

Essex Pension Fund Investment Steering Committee

14:00	Wednesday, 15 November 2017	Committee Room 2, County Hall, Chelmsford, CM1 1QH
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Quorum: 4

Membership

Councillor S Barker
Councillor S Canning
Councillor A Goggin
Councillor A Hedley
Councillor L Scordis
Councillor K Smith
Councillor C Souter

Representing

Essex County Council (Chairman)
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Essex County Council
Essex County Council

Observers

Councillor C Riley
Sandra Child

Castle Point District Council
UNISON

For information about the meeting please ask for:

Kevin McDonald, Director for Essex Pension Fund

Telephone: 01245 431301 (internal ext 21301) or 0333 0138 488

Email: kevin.mcdonald@essex.gov.uk



Essex County Council

Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at County Hall, Chelmsford, CM1 1LX. A map and directions to County Hall can be found at the following address on the Council's website:
<http://www.essex.gov.uk/Your-Council/Local-Government-Essex/Pages/Visit-County-Hall.aspx>

There is ramped access to the building for wheelchair users and people with mobility disabilities.

The Council Chamber and Committee Rooms are accessible by lift and are located on the first and second floors of County Hall.

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Committee Officer before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Committee Officer before the meeting takes place. For any further information contact the Committee Officer.

Induction loop facilities are available in most Meeting Rooms. Specialist head sets are available from Duke Street and E Block Receptions.

The agenda is also available on the Essex County Council website, www.essex.gov.uk. From the Home Page, click on 'Your Council', then on 'Meetings and Agendas'. Finally, select the relevant committee from the calendar of meetings.

Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

		Pages
1	Apologies for Absence To note the receipt (if any)	
2	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
3	Minutes of ISC meeting 12 October 2017 To approve as a correct record the Minutes of the Investment Steering Committee meeting held on 12 October 2017.	7 - 10
4	Matters of Interest To receive a report from the Director for Essex Pension Fund	11 - 12
5	MiFID II Update To receive a verbal update from the Director for Essex Pension Fund	
6	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	
7	Exclusion of the Public To consider whether the public (including the press) should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 (exclusion is recommended for the items set out in Part II below).	

Exempt Items

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the

Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

8 Investment Tables: Quarter ended June 2017

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

9 Investment Manager Update O&A Briefing Note

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

10 Investment Manager Update - Traffic Light Report

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

11 Review of Investment Strategy - Equity to Alternatives Asset Switch

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

12 Structural Reform of the Local Government Pension Scheme – Pooling

To receive a presentation from the Director for Essex Pension Fund

13 Investment Manager Presentation - UBS Asset Management

To receive a presentation from UBS Asset Management, the newly appointed passive provider.

14 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.

15 Date of Next Meeting

To note the forthcoming meetings:

Essex Pension Fund Strategy Board

Monday 18 December 2017

Time 1pm Committee Room 2, County Hall

Investment Steering Committee

Wednesday 21 February 2018

Time 2pm Committee Room 2, County Hall

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.

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.

Essex Pension Fund Investment Steering Committee	AGENDA ITEM 4
date: 15 November 2017	

Matters of Interest

Report by Director for Essex Pension Fund

Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of Report

- 1.1 To highlight the forthcoming LAPF Strategic Investment Forum in February and LGC Investment Seminar in late February/ early March 2018.

2. Recommendation

- 2.1 That the Committee should note the content of the report.
- 2.2 It would assist arrangements if Members wishing to attend either event notify Samantha Andrews by Friday 1 December 2017.

3. Local Authorities Pension Fund (LAPF) Strategic Investment Forum

3.1 The LAPF Strategic Investment Forum is being held on Wednesday 7 February 2018 at Andaz Hotel in London. The Forum is a full day event from 9am to 5.30pm. Places are limited.

3.2 Details of the agenda can be found at <http://www.lapfsif.com/agenda/>

4. Local Government Chronicle (LGC) Investment Seminar 2018

4.1 The LGC Investment Seminar 2018 is being held 1 – 2 March 2018 at De Vere Carden Park near Chester. Attending this event require travel to Cheshire on Wednesday 28 February, returning to Essex on the afternoon/early evening of Friday 2 March. A programme of the seminar is not yet available. Officers will circulate a copy of the brochure to Members in an email when available.

4.2 For information the LGC Investment Seminar website is as follows:
<https://investmentseminar.lgcplus.com/>