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## **Essex Pension Fund** **Investment Steering Committee (ISC)**

### **Minutes of a meeting of the Essex Pension Fund Investment Steering Committee held at 11:00am at County Hall, Chelmsford on 12 October 2017**

#### **Present**

Cllr S Barker (Chairman)	Essex CC
Cllr A Goggin	Essex CC
Cllr G Mohindra *	Essex CC
Cllr C Souter	Essex CC

\*present in the afternoon for the start of the formal meeting

The following Advisers were present in support of the meeting;

Rodney Bass	Specialist Adviser
Mark Stevens	Independent Adviser
Rebecca Craddock-Taylor	Hymans Robertson
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson

The following Officers were present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Sara Maxey	Employer Relationship Manager

The following Essex Pension Fund Advisory Board (PAB) member was present as observer of the meeting:

Andrew Coburn	UNISON
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#### **1 Apologies for absence**

Apologies were received from Cllr S Canning, Cllr C Riley (Castle Point District Council) and Sandra Child (UNISON).

Cllr K Smith and Cllr L Scordis (Essex CC) was absent from the meeting.

#### **2 Declaration of Interest**

Cllr Goggin declared that his wife and brother-in-law were in receipt of an Essex LGPS pension. Cllr Mohindra declared that his wife works for the non-investment arm of Aviva Investors.

#### **3 Minutes**

The minutes of the meeting of the Committee which took place on 19 July 2017 were approved as a correct record.

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#### **4 Training – LGPS Knowledge and Skills Framework Module 7: Financial products and Market knowledge**

Kevin McDonald, Director for Essex Pension Fund and Mark Stevens, Independent Investment Adviser gave a training presentation in respect of Module 7 of the LGPS Knowledge and Skills Framework on financial products and market knowledge.

The presentation was noted and was followed by the completion of a multi-choice question test.

#### **5 Urgent Business**

There were none.

#### **6 Exclusion of the public**

(Press & Public excluded)

Resolved:

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

- Asset Liability Modelling
- Review of Investment Strategy – Asset Liability Study
- Structural Reform of the Local Government Pension Scheme (LGPS) – Pooling;

#### **7 Training – Asset Liability Modelling**

(Press & public excluded)

The Committee received a presentation from Matt Woodman of Hymans Robertson on the theory of Asset Liability Modelling.

Following discussions the Committee noted the presentation.

#### **8 Review of Investment Strategy – Asset Liability Study**

(Press & public excluded)

The Committee received a presentation from Rebecca Craddock-Taylor of Hymans Robertson on the results of the asset liability study undertaken as part of the review of the Fund's investment strategy following the 2016 Actuarial Valuation.

Following discussion the Committee agreed that:

- Officers in consultation with Advisers develop proposals to be brought back to the next ISC meeting to look to diversify 15% of the strategic allocation away from equities into alternative return seeking assets to increase overall diversification levels; and
- the analysis and conclusions in the report be noted.

## 9 Structural Reform of Local Government Pension Scheme (LGPS) - Pooling (Press & public excluded)

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

The progress on the four key workstreams; Passive Provider Procurement; Operator Procurement; Sub-fund construction; ACCESS client function was outlined.

Members were informed that the collective procurement of the passive provider via the National LGPS Framework had now concluded with the successful provider being UBS.

It was confirmed that the OJEU Operator Invitation to Tender advertisement had now been issued via Kent County Council on 5 September.

It was explained that work on the sub fund construction and initial seeding arrangements had commenced. Members were provided with an overview of the *bfinance* work undertaken and their initial findings.

It was confirmed that the ACCESS Joint Committee had met on two occasions on 31 July and 2 October 2017. Cllr Canning deputised for Cllr Barker at the 31 July meeting.

The Committee noted:

- the four workstreams that are currently in progress;
- the progress of the Operator procurement and sub fund seeding arrangements;
- the outcome of the passive provider procurement;
- the minutes of the 31 July AJC and agenda of 2 October AJC;
- the Ministers letter of 22 August and forthcoming ACCESS update to the Department for Communities & Local Government (DCLG).

The Committee **agreed that**:

- The passive mandate managed by LGIM be terminated;
- UBS be appointed as the new passive provider for the Fund;
- Officers in conjunction with advisers liaise with UBS in formulating a plan to transition the Fund's passively managed assets by the target date of 31 March 2018; and
- Officers in conjunction with advisers liaise with LGIM and UBS with regard to developing a proposal to bring back to a future meeting in respect of the operational management of the existing LGIM currency overlay arrangements.

## 10 Urgent Exempt Business (Press & public excluded)

There were none.

There being no further business, the meeting closed at 3.05pm.

**Chairman**  
**15 November 2017**