Robertson reported on the second RI engagement meeting with JP Morgan on its infrastructure mandate.

JP Morgan was targeting 42% of AUM to be net zero by 2030 and progress had been made against interim targets. They had achieved FRC Stewardship Code signatory status in the last 12 months and made further enhancements to their ESG scorecard. While this had been a little slow to bed in, improvement had been demonstrated. Their presentation had been judged too generic and this would be addressed at future meetings.

In response to questions, it was reported that JP Morgan was disinvesting from Southern Water following sewage leaks as they did not believe Southern Water was fully committed to correcting the problems that had contributed to leaks.

Overall, it was reported that Officers & Advisers were satisfied with progress.

Resolved:
The Committee noted:
- the next steps arising from the engagement meeting; and
- the content of the report.

b. IFM Investors (IFM) – Infrastructure Mandate

IFM had also been included in the second round of meetings.

IFM had set 2050 net zero targets and interim expectations. Emissions reductions were being closely tracked and were generally on target. 90% of the portfolio (20-30 companies representing c 100 underlying businesses) now had targets set, compared with 50% at the last engagement meeting. Timeliness and quality of emissions data remained an issue across the industry, but IFM had demonstrated that they were taking it very seriously. John Dickson noted the potential to use IFM's positive progress to apply "competitive tension" to their competitor, JP Morgan.

On the subject of water companies, IFM invested in SouthWest Water. Unlike Southern Water, SouthWest Water had shown that they were taking the risk of leaks seriously and were committed to resolving the issues. Therefore, IFM had continued to invest and the investment aligned with their resource scarcity ambitions. This process exemplified effective engagement.

Overall, IFM had demonstrated good progress.

Resolved:
The Committee noted:
- the next steps arising from the engagement meeting; and
- the content of the report.

c. Partners Group: Global Property and Infrastructure Mandates

The final Manager in the second round of RI engagement meetings was Partners Group, covering both the global property and infrastructure mandates.

Since the previous meeting, Partners Group had achieved Stewardship Code signatory status. They had also implemented a new sustainability strategy, leading to a significant improvement in data and reporting. A key consideration for Members in the future would be to consider the balance between direct investment and indirect investment whereby the former, Partners Group would have greater influence in engagement.

Overall, the direction of travel was encouraging.

Resolved:
The Committee noted:
- the next steps arising from the engagement meeting; and
- the content of the report.

The Chairman noted that the Fund had agreed to expand its diversity priority from gender diversity to diversity, which would include ethnic diversity, and asked when this would be reflected in the reports. It was explained that gender diversity was easier to measure and that data on black and minority ethnic board membership was starting to be monitored; this was the beginning of the journey.

10. Net Zero Journey Plan

John Dickson, Hymans Robertson presented the process being developed following the training day to develop a Net Zero Journey Plan which would form a substantial part of the 2024/25 RI Project Plan. It was noted that this was a dynamic and iterative process that would develop as opportunities and data evolved.

The first step would be to establish a baseline for carbon emissions reporting, identifying data gaps and the approach to data and engagement. Focus areas would then be created after which objectives and targets could be set, an implementation plan developed, and the net zero strategy documented in the Climate Transition Plan.

Progress had been made at a strategic, portfolio level through investment. However, at an asset level, significant work was required to assess how well-aligned mandates were with the Fund’s ambitions and how to improve alignment where required. Specifically, the focus needed to be on mandates’ pathway to net zero and how that would contribute to the Fund’s overall pathway.

At present, the focus was on measuring Scope 3 and 4 emissions but there was not yet full data coverage. In the short term, the plan was to develop measurement of avoided emissions.

Four pillars had been identified:

1. **Portfolio emissions**. Action would include training on what is captured via different carbon emissions and refreshing carbon footprint analysis across equities, bonds and alternatives.
2. **Climate solutions and opportunities**. A consistent framework was required but this was not the highest priority. Action would include exploring how existing impact solutions fed into the Net Zero Journey Plan and discussing the introduction of climate related targets for specific impact mandates.
3. **Alignment**. This was the biggest gap with a need to set targets and map pathways on a mandate-by-mandate basis. Initial action would include undertaking net zero baselining analysis for listed assets and understanding current alignment relative to a 1.5 degree scenario.
4. **Engagement**. Once pillars 1 and 3 were mapped this would be the by-product, including discussion of alignment priorities and how to link them to engagement activity, and reviewing net zero engagement specifics.

In the 2024 action plan, each pillar would be tackled in succeeding quarters but the sequence of pillars 2 and 3 had been flipped as more work was required on pillar 3.

Resolved:
The Committee:

- **agreed** the next steps and Net Zero Action Plan outlined in the report; and
- noted the content of the report.

11. Strategic Implementation Framework – Pillar 3 – Exploring changes to existing or new mandates

a. UK Property Mandate Review – Introduction from Hymans Robertson

Matt Woodman, Hymans Robertson, delivered a Bitesize Training introductory presentation on the UK Property Mandate Review.

Matt Woodman presented a chart of UK property returns since 1998 which showed that rental income had remained relatively stable, that rental growth was expected in the future and that yield shift (changing property values) was more volatile with values falling significantly in recent years.

Core property sectors included:

- **Office**. This sector faced challenges with increasing obsolescence of existing stock and the increase in working from home;
- **Industrial**, e.g. warehouses and logistics. Recently this had become more attractive;
- **Retail**, where price entrenchment had been seen but there were still opportunities; and
- **Other**. This encompassed “alternative” types of real estate such as residential, medical facilities, hotels, student accommodation and data centres and was a growing – and potentially more stable – segment of the core property sector.

The value of the UK market overall was estimated at £1 trillion, with about one-third of this in each of the office, retail and industrial sectors.

It was noted that recent price falls meant that yields had risen but that the yield premium was historically low relative to gilts and bonds – and that when initial yield and lending costs are close together, investment becomes less attractive.

Returns are generated in a variety of ways:

- Core, where property is already rented and thereby generating a profit.
- Core + , i.e. repurposing a property by refurbishing or attracting new tenants.
- Value add, for example, changing the whole use of a building, with the potential to increase returns significantly but at higher risk.

Inherent risks included, among others, illiquidity, high transaction costs and voids.

The ISC was reminded that it had agreed at its June meeting to terminate Aviva UK who were currently managing the property mandate on a care and maintenance basis. In addition, at the October ISC an 'in principle' decision was agreed to appoint CBRE, the ACCESS preferred UK core property manager as Aviva's replacement. It was also agreed at the October meeting to invite CBRE to present to the ISC. It was noted that Hymans Robertson's view was that CBRE was a well-established, high-quality manager with good ESG and sustainability credentials and whose proposals for the Essex portfolio made a lot of sense.

Resolved:
The Committee noted the introductory presentation.

b. Manager Presentation

The Committee received a presentation from Hannah Marshall, CIO UK Direct, and Chris Tucker, Fund Manager, representing CBRE, ACCESS's UK Core Property Manager, covering:

- the proposed Fund Manager team;
- CBRE's experience in the property space;
- the strategic approach they would apply to the Fund's portfolio;
- the target portfolio and current observations; and
- sustainability.

The Chairman thanked CBRE for their presentation.

Resolved:
The Committee noted the presentation.

Once the CBRE representatives left the meeting, Members **agreed**:

- to ratify the ISC's October decision to appoint CBRE as the Fund's replacement manager for the UK Core Property Mandate; and
- to delegate the details of the Investment Management Agreement and transition to O&A.

The meeting adjourned for lunch at 12:38 pm and resumed at 1:05 pm.

12. Strategic Implementation Framework – Pillar 3 – Exploring changes to existing or new mandates

a. Impact Investing Property – Introduction from Hymans Robertson

John Dickson, Hymans Robertson, delivered a Bitesize Training introductory presentation on Impact Investing in the property space.

He explained that there are two main routes to impact: impact investing – creating impact by investing in one company rather than another; and stewardship – using your influence as a stakeholder to achieve impact.

The Framework for assessing impact is "AIM":

- Additionality – would the impact have happened anyway or is the action creating the impact?;
- Intentionality – the impact can't be an accidental by-product; and
- Measurability – Managers should be able to quantify and report on impact.

In the real estate space, the Strategic Framework entailed:

- establishing beliefs;
- setting objectives;
- assessing options; and
- implementation, which, for EPF, could be achieved in tandem with ACCESS.

Impact could be created in a number of themes (topic/cause areas). In real estate, the most established themes were tackling homelessness and affordability but as investment is already being made to address these concerns, the additionality criterion would not be met. Other themes to explore, therefore, might include health and well-being (e.g. quality of space and access to healthy lifestyles, leading to increased productivity).

20% of UK carbon emissions were from property and it was estimated that 90% of properties will fail to meet the 2030 regulations. It was noted that businesses are increasingly reluctant to lease a facility that would not comply with the 2030 environmental regulations unless there was a firm commitment to comply – and a programme of improvement with a tenant *in situ* would potentially be hugely disruptive to the tenant's business. It could be seen, therefore, that there would be lots of demand for a few compliant buildings and rent on those compliant buildings would be at a premium. There was potential, then, to look for non-compliant property and invest to create impact. This applied particularly to office space but there was also scope in industrial facilities. Some examples were shared.

It was noted that Orchard Street had been invited to present a training session to the Committee on how impact solutions worked in practice in real estate. This would help to define the brief to Apex, ACCESS's illiquid implementation adviser.

Resolved:
The Committee noted the introduction.

b. Manager Presentation

The ISC received a presentation from Barney Rowe, Partner and Portfolio Manager, and Sarah O'Connell, Associate Partner and Assistant Portfolio Manager, representing Orchard Street, a leading commercial property investment manager focused on the UK market and in particular how impact can be achieved.

The presentation included:

- why should real estate investors deliver Impact?
- why now?

- a best practice Impact Framework for real estate;
- an integrated investment and Impact screening process;
- case studies; and
- indicative Fund-level capital flows.

Resolved:
The Committee noted the presentation.

13. Strategic Implementation Framework – Pillar 1 – Implementing and maintaining strategic targets
Investment Grade Credit Review

John Dickson, Hymans Robertson reminded the Committee that, as part of the Strategic Review, it had agreed an initial allocation of 5% of assets to a credit mandate (with scope to go further later if appropriate). At the previous meeting, three potentially suitable strategies within the ACCESS pool had been identified: one had been eliminated at an early stage as not meeting the Fund's criteria, and the Committee had requested that Hyman's undertake further due diligence on the remaining two strategies.

It was explained that the difference between the two strategies was marginal, but there was enough clear water between them not to split the allocation. The deciding factors were:

- concentration risk – one manager already managed over 12% of assets for the Fund including a 5.5% allocation to a bond mandate; and
- fees – one manager was offering the strategy at a very competitive manager fee rate.

Resolved:
The Committee **agreed**:

- to invest 5% of the Fund (c £500m) to Fidelity's Sterling Investment Grade Credit Fund and this be funded by trimming the equity mandate allocations back to target;
- the implementation be delegated to Officers in consultation with Advisers; and
- the content of the report be noted.

The Chairman asked the Fund's Advisers to leave the room for the next item.

14. Independent Investment Adviser (IIA) Arrangements and Review

The Director for Essex Pension Fund explained that a review of Adviser arrangements had revealed that, partly as a result of the need to extend External Adviser contracts during the pandemic, a number of third-party contracts would be expiring at the same time. The need to procure a number of contracts simultaneously would not only put significant pressure on Officers but would also mean if the IIA contract was extended by a further two years the Fund would be reprocuring the IIA at around the same time as reprocuring the Institutional Investment Consultant contract (expiring in early 2026).

The IIA's contract was due to expire in December 2023. It was therefore proposed that the incumbent IIA be offered a 12-month contract extension at this time to ensure continuity and that the IIA will be in place for a period of time before the Fund was required to reprocure the IIC.

Resolved:
The Committee **agreed**:

- to offer a 12-month extension to the current IIA contract;
- the proposed formal tender process to be commenced in the event that the current IIA declines the offer of a 12-month extension including the establishment of an Appointment Sub Committee; and
- noted the content of the report.

15. Urgent Exempt Business

The Director for Essex Pension Fund updated Members on the outcome of the recent Government Consultation on the next steps of Pooling.

It was noted that the Fund's submission had been sent on 02 October 2023 following the ISC approval and that the Government had on 22 November issued their response - a very rapid turnaround - indicating its expectation that:

- **all** investments (not just liquid investments as per the original Consultation) should be pooled by 2025;
- an aspiration of up to 10% of assets should be invested in Private Equity and 5% in Levelling Up;
- Funds would need to comply or be prepared to explain their approach; and
- significant additional annual reporting would be required.

The Government's Consultation response had coincided with the Autumn Statement, also issued on 22 November.

Within the Autumn Statement it was predicted that the LGPS would be valued at over £900bn by 2040. Future pools were therefore expected to have a value of £200bn which strongly implied Pool mergers in the future.

It was noted that Officers were currently working through the implications of the Consultation.

There being no further business, the meeting closed at 3.03 pm.

Chairman
28 February 2024

Essex Pension Fund Investment Steering Committee	ISC 03
Date: 28 February 2024	

Market Commentary: Quarter 4 2023

Report by Hymans Robertson

Enquiries to Jody Evans on 03330 138489

This Report is for noting

Executive Summary

Report Type: Monitoring

Key highlights include:

- Q4 saw a turnaround with global economy growth driven by the resilience of the US market and stimulus in China; growth, however, is still expected to slow during 2024;
- equity markets rallied, giving their best return since 2019. Global equities returned 6.3% in Q4 with Europe ex UK and Pacific ex Japan the standout performing regions in sterling terms;
- inflation fell more than expected across major advanced economies in Q4, boosting investors' hopes of earlier and larger rate cuts than previously forecast;
- the easing of inflation concerns and weak growth should improve sentiment towards conventional bonds; and
- the fall in inflation has also slightly improved the fundamental outlook for UK commercial property.

1. Purpose of Report

1.1 To update the ISC on recent market conditions.

2. Recommendation

2.1 That the Committee should note the content of the report.

Q4 2023
Capital Markets Outlook

Essex Pension Fund

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Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

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Market background

HYMANS ROBERTSON

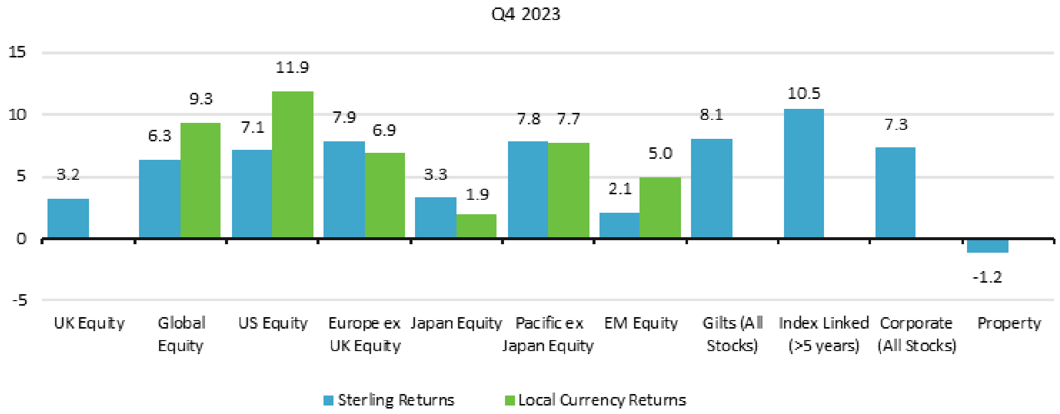
Market Returns

The global economy continued to grow at a decent pace in Q3, mainly due to the ongoing resilience of the US economy and a stimulus-driven pick-up in Chinese growth. Nonetheless, global GDP growth is still expected to slow to a subdued pace in 2024, with particularly weak growth expected in the eurozone and UK.

Inflation fell more than expected across major advanced economies in Q4, boosting investors' hopes of earlier and larger rate cuts than previously expected.

The US Federal Reserve (Fed) boosted these expectations in mid-December as its revised policy projections revealed it will likely cut rates in 2024.

With the above economic backdrop, sovereign bond prices rose as yields fell. Meanwhile, equity markets rallied, delivering their best annual return since 2019.



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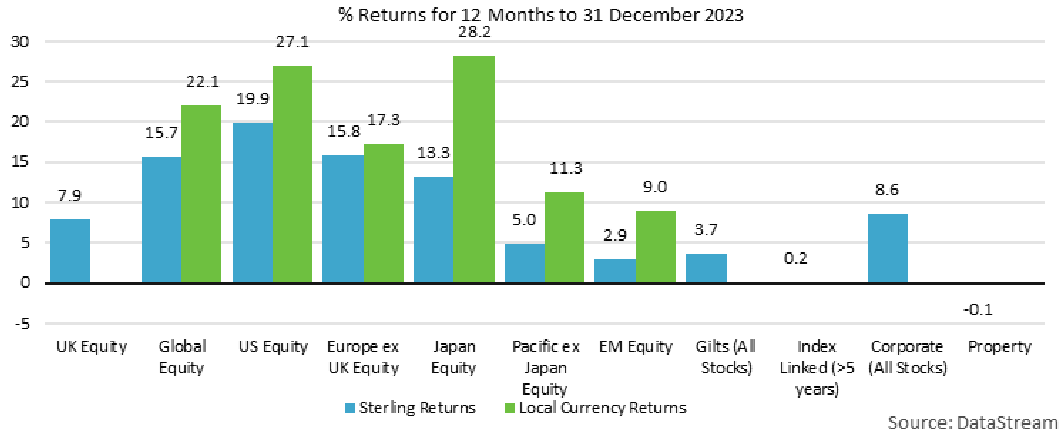
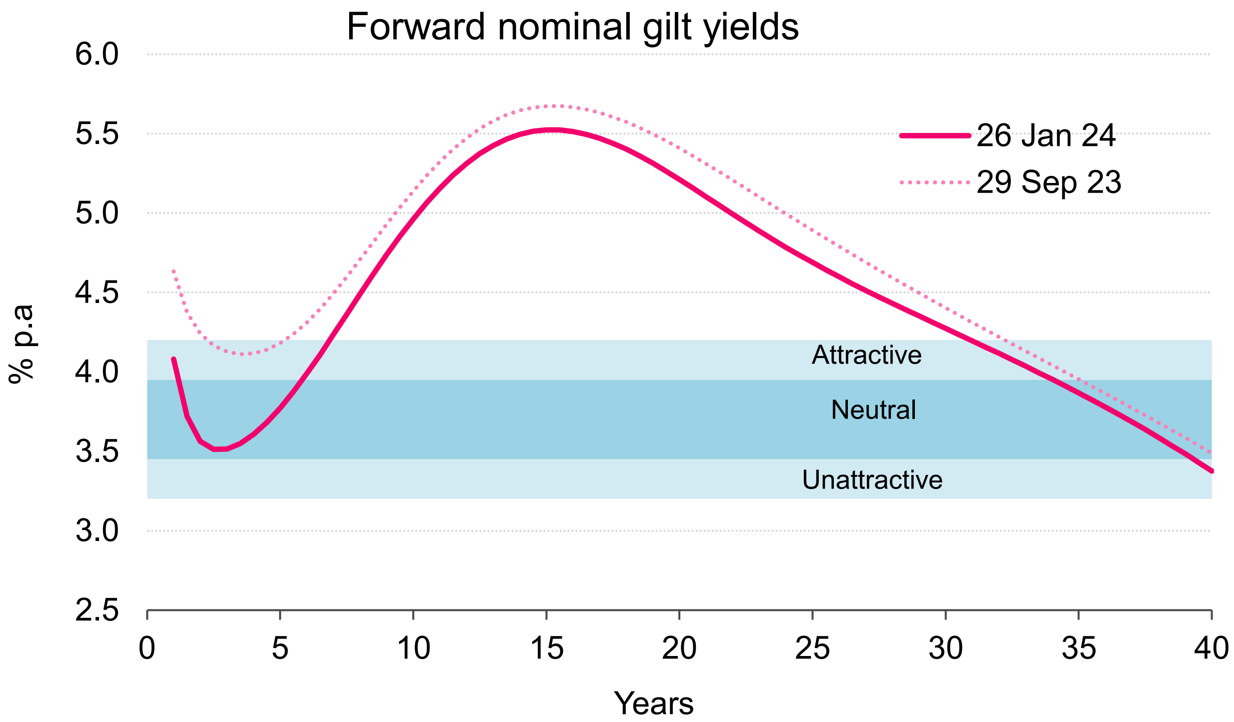


Source: DataStream

Asset class views

Conventional government bonds



Despite the recent rally, longer-term forward nominal yields look very elevated versus our long-term fair value, underpinning our attractive assessment of nominal yields.

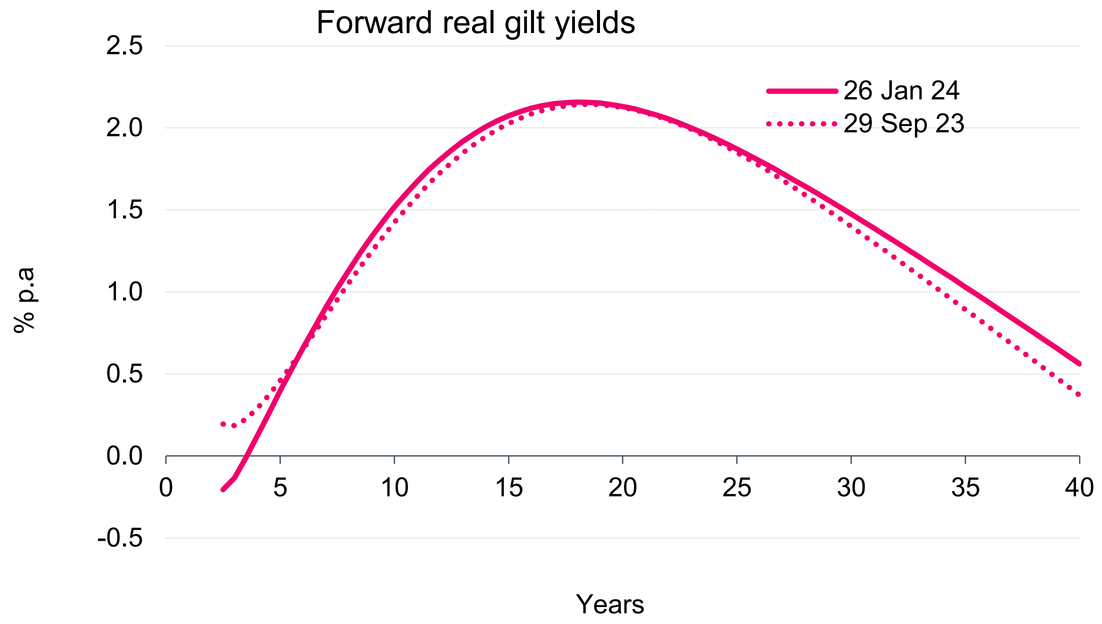
BoE's gilt sales and increased new supply provide for a fragile technical backdrop for conventional gilts. However, an easing of inflation concerns, and weak growth should improve sentiment towards the asset class.

	Fundamentals	Valuations	Technicals	Overall
Nominal gilts	Neutral-Attractive	Attractive	Unattractive	**Neutral-Attractive**

Index-linked government bonds

Given the decline in nominal yields, relative to real yields, implied inflation has cheapened. Allowing for elevated near-term inflation and slightly above-target inflation over the medium to long-term, the cost of long-term inflation hedging is now only slightly above our assessment of fair value.

We remain neutral on the technical backdrop for linkers, noting that they were not included in the BoE's asset purchase program and so are not being sold as part of quantitative tightening. While net supply is increasing, institutional demand should be supportive.



	Fundamentals	Valuations	Technicals	Overall
Index-linked gilts	Neutral-Attractive	Neutral-Attractive	Neutral	**Neutral-Attractive**

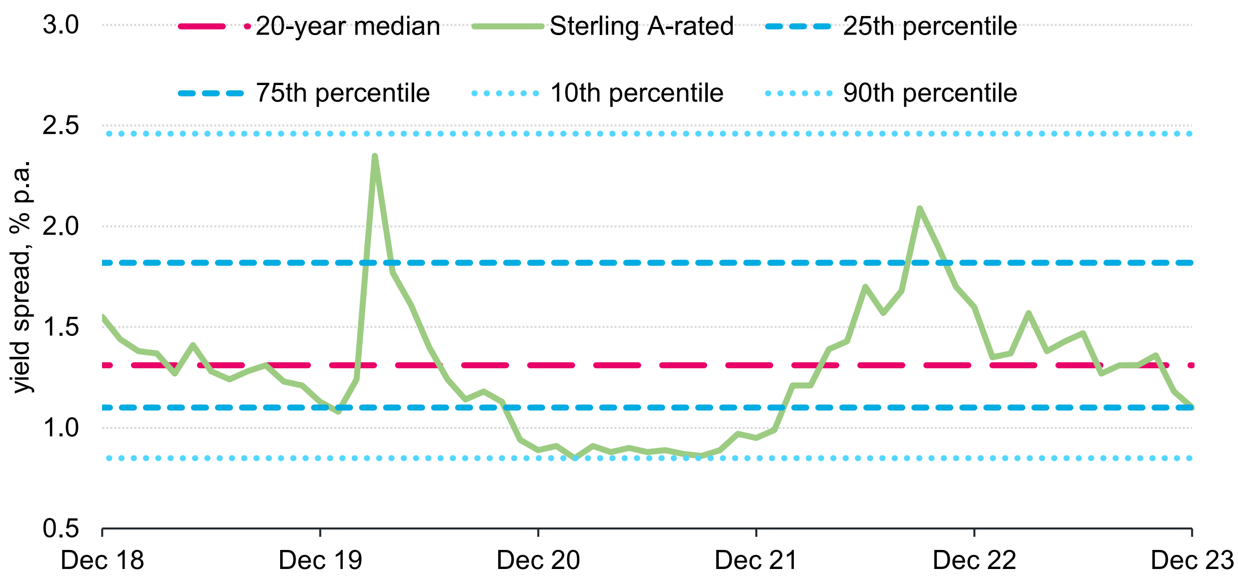
Investment-grade corporate credit

Markets are pricing in the benign default and downgrade outlook. Spread tightening towards the end of 2023 means global credit spreads are now slightly below long-term median levels. Sterling credit spreads look increasingly tight leading to a slightly more cautious stance.

Institutional demand for high-quality investment-grade assets lends a degree of technical support.

Trailing 12-month ratings drift remains negative as the number of “notch” downgrades in investment grade is higher than the number of upgrades. However, the value of rising stars (bonds upgraded from speculative to investment-grade) continues to outweigh that of fallen angels.

Spreads (bps)	31-Dec	-3 Mth	-12 Mth	10-yr Median
US A IG	**88**	107	114	**100**
Sterling A IG	**110**	131	160	**128**
Euro A IG	**120**	133	138	**97**



	Fundamentals	Valuations	Technicals	Overall
Global IG credit	Neutral-Unattractive	Neutral-Unattractive	Neutral	**Neutral-Cautious**
Sterling IG credit	Neutral-Unattractive	Unattractive	Neutral	**Cautious**

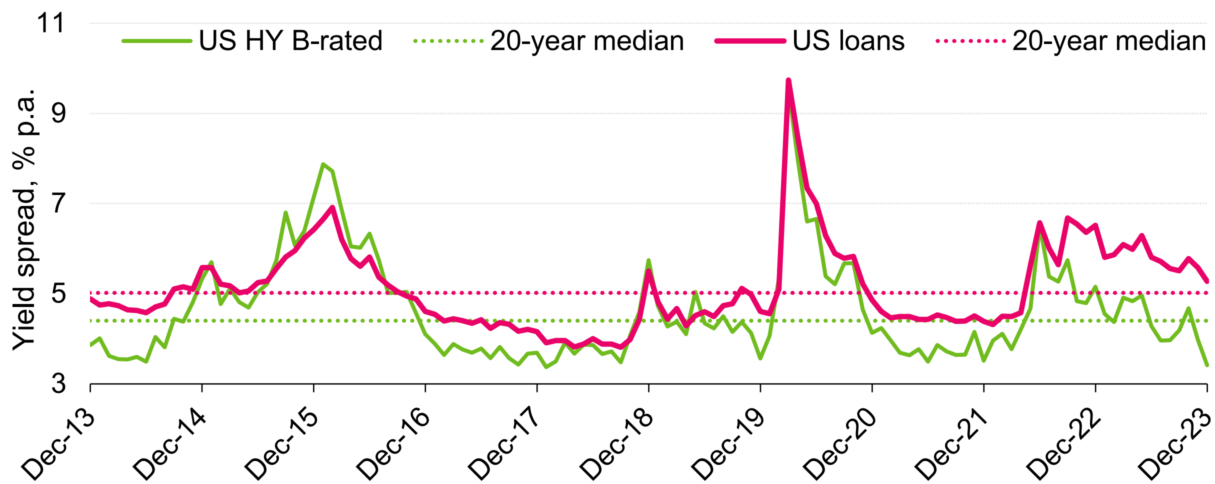
Speculative-grade credit

Improvements to the fundamental outlook are more than reflected in credit spreads, which have fallen well below long-term median levels. Global developed market speculative-grade bond spreads are now below the 25th percentile of their long-term history.

As with investment-grade credit markets, valuations look far more stretched in US relative to Europe.

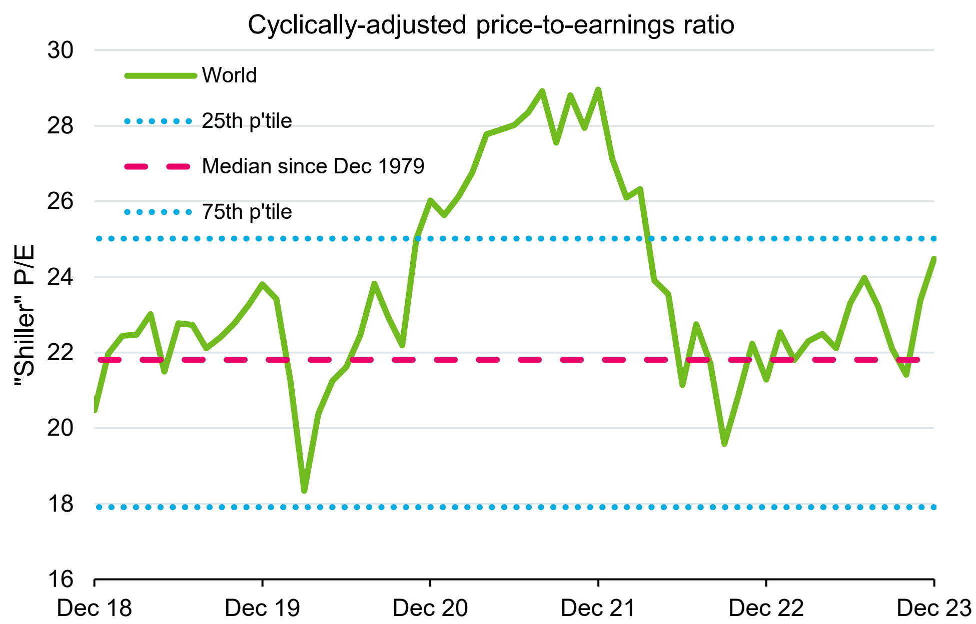
Credit upgrades and the repayment of debt incurred during the pandemic have provided technical support to the high yield markets.

Spreads (bps)	31 Dec	-3 Mth	-12 Mth	10-yr Median
US HY	**339**	403	481	**406**
Euro Currency HY	**411**	459	515	**400**
US Loans 3-yr DM	**528**	551	652	**487**
Euro Loans 3-yr DM	**561**	521	710	**483**



	Fundamentals	Valuations	Technicals	Overall
High yield	Neutral-Unattractive	Unattractive	Neutral	**Cautious**
Loans	Neutral-Unattractive	Neutral	Neutral	**Neutral-Cautious**

Global equities



	Fundamentals	Valuations	Technicals	Overall
Global equity	Neutral-Unattractive	Neutral-Unattractive	Neutral	**Neutral-Cautious**

Market performance in Q4 2023 has driven cyclically adjusted valuations higher, which now look elevated relative to long-term averages.

Weaker inflation will most likely allow the major central banks to reduce interest rates in 2024, but the market appears to have already discounted a large extent of the likely easing. We do not anticipate further dramatic falls in interest rates and yields to drive equity multiple expansion over the medium term. This leaves valuations more dependent on fundamentals and earnings growth.

Valuations are not particularly cheap when adjusting for the new discount rate reality: the spread between the MSCI World's cyclically adjusted earnings yield and current US 10-year real yields (our proxy "equity risk premium") is well below long-term median levels. Overall, equities still look slightly expensive relative to bonds.

Regional equities

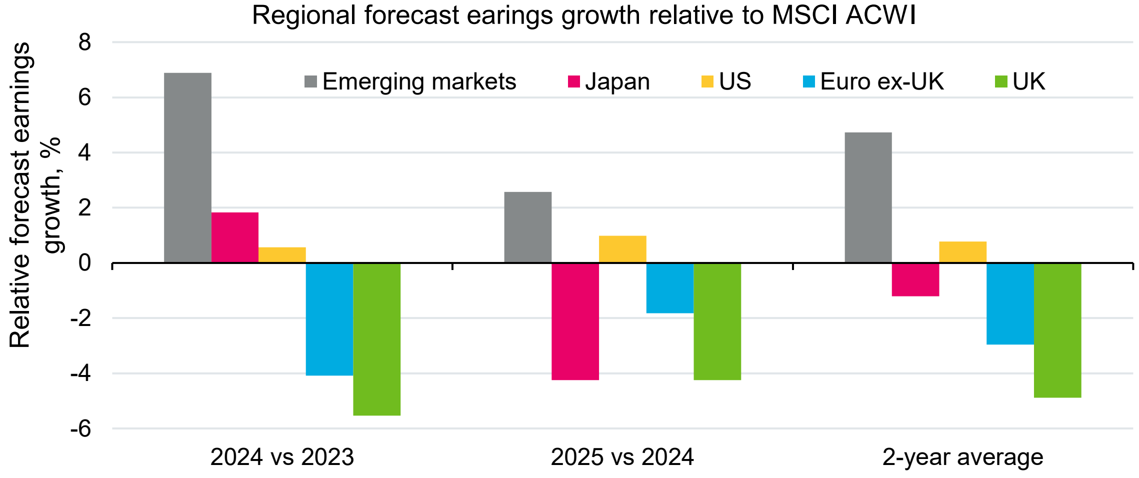
The underperformance of emerging markets over the past few years leaves valuations looking cheap relative to developed markets.

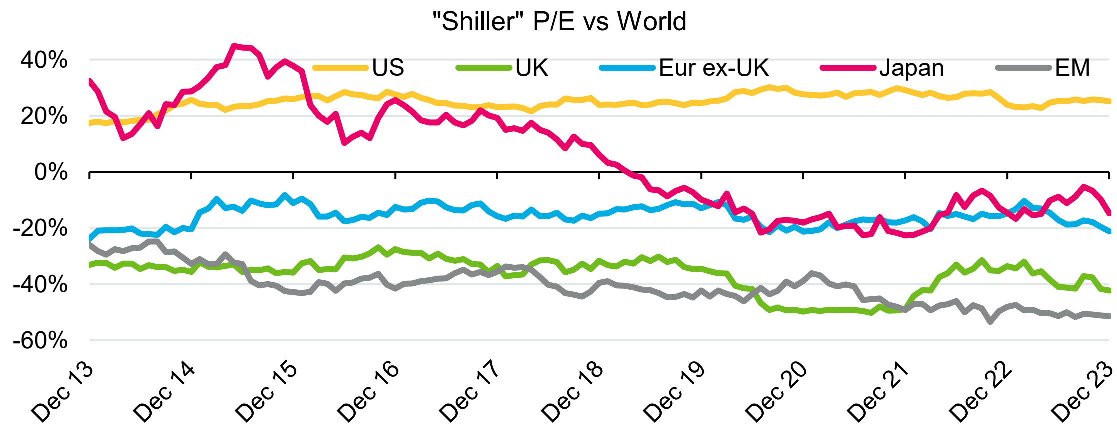
Furthermore, emerging markets are forecast to experience the strongest earnings growth among the major equity regions in 2024 and 2025.

Despite outperformance in 2023, Japanese equities still look relatively cheap, while relative earnings growth forecasts, and ongoing upgrades to those forecasts, remain supportive.

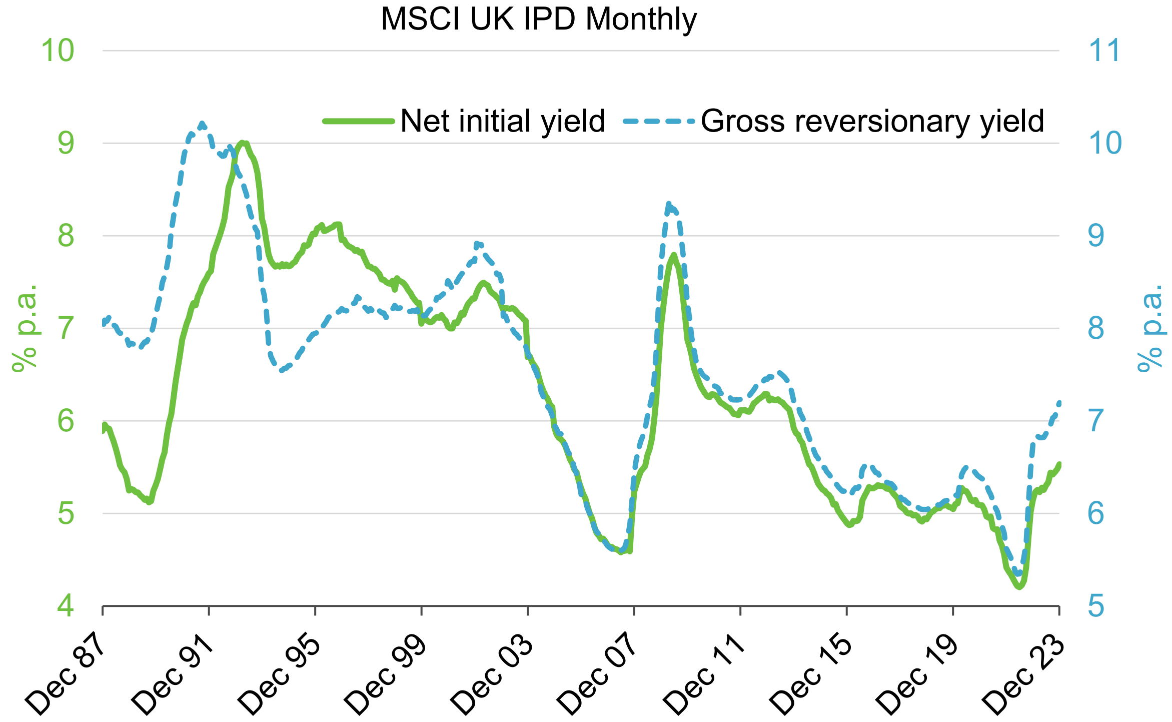
US valuations are high, but look slightly less stretched in the context of usual premium commanded by the tech-heavy market and derive support from relatively strong potential earnings.

We're most cautious on European and UK equities, where a relatively poor earnings outlook may more than offset the ostensible cheapness of these markets.





UK Property



From a valuation perspective, given the 24.4% fall in MSCI UK Monthly Property Capital Value Index since its June 2022 peak, and decent nominal rental growth over the same period, net initial yields, based on current rental income, have risen to 5.5% pa.

Gross reversionary yields, based on estimated rental value, have risen to 7.2% pa, highlighting the increasing potential from asset-management opportunities.

From a fundamental perspective, as inflation has fallen sharply, real rental growth has risen, slightly improving the fundamental outlook for UK commercial property.

On a longer-term view, we expect tenant demand for quality, and more energy and environmentally efficient buildings, to attract tenants and command higher rents. We feel that tenants and owners will increasingly focus on achieving higher EPC and green standards which may cause a bifurcation in the market in the future.

	Fundamentals	Valuations	Technicals	Overall
UK property	Neutral-Unattractive	Neutral	Unattractive	**Neutral-Cautious**

Essex Pension Fund Investment Steering Committee	**ISC 04** 20
Date: 28 February 2024	

Essex Pension Fund Treasury Management Strategy 2024/25

Report by the Director for Essex Pension Fund
Enquiries to Jody Evans on 03330 138489

This Report requires a decision

Executive Summary

Report Type: Governance

The Strategy's content is largely unchanged from last year. However, the following can be observed:

- forecasts have been revised throughout with a surplus cashflow projection for both 2023/24 and 2024/25; and
- the Institutional Counterparty Lending List has been revised. The maximum investment limit for Lloyds Banking Group, the Fund's 'in house' banking facility, has been increased from **£5m** to **£10m**. The Aberdeen Standard Liquidity Fund (Money Market Fund (MMF)) has also been added to the Counterparty Lending List, with a maximum investment limit of **£10m**. These revisions were based on recommendations from Essex County Council's (ECC's) Treasury Management Team.

1. Purpose of the Report

1.1 To present the 2024/25 Essex Pension Fund Treasury Management Strategy.

2. Recommendation

2.1 That the 2024/25 Essex Pension Fund Treasury Management Strategy be **approved,** and the content of the report be noted.

3. Essex Pension Fund Treasury Management Strategy

3.1 The 2021 CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and Statutory Guidance require an annual Treasury Management Strategy to be agreed. The Treasury Management Strategy for the Essex Pension Fund has been prepared having regard to the Treasury Management Code and Statutory Guidance.

3.2 The 2024/25 Treasury Management Strategy for the Essex Pension Fund, attached at Appendix B, replicates to a large extent the Treasury Management Strategy already approved for Essex County Council but has been adapted to reflect the limited borrowing requirements, use of global custodian and the separate governance arrangements of the Pension Fund.

3.3 Section A of the attached Strategy reflects the arrangements in place with Essex County Council in managing 'in house' cash.

3.4 The Fund's global custodian is Northern Trust. The principles of the custodian cash management arrangements are highlighted in Section B.

3.5 Section C, Cashflow Management Arrangements has been updated to reflect the revised Finance Schedule, attached at Appendix A. The forecast for 2023/24 predicts a surplus of c£9m. This is largely attributable to an increase in the estimated costs of retirement pensions and retirement lump sums, offset by increased employer contributions.

3.6 The forecast for 2024/25 predicts a surplus for the year. This is largely driven by increased employer ongoing contribution income, partially offset by an increase in the estimated costs of retirement pensions driven by a CPI of 6.7%.

3.7 The Strategy is largely unchanged from last year. The main revision is in regard to Annex 3 where, following recommendations from ECC's Treasury Management Team, the Fund has revised its Institutional Counterparty List to increase its 'in-house' banking arrangement facility with Lloyds Banking Group from a £5m limit to £10m. In addition, a third MMF, Aberdeen Standard Liquidity Fund has been added with a maximum limit of £10m, bringing the total limit of MMFs to £30m.

4. Recommendation

4.1 That the 2024/25 Essex Pension Fund Treasury Management Strategy be approved.

5. Financial and Resource Implications

5.1 The cost of Essex County Council providing Treasury Management provision for the Fund for 2024/25 will be met within the 2024/25 Budget. The cost of this provision is estimated to be £29k for 2024/25 (£29k for 2023/24).

6. Background Papers

6.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

6.2 2021 Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) issued by CIPFA.

6.3 Northern Trust Global Funds PLC prospectus January 2022.

6.4 BNP Paribas Insticash prospectus August 2023.

6.5 Finance Schedule updated February 2024 (Appendix A).

6.6 Treasury Management Strategy 2024/25 (Appendix B).

Appendix A

Finance Schedule

		2022/23 actual £ (000)	2023/24 estimate £ (000)	2024/25 forecast £ (000)
EXPENDITURE	Retirement Pensions	237,646	265,104	285,517
	Retirement Lump Sums	35,147	46,450	48,401
	Death Benefits	6,379	9,144	9,601
	Leavers' benefits	20,546	29,703	31,188
	Expenses	3,100	3,718	4,044
	Pooling expenses	107	144	155
TOTAL		**302,925**	**354,263**	**378,906**
INCOME	Employees' Contributions	73,663	76,662	83,695
	Employers' Contributions			
	Ongoing	222,175	255,766	287,550
	Deficit	16,498	2,653	3,142
	Financial Strain	1,986	2,535	2,789
	Transfer Values in	17,821	23,004	24,154
	Other income	2,121	2,370	2,489
TOTAL		**333,264**	**362,990**	**403,819**
Net cash flow excl. Investment Income		**31,339**	**8,727**	**24,913**

Note: cashflow positive /(cashflow negative)

Essex Pension Fund

Treasury Management Strategy 2024/25

lgps Local Government Pension Scheme

Introduction

The treasury management activities covered by this Document are comprised of three separate areas:

Section A

The day to day management of the Pension Fund's cash flows and associated short term cash investments known as "In house cash". These activities are undertaken by Essex County Council on behalf of the Pension Fund under a service level agreement.

Section B

The cash held and managed by the Global Custodian as part of the Fund's Investment Strategy.

Longer term investments are administered separately by external fund managers and these activities are covered in the Pension Fund Investment Strategy Statement (ISS) agreed by the Investment Steering Committee.

A copy of the latest ISS can be found on the Fund's website at:

https://www.essexpensionfund.co.uk/resources/investment-strategy-statement-2023/

Section C

The requirement to realise investment income in order to meet a shortfall in income to meet a proportion of future benefit payments.

Section A – "In House Cash" Treasury Management Arrangements

In undertaking the treasury management activities for the Essex Pension Fund, in the absence of any specific guidance on treasury management for Local Government Pension Scheme funds, Essex County Council will comply with the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Statutory Guidance.

A fundamental aim of treasury management is to effectively control the risks associated with treasury management activities and to pursue value for money, in so far as this is consistent with the effective management of risk.

The Treasury Management Code requires the following:

- A Policy Statement which states treasury management policies, objectives and approach to risk management. This is shown at Annex 1.
- Treasury Management Practices (TMPs) which set out the manner in which the organisation will seek to achieve those policies and objectives and prescribe how these activities will be managed and controlled. The TMPs are detailed in Annex 2.
- An annual Treasury Management Strategy that outlines the expected treasury activity. The strategy must define the organisation's policies for managing its investments and for giving priority to the security and liquidity of those investments.

  The Treasury Management Strategy is set out in the subsequent paragraphs.

Treasury Management Strategy

Short Term Cash Investment Strategy

Key objectives

The primary objectives of investment activities are:

- ◊ Firstly, to **safeguard** the principal sums invested;
- ◊ Secondly, to ensure adequate **liquidity**; and
- ◊ Lastly, to consider investment returns or **yield**.

Surplus cash balances will only be invested on a short-term basis (up to a maximum period of 364 days) until the funds are next required. Longer term investments are outside the scope of this document.

Investment counterparty selection criteria

Funds will be invested according to the Secretary of State's definition of specified investments, these being sterling deposits made for periods of less than one year, offering high security and high liquidity. Specified investments may include deposits with the UK Government, other local authorities, money market funds and bodies of high credit quality.

A lending list will be compiled to include counterparties satisfying the criteria set out within **Annex 3**. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex 3**. Additional operational market information (e.g. Credit Default Swaps, negative rating watches/outlooks) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties provide a sound approach to investment in normal market circumstances. However, the Executive Director, Corporate Services will determine the extent to which the criteria set out within **Annex 3** will be applied in practice (i.e. according to prevailing market circumstances).

Liquidity

Liquidity is defined as having adequate but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, at all times, for the achievement of the Pension Fund's objectives. In this respect, the Pension Fund will seek to maintain a contingency of at least **£1m** of cash available with a week's notice. This will be in excess of amounts available at short notice for managing expected cash flows.

Performance

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Sterling Overnight Index Average (SONIA) rate, the aim being to achieve investment returns that are equivalent to, or greater than, the average SONIA rate for the year.

Interest Rates

An estimate of the movement in interest rates over the forthcoming three years is provided below:

Expected movement	2023/24 Actual	2024/25(@ Dec 23)	2025/26	2026/27
Bank rate (at each 31 March)	5.25%	4.0%	3.0%	3.0%

Source: Link Asset Services (December 2023)

The estimated average balance for “In house cash” is around **£34m**. A **0.25%** movement in interest rates would affect the level of income earned from short term investments by **£85,000**.

Given the short-term nature of “In house cash”, no limits are proposed on the maximum exposure to fixed or variable rates of interest.

Borrowing

The Administering Authority does not have the power to borrow on behalf of the Pension Fund, other than temporary borrowing for the following specific purposes detailed in Section 5 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016:

- paying benefits due under the Scheme, or
- to meet investment commitments arising from the implementation of a decision by the Fund to change the balance between different types of investment.

In the context of this Strategy, short term borrowing will only be undertaken in exceptional circumstances to manage unexpected cash flow fluctuations which occur as a result of the above circumstances.

If short term borrowing is necessary, this will be secured via an overdraft facility with the Fund’s bankers or by borrowing from the money markets or other local authorities.

Treasury Management Advisers

Essex County Council currently employs **Link Asset Services** (**Treasury Solutions)** as its Treasury Management Adviser. Link Asset Services provide a range of services, including technical advice on treasury matters, economic and interest rate analysis and credit worthiness information. Notwithstanding this, the final decision on treasury matters remains vested with the Essex Pension Fund Investment Steering Committee, and for day to day treasury management, with the Executive Director, Corporate Services.

The services received from the Treasury Management Advisers are subject to regular review.

Section B – Custodian Cash Management Arrangements

One of the functions provided by the Fund's custodian, Northern Trust, is a banking service. A separate bank account is set up in each currency required by each mandate. At 31 December 2023 the Fund held £153.3m in cash at the Custodian. The details are set out in the table below:

	£m	%
Sterling	89.2	58.2%
Dollar	58.0	37.8%
Euro	6.0	3.9%
Other	0.1	0.1%
Total	153.3	100.0%

If no other action were taken, these monies would remain on deposit with Northern Trust earning interest at the Custodian's rates.

However, to maximise the interest earned where possible, a "cash sweep" is in place for amounts held in sterling and US dollar. This ensures that balances (not required to settle trades) in these currencies across the Funds are swept each day into Global Liquidity Funds (GLFs) managed by either BNP Paribas Investment Partners UK Limited or Northern Trust Global Funds PLC where they earn a higher rate of interest. The two currencies subject to the sweep typically constitute over 90% of all custodian cash balances.

The Fund is also able to utilise the Euro GLF sweep. However, in the previous negative interest rates environment this facility was discontinued. Due to the recent interest rate increases Officers are investigating possibly utilising this facility going forward. The GLF vehicles used have obtained and seek to maintain an Aaa/Mf+ rating from Moody's and an AAA rating from Standard & Poor's. The GLFs operate a soft limit of 10% in any single security, although there are circumstances in which higher holding levels are permitted. A listing of the investment restrictions for both the Northern Trust GLFs and BNP Paribas GLFs is available on request.

The GLFs are open-ended collective investment companies (OEIC). This means that in placing monies in the GLFs via the cash sweep, the Essex Pension Fund becomes a shareholder and has a share in the pool of investments. A GLF must appoint a board of directors, an investment manager, an administrator and custodian. Clients invest not with the fund manager but in the fund run by the fund manager. The manager manages the investments of the fund, an administrator runs the back office and the assets are kept in safe keeping for the fund by the custodian.

The GLFs' overall ratings have two components: a credit risk rating (normally AAA) and a market risk rating. To achieve and maintain the rating, the funds must meet rigorous standards on investment quality, diversification, and liquidity profile. Both internal management and the rating agencies ensure compliance with regulatory, prudential, investment and credit policy guidelines. The processes are monitored further by administrators, custodians and auditors.

In order to limit the exposure of the Fund to any single financial institution a maximum limit is set for both the Northern Trust and BNP Paribas GLFs.

Further details on the how the GLFs operate in practice are available on request.

Impact of lump sum deficit contributions and income realisation

In addition to the working balances of the investment managers, cash management arrangements now need to accommodate the impact of lump sum deficit payments and income realisation.

Under the terms of the current Funding Strategy Statement, it is possible for certain fund employers to opt to pay deficit "up front" in April (rather than the traditional 12 monthly instalments). Furthermore, as highlighted in Section C, it is forecast that from time to time some investment income will need to be used rather than automatically reinvested in order to finance part of the Fund's benefit expenditure going forward.

As a consequence, the GLFs will be used in order to allow the most effective management of monies immediately prior to being allocated to fund managers or directed to pay benefits.

GLF Limits

At its meeting of 21 February 2018, the ISC agreed principles in respect of any reallocation of equities to the alternative and bond mandates. It was agreed that up to 1% of the Fund's assets can be held in cash (separate to that the managers may hold for efficient portfolio management) in expectation of a drawdown notice or other cash flow requirement for the Fund.

The limits for 2024-25 are set out below for both the Northern Trust GLF and BNP Paribas GLF to reflect the circumstances outlined:

Northern Trust GLF -	**£120m**	(no change on an operational basis)
Northern Trust GLF -	**£220m**	(no change on a temporary basis to facilitate the redeployment of assets)
BNP Paribas GLF -	**£120m**	(no change on an operational basis)
BNP Paribas GLF -	**£220m**	(no change on a temporary basis to facilitate the redeployment of assets)

Section C – Cashflow Management Arrangements

The Fund is maturing, and analysis has been undertaken to forecast when new contributions (employees and employers including deficit) are not enough to meet all benefit payments falling due. This is normal for a pension scheme and reflects the purpose of the Fund (accumulate monies and then pay it out in benefits).

The current position is that the Fund is broadly cash positive/neutral, with differences between the income and expenditure in the years analysed in the table below.

Table: Fund cashflow forecast

	2022/23 actual £(000)	2023/24 estimate £(000)	2024/25 forecast £(000)
Expenditure (benefits, transfers out and expenses)	302,925	354,263	378,906
Income (ongoing contributions, deficit contributions and transfers in)	334,264	362,990	403,819
Net cashflow excl. investment income	**31,339**	**8,727**	**24,913**

The cashflow forecast will be subject to regular periodic review.

Income Realisation Strategy

In order to meet the short to medium term cashflow requirements, the Investment Steering Committee at its 23 February 2015 meeting agreed to realise income from the Fund's UK property portfolio, when required.

Realised income may be held in cash short term in order to meet a proportion of benefit payments.

The income realisation strategy will be subject to regular periodic review.

Treasury Management Policy Statement — Annex 1

Purpose

The purpose of the **Treasury Management Policy Statement** is to define the policies and objectives of the Pension Fund's treasury management activities.

Definition of treasury management activities

Treasury management activities are defined as the:

- management of the Pension Fund's cash flows and associated short-term investments, its banking, money market and capital market transactions;
- effective control of the risks associated with those activities; and
- pursuit of optimum performance consistent with those risks.

Policies and objectives

The Pension Fund regards the successful identification, monitoring and control of risks to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Pension Fund.

The Pension Fund acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

Treasury Management Practices (TMPs) **Annex 2**

The Treasury Management Practices below are based on the guidance included in the 2021 edition of CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes.

Policy Details
TMP1 Risk Management
Arrangements are in place for the identification, management, and control of treasury management risk. Specifically:
1. Credit and counter party risk management The Pension Fund (the Fund) will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements. The Fund's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the Fund's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.
2. Liquidity risk management The Fund will ensure it has adequate though not excessive cash resources, borrowing arrangements and overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The Fund will only borrow in advance of need where there is a clear business case for doing so and will only do so for the achievement of its objectives.
3. Interest rate risk management The Fund will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or revenues in accordance with its treasury management policy and strategy and in accordance with TMP6 Reporting requirements and management information arrangements.

Policy Details
TMP1 Risk Management
3. Interest rate risk management (cont.) It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications. It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs, and that the policy for the use of derivatives is clearly detailed in the annual strategy.
4. Exchange rate risk management It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.
5. Inflation risk management The Fund will keep under review the sensitivity of its treasury management assets and liabilities to inflation and will seek to manage the risk accordingly in the context of its wider exposure to inflation.
6. Refinancing risk management The Fund will ensure that its borrowing and other long-term liabilities are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, that are competitive and as favourable to the Fund as can reasonably be achieved in the light of market conditions prevailing at the time. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.
7. Legal and regulatory risk management The Fund will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority, and compliance in respect of the transactions they may effect with the Fund, particularly with regard to duty of care and fees charged.

Policy Details
TMP1 Risk Management
7. Legal and regulatory risk management (cont.) The Fund recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonable able to do so, will seek to manage the risks of these impacting adversely.
8. Operational Risk, including Fraud, error and corruption The Fund will ensure that it has identified the circumstances that may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.
9. Price risk management The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sum it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Policy Details
TMP2 Performance Measurement
The Fund is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement (Annex 1). Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Pension Fund's business or service objectives and performance will be measured against relevant benchmarks.

Policy Details
TMP3 Decision making and analysis
The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for accountability, e.g. demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered.

Policy Details
TMP4 Approved instruments, methods and techniques
The Fund will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in its annual Investments Strategy, and within the limits and parameters defined in TMP1 Risk management. The Fund has reviewed its classification with financial institutions under MIFID II and will set out in its annual Investment Strategy those organisations with which it is registered as a professional client.

Policy Details
TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
The Fund considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function. If and when it is intended, as a result of lack of resources or other circumstances, to depart from these principles, the Executive Director, Corporate Services will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated. The Executive Director, Corporate Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. They will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The Executive Director, Corporate Services will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The delegations to the Executive Director, Corporate Services in respect of treasury management are set out in the Council's Financial Regulations and Scheme of Delegation for Financial Management. The Executive Director, Corporate Services will fulfil all such responsibilities in accordance with the Council's Policy Statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

Policy Details
TMP6 Reporting requirements and management information arrangements
The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function. As a minimum, the Investment Steering Committee will receive an annual report on the strategy and plan to be pursued in the coming year. The Investment Steering Committee may receive reports on the performance of the treasury management function, and on any circumstances of non-compliance with the Treasury Management Policy Statement and TMPs, as part of its reporting. The Investment Steering Committee will have responsibility for the scrutiny of treasury management policies and practices.

Policy Details
TMP7 Budgeting, accounting and audit arrangements
The annual Pension Fund Business Plan's Budget will include provision for the annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the Budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance Measurement, and TMP4 Approved instruments, methods and techniques. The Executive Director, Corporate Services will exercise effective controls over this Budget and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements. The Fund will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

Policy Details
TMP8 Cash and cash flow statement
Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Fund will be under the control of the Executive Director, Corporate Services and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Executive Director, Corporate Services will ensure that these are adequate for the purposes of monitoring compliance with TMP1[2] liquidity risk management.

Policy Details
TMP9 Money Laundering
The Fund is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the of the Officer to whom reports should be made, are in the Council's Anti-Money Laundering Policy.

Policy Details
TMP10 Training and Qualifications
The Fund recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills. The responsible officer will recommend and implement the necessary arrangements. The responsible officer will ensure that the committee members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

Policy Details
TMP11 Use of External Service Providers
The Fund recognises that the responsibility for treasury management decisions remains with the Pension Fund at all times. However, the Fund also recognises that there may be value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service suppliers, it will do so following a full evaluation of the costs and benefits and will also ensure that the terms of their appointment are properly agreed and documented, and subject to regular review. When services are subject to formal tender or re-tender arrangements, legislative requirements will also be observed. The monitoring of such arrangements rests with the Executive Director, Corporate Services.

Policy Details
TMP12 Corporate Governance
The Fund is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability. The Fund has adopted and has implemented the key principles of the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Counterparty Criteria for Investments – In House Cash Annex 3

Lending List

The Pension Fund will only invest its short term funds with UK banks and building societies, and non UK banks domiciled in a country with a minimum sovereign long term rating of **AA-**, that have credit ratings equivalent to or better than the following:

Rating Category	Credit Rating Agencies		
	Fitch	Standard and Poor	Moody's
Short-term rating	F1	A-1	P-1
Long-term rating	A	A	A2

The above ratings will be used to determine the pool of counterparties with whom the Pension Fund can transact. Where the counterparty is rated by more than one credit rating agency, the lowest ratings will be used to determine whether or not it is included on the counterparty list. However, financial institutions will only be considered for inclusion if they have a credit rating in both of the rating categories.

The criteria outlined above will ensure that funds are only invested with high quality counterparties. The short and long-term ratings will be used to determine the maximum amount that can be invested with each of these counterparties, and for what period (see lending limits section).

In addition, the Pension Fund may invest its funds with:

- the UK Government;
- other local authorities;
- pooled investment vehicles (i.e. Money Market Funds) that have been awarded an **AAA** credit rating;
- financial institutions fully or part nationalised by the UK Government whose credit ratings do not meet the above criteria; and
- bank subsidiaries and treasury operations which do not have a full set of credit ratings, provided the parent bank has the necessary ratings outlined above. In addition, the subsidiary must itself have a short and long-term rating meeting the above criteria or have an unconditional guarantee from the parent bank.

In the event that the Pension Fund's own banker falls below the minimum credit rating criteria outlined above, and is not nationalised or part nationalised, the bank will be used for transactional purposes only, and not as an active outlet for investments.

Notes:

There are three main credit rating agencies that assign ratings to financial institutions, namely Fitch, Standard and Poor's and Moody's. When these agencies assign ratings, they take account of any country-specific circumstances. Ratings are therefore applicable worldwide, hence the risk of investing with two different counterparties that have similar ratings is the same, irrespective of their country of origin.

Full details of definitions of the credit ratings of the three main credit rating agencies are available upon request.

Credit ratings are continually monitored, with changes in credit ratings being notified by the Council's Treasury Management Advisers. Counterparties will be removed from the Pension Fund's lending list in the event that they receive a downgrading to their credit rating status below the minimum criteria outlined above.

Counterparties that are placed on 'negative ratings watch' will remain on the Pension Fund's lending list at the discretion of the Executive Director, Corporate Services in consultation with the Chairman of the Pension Fund Investment Steering Committee (or Vice Chairman if the Chairman is unavailable).

Money Market Funds (MMFs) are short term pooled investments that are placed, by a manager, in a wide range of money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits. Strict rules and criteria are set down by the official rating agencies covering the types of investment counterparties used, the maturity distribution of the funds and investment concentrations. The MMFs that the Pension Fund uses will be denominated in sterling and be regulated within the EU.

Further details of the Custodian cash balance arrangements are available upon request.

Lending Limits

For banks and building societies satisfying the 'lending list' criteria, lending limits will be determined with reference to the counterparties' short and long-term credit ratings, as follows:

Investment limit of **£7.5m** for investments of up to **1** year:

Rating Category	Credit Rating Agencies		
	Fitch	Standard and Poor	Moody's
Short-term rating	F1+	A-1+	P-1
Long-term rating	AA-	AA-	Aa3

Investment limit of **£5m** for investments of up to **1** year:

Rating Category	Credit Rating Agencies		
	Fitch	Standard and Poor	Moody's
Short-term rating	F1	A-1	P-1
Long-term rating	A	A	A2

Lending limits for other counterparties will be as follows:

An investment limit of **£10m** will be applied for investments of up to **one** year with individual Money Market Funds.

An investment limit of **£7.5m** will be applied for investments of up to **one** year with individual top tier local authorities. Top tier local authorities will include county councils, unitary and metropolitan authorities, and London boroughs.

An investment limit of **£5m** will be applied for investments of up to **one** year with individual lower tier local authorities. Lower tier local authorities will include district / borough councils, and police and fire authorities.

From 1 April 2024 the Institutional Lending List has been revised to allow for greater capacity and flexibility in accommodating the cashflow movements resulting from increased monthly expenditure and income. The maximum investment limit for Lloyds Banking Group has been increased from **£5m** to **£10m**. The Aberdeen Standard Liquidity Fund has also been added to the list, with a maximum investment limit of **£10m**.

In addition to the limits outlined above, a further restriction will be applied in respect of investments with non-UK financial institutions; that is, a country limit of **£5m** will be applied. The country limit will restrict the total amount that can be invested within any one country outside of the UK at any one time.

Revised Institutional Counterparty Lending List as at April 2024

Essex Pension Fund Counterparty List	Investment Limit £m	Maximum Duration
UK BANKS		
HSBC	5.0	364 days
Lloyds Banking Group	10.0	364 days
Royal Bank of Scotland	5.0	364 days
Santander	5.0	364 days
UK BUILDING SOCIETIES		
Nationwide	5.0	3 months
FOREIGN BANKS (Country limit £5m)		
Sweden Total country limit	5.0	364 days
Svenska Handelsbanken	5.0	364 days
OTHER		
Money Market Funds		
Black Rock - institutional Sterling Liquidity Fund	10.0	364 days
LGIM Sterling Liquidity Fund	10.0	364 days
Aberdeen Standard Liquidity Fund	10.0	364 days
LOCAL AUTHORITIES		
Top Tier Local Authorities*		
Individual authority considered at point of trade	7.5	364 days
Lower Tier Local Authorities*		
Individual authority considered at point of trade	5.0	364 days

* Although Top and Lower Tier Local Authorities meet the Fund's lending list criteria as set out on page 19, the Director for Essex Pension Fund has made the decision that the Fund will not utilise these facility facilities.

Further Information

If you require further information about anything in or related to this Strategy, please contact:

Jody Evans, Director for Essex Pension Fund

Email: Fund.Manager@essex.gov.uk

Essex Pension Fund

Seax House

Chelmsford

Essex

CM1 1QH

Essex Pension Fund Investment Steering Committee	ISC 05a 17
Date: 28 February 2024	

Responsible Investment (RI) Project Plan Update

Report by the Head of Fund Investments
Enquiries to Samantha Andrews on 03330 138501

This Report is for noting

Executive Summary

Report Type: Monitoring

Overall progress is in line with the RI Project Plan with **eleven** out of **sixteen** areas of activity now complete and **five** areas currently in progress. It is expected that 'in progress' activities will be completed by the end of the year.

Further RI engagement meetings with the Fund's investment managers have now been completed. These included Hamilton Lane (Private Equity), Permira (Direct Lending), Stafford (Timberland) and UBS (Index Tracking Equities). The outcomes of these engagement meetings are provided in Part II of the Agenda Pack.

Officers and Advisers are also due to meet Baillie Gifford, M&G and Longview (Global Equity) and Robeco and Columbia Threadneedle (Emerging Market Equity) on 11 March 2024 and 15 April 2024 respectively.

1. Purpose of the Report

1.1 To provide an update on progress against the Fund's RI Project Plan and proposed next steps.

2. Recommendation

2.1 That the Committee note**:**

- progress against the Fund's 2023/24 RI Project Plan; and
- the content of the report.

3. Background

3.1 At its meeting on 14 June 2023, the Committee agreed a RI Project Plan including the workstreams, timings and steps required to be undertaken to achieve the 2023/24 Business Plan areas of activity in relation to RI and Stewardship.

3.2 Areas of activity include:

- the drafting of the 2024 Stewardship Code Submission;
- the release of the draft Investment Strategy Statement for a full stakeholder consultation and reporting back the outcome;
- assessing options for more impactful investing within the Fund's existing portfolio construction; and
- establishing climate metrics outcomes for the year 2023.

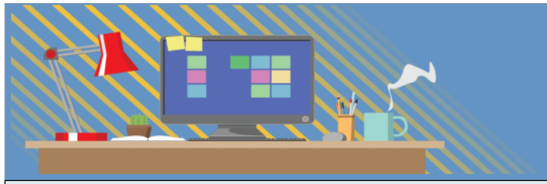
3.3 Appendix A provides the Fund's current progress against the RI Project Plan.

4. Background Papers

4.1 Responsible Investment (RI) Project Plan Update, ISC 04, 29 November 2023.

4.2 Essex Pension Fund (EPF) - Three Year Business Plan and 2023/24 Budget, PSB 04a, 22 March 2023.

4.3 Essex Pension Fund UK Stewardship Code-2023



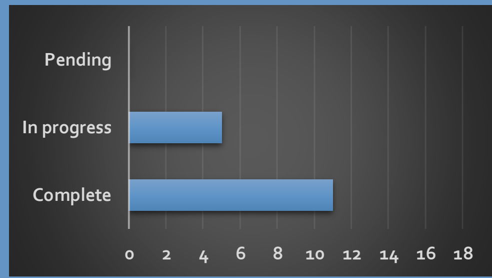
Essex Pension Fund

ISC Responsible Investment Project Plan 2023/24

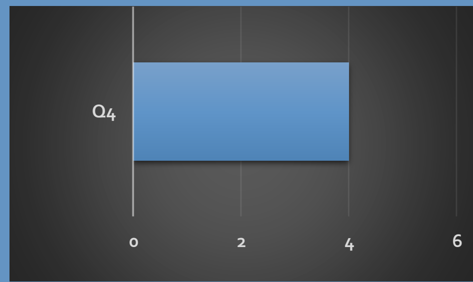
Deliverables	Decisions and actions	Meeting Date	Due	Priority	Status
RI Training	Training as and when required	as required	Q4	Medium	In progress
Proposed scope and Project Plan	Agree scope of activities and Project Plan	14 June 2023	Q1	High	Completed
Review of Investment Strategy Statement (ISS)	Agree draft ISS can be released for full consultation	14 June 2023	Q1	High	Completed
Strategic Responsible Investment Framework	Continue assessment of options for more impactful investing within the existing portfolio construction with initial focus on Infrastructure and Private Equity	14 June 2023	Q1	Medium	Completed
Enact Engagement Plan with all managers including progress to date	Establish a Engagement Meeting Plan for O&A and ISC	14 June 2023	Q1	Medium	Completed
Strategic Responsible Investment Framework	Commence assessment of options for more impactful investing within the existing portfolio construction	14 June 2023	Q1	High	Completed
Meet Managers with focus on RI themes	Identify areas for ongoing engagement with Managers	14 June 2023	Q1	Medium	Completed
Review of Investment Strategy Statement	Review outcome of the ISS stakeholder consultation	11 October 2023	Q3	High	Completed
Meet Managers with focus on RI themes	Identify areas for ongoing engagement with Managers	11 October 2023	Q3	Medium	Completed
Strategic Responsible Investment Framework	Continue assessment of options for more impactful investing within the existing portfolio construction with initial focus on Infrastructure and Private Equity	29 November 2023	Q3	Medium	Completed
Early draft of Stewardship Code submission (template with gaps)	• Agree climate metric outcomes • Agree suitable engagement examples • Identify areas for ongoing engagement with manager	29 November 2023	Q3	Medium	In progress
Meet Managers with focus on RI themes	Identify areas for ongoing engagement with Managers	29 November 2023	Q3	Medium	Completed
Climate metrics (for manager monitoring, TCFD metrics and targets)	Establish climate metrics outcomes for 2022	29 November 2023	Q3	High	Completed
Final draft of Stewardship Code submission	• Delegate completion of Stewardship Code submission to O&A for submission by 31 May 2024 • Identify areas for ongoing engagement with managers	28 February 2024	Q4	Medium	In progress
Annual review of Managers' compliance with Fund's RI and Stewardship Policy	• Identify areas for ongoing engagement with Managers	28 February 2024	Q4	Medium	In progress
Meet Managers with focus on RI themes	• Identify areas for ongoing engagement with Managers	28 February 2024	Q4	Medium	In progress

PROGRESS : 9 February 2024

TASK SUMMARY



ON THE HORIZON



Essex Pension Fund Investment Steering Committee	**ISC 05b** 17
Date: 28 February 2024	

Responsible Investment (RI) - Financial Reporting Council (FRC) UK Stewardship Code 2024 Submission Update

Report by the Director for Essex Pension Fund in consultation with the Institutional Investment Consultant, Hymans Robertson and the Independent Investment Adviser, Mark Stevens

Enquiries to Jody Evans on 03330 138489

This Report requires a decision

Executive Summary

Report Type: Monitoring

Fund Officers in consultation with Advisers are in the process of drafting the 2024 FRC UK Stewardship Code Submission.

The deadline for asset owners to provide their Submission to the FRC is 31 May 2024.

Due to the timing of the FRC's application deadline, O&A are, therefore, seeking approval to utilise the Out of Committee Decision-Making Progress to agree the final Submission for 2024 and for all Submissions thereafter.

1. Purpose of the Report

1.1 To provide an update on the progress to date regarding drafting the Fund's 2024 FRC UK Stewardship Code Submission and next steps.

2. Recommendation

2.1 The Committee **agree**:

- 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 2024;
- that, as the annual deadline is now established, the Fund adopt the Out of Committee Decision-Making Process to agree all future Submissions.

2.2 The Committee note**:**

- the progress to date, the proposed next steps; and
- the content of the report.

3. Background

3.1 At the 22 March 2023 PSB meeting, Members agreed as one of its areas of activity for the 2023/24 Business Plan that the Fund produce its 2024 UK Stewardship Code Submission.

3.2 On 30 August 2023 the Fund was notified by the FRC following its spring 2023 assessment that it had been successful in maintaining its UK Stewardship Code signatory status.

4. FRC UK Stewardship Code Submission Progress to date

4.1 An update has been brought to each ISC meeting in respect of the Fund's progress against the RI Project Plan.

4.2 The Fund has now undertaken a significant number of its second round of RI engagement meetings with its Investment Managers and the outcomes have subsequently been reported back to the Committee. These engagements will now form the basis of evidencing, within the Submission, the Fund's adherence to the twelve principles.

4.3 The draft Submission will be shared with both the Fund's Institutional Investment Consultant and Independent Investment Adviser for comment to ensure that the Fund has covered all aspects and requirements under each of the twelve principles. In addition, Fund Officers will take on board, where possible, the general feedback from the FRC on last year's Submission.

5. Next Steps

5.1 In order to meet FRC's submission deadline of 31 May 2024 for asset owners, O&A request that the ISC agree to the Fund utilising the Out of Committee Decision-Making Process, as detailed in the Governance Policy and Compliance Statement, to approve the final Submission before it is submitted to the FRC and to approve Submissions in future years.

6. Financial and Resource Implications

6.1 The cost will be met within the existing EPF Budget.

7. Background Papers

7.1 Responsible Investment (RI) Project Plan Update, ISC 04, 29 November 2023

7.2 https://www.essexpensionfund.co.uk/resources/financial-reporting-council-frc-uk-stewardship-code-submission-2023/

7.3 Essex Pension Fund Policies and Publications: Essex Pension Fund Three Year Business Plan and 2023/24 Budget, PSB 04a, 22 March 2023.

7.4 Stewardship Code Submission Update, ISC 05b, 23 February 2023.

7.5 Essex Pensions Fund (EPF) Policies and Publications: Governance Policy and Compliance Statement, PSB 08b, 13 December 2023.

Essex Pension Fund Investment Steering Committee	**ISC 06**
Date: 28 February 2024	

Schedule of Future Meetings and Events

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

Members are reminded of agreed meeting dates in 2024/25 and the proposed 2025/26 dates have been provided for provisional agreement.

Members are also being made aware of upcoming events in 2024, including LGC Investment events.

1. Purpose of the Report

1.1 To provide the Committee with an update on the schedule of future meetings and events.

1.2 To provisionally agree a schedule of ISC meeting dates for the 2025/26 municipal year.

2. Recommendation

2.1 That the Committee provisionally **agree** the proposed 2025/26 meeting dates and note the content of the report.

3. Background

3.1 The Committee was made aware, at its meeting on 27 November 2019, that future meetings and events would be brought to each meeting to ensure that, where applicable, these will be authorised according to internal Essex County Council (ECC) processes, formerly known as the Foreign Travel Committee.

4. Upcoming Events

4.1 Fund Officers will continue to ensure that a review of advertised Conferences/ Seminars is carried out in line with the Knowledge and Skills Strategy, taking into consideration individuals' Training Needs Analyses and the Fund's carbon footprint, and will communicate any suitable Conferences either through emails and/or this Agenda Item.

4.2 The Compliance Team have been made aware of the following LGC Investments events in 2024 for the Committee to consider:

External Training Events	
LGC Investment Seminar, Carden Park, Cheshire	Wednesday 13 – Friday 15 March 2024
LGC Investment & Pensions Summit, The Eastside Rooms, Birmingham	Wednesday 11 – Friday 13 September 2024
Local Authority Pension Fund Forum (LAPFF) Conference, Bournemouth	Wednesday 4 – Friday 6 December 2024

4.3 Should any ISC Member wish to attend the above events, please contact the Compliance Team (compliance.team@essex.gov.uk).

5. Schedule of Meetings

5.1 The schedule of meetings agreed for the municipal year 2024/25 is as follows:

Investment Steering Committee	
Wednesday 19 June 2024	10:00 – 16:00
Wednesday 16 October 2024	10:00 – 13:00
Wednesday 27 November 2024	10:00 – 16:00
Wednesday 26 February 2025	10:00 – 13:00

Training Days	
Responsible Investment Workshop	Proposed date Friday 13 September 2024

6. Proposed Schedule of Future Meetings 2025/26

6.1 The proposed provisional schedule of future meetings for the municipal year 2025/26 is as follows:

Investment Steering Committee	
Wednesday 18 June 2025	10:00 – 16:00 (to be agreed)
Wednesday 15 October 2025	10:00 – 13:00 (to be agreed)
Wednesday 26 November 2025	10:00 – 16:00 (to be agreed)
Wednesday 25 February 2026*	10:00 – 13:00 (to be agreed)

*Subject to change when school term dates are issued

Training Days	
Responsible Investment Workshop	Proposed date Friday 19 September 2025

7. Finance and Resources Implications

7.1 If an event costs more than £500 for one member or £1,000 in total, then prior approval by ECC for any travel is compulsory.

8. Background Papers

8.1 Schedule of Future Meetings and Events, ISC 05, 29 November 2023.