

Essex Pension Fund Strategy Board	EPB/23/17
date: 13 September 2017	

Investment Steering Committee (ISC) Quarterly Report

Report by the Director for Essex Pension Fund

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1. Purpose of the Report

1.1 To provide a report on ISC activity since the last Board meeting.

2. Recommendations

2.1 The Board **agree**:

- that the report be noted; and
- the basis of the Fund's response to the Scheme Advisory Board's consultation on an Elected Member led Cross Pool Information Forum.

3. Background

- 3.1 In accordance with its Terms of Reference, the ISC is required to submit quarterly reports on its activities to the Essex Pension Fund Strategy Board (the Board).
- 3.2 Since the Board's last meeting the ISC has met on 19 July 2017.

4. Report of the meeting of ISC on 19 July 2017

- 4.1 The Committee's Chairman, Cllr Barker confirmed that following the decision taken at the ISC meeting of 14 June 2017, Mr Rodney Bass (former Chairman of the ISC) had been contacted and agreed to accept the role of Specialist Consultant for the six month period up to 31 December 2017. Mr Bass was welcomed to his first meeting in this role.
- 4.2 The Committee considered the responses to the stakeholder consultation on the Fund's *Investment Strategy Statement* (ISS). It was highlighted that the Fund received 8 responses; 3 from the Fund's investment managers; 3 from scheme employers and 2 from individual scheme members. It was confirmed that minor changes had been made to the ISS to improve clarity and aid understanding. The Committee agreed that changes and that the ISS, as amended by published.
- 4.3 An update was given on MiFID II developments and the process for LGPS Funds to "opt up" to Elective Professional status w.e.f. January 2018. It was agreed that officers, in consultation with the Chairman, make progress the necessary actions.
- 4.4 Ahead of the inaugural meeting of the ACCESS Joint Committee on 31 July (at which Cllr Canning represented the Fund) an update on the pooling work-streams was given to the Committee. It was also noted that the National Scheme Advisory Board was consulting upon an Elected Member led Cross Pool Information Forum (see section 5 below) with a deadline of 29 September which is before the Committee's next meeting.
- 4.5 Independent Investment Adviser, Mark Stevens, took the Committee through the March 2017 investment tables after which Rebecca Craddock-Taylor & Matt Woodman from Institutional Investment Consultants Hymans Robertson, presented the annual review of the performance of each investment managers.
- 4.6 Following a presentation from Stafford Timberland the Committee considered and agreed a report proposal that a further £40m be committed to Stafford SIT VIII Fund.
- 4.7 The Committee also received a presentation from Partners Group one of the Fund's infrastructure mandates.

5. Scheme Advisory Board consultation on Cross Pool Information Forum

- 5.1 At the meeting of the Scheme Advisory Board (SAB) on the 26 June it was agreed in principle an elected member Cross Pool Information Forum should be established to share and disseminate information on the pooling of LGPS investment management arrangements. The Forum is not proposed to be a decision making body. It was also agreed that the Chairmen of pension committees be consulted on the remit, membership and frequency of the proposed forum.
- 5.2 The SAB also agreed that the consultation should seek views on whether a one off session on progress towards pooling should be organised with an invitation going to Chairmen of all pension committees and local pension boards.
- 5.3 The full consultation is set out at annex A to this report.
- 5.4 **It is recommended** that the Board consider and agree the Fund's response to this consultation.

6. Link to Essex Pension Fund Objectives

- 6.1 Investments
- To maximise the returns from investments within reasonable risk parameters.
 - To ensure the Fund is properly managed.

7. Risk Implications

- 7.1 The current investment risks associated with the Fund's investment strategy are those detailed in the Investment Strategy Statement.
- 7.2 Officers and advisers will examine the potential risks associated with pooling once the structures and timescales for the migration of Fund assets are better understood. These will then be brought to a future meeting of the ISC for consideration.

8. Communication Implications

- 8.1 The Fund was a signatory on the ACCESS proposal to Government in February and July 2016.

9. Finance and Resources Implications

- 9.1 In addition to the work undertaken by Officers, the costs of participating in ACCESS were approximately £95,000 per Fund for the period between February 2016 and March 2017.
- 9.2 The estimated cost of participation in ACCESS for 2017/18 is £300,000 (as highlighted within the finance schedule of the 2017/18 Treasury Management report agreed by the ISC on 4 April 2017).

10. Background Papers

10.1 ISC meeting of 19 July 2017 – agenda and draft minutes