

Minutes of the Meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 19 February 2020

1. Membership, Apologies and Declarations of Interest

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

Membership Present:

Essex County Council

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| Cllr S Barker | (Chairman) |
| Cllr M Platt | (Vice Chairman) |
| Cllr A Goggin | |
| Cllr L Scordis | |
| Cllr C Souter | |

Scheme Employer Representative

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| Cllr C Riley | (Observer) | Left 4pm |
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Scheme Member Representative

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| Sandra Child (UNISON) | (Observer) |
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The following Officers and Advisers were also present in support:

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| Jody Evans | Interim Director for Essex Pension Fund |
| Samantha Andrews | Investment Manager |
| Amanda Crawford | Compliance Manager |
| Helen Pennock | Compliance Analyst |

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|--------------|---------------------|
| Mark Stevens | Independent Adviser |
| John Dickson | Hymans Robertson |
| Matt Woodman | Hymans Robertson |

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

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| Andrew Coburn | UNISON |
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Members noted that the meeting would be recorded to assist with the minutes for the meeting.

Opening Remarks

The Chairman welcomed the Committee and Andrew Coburn, PAB Observer.

Apologies for Absence

It was noted that Cllr A Erskine and PAB Members, Debs Hurst, James Durrant, James Sheehy and Stuart Roberts were unable to attend the meeting.

Cllr A Hedley and Cllr M Maddocks were also not present at the meeting.

Declarations of Interest

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr S Barker also declared that she sits on the Foreign Travel Committee.

Cllr A Goggin stated that his wife, sister and brother-in-law were in receipt of an Essex LGPS pension.

Cllr C Riley and Sandra Child declared they were in receipt of an Essex LGPS pension.

Cllr M Platt declared that he is the Deputy Cabinet Member for Environment & Climate Change Action.

Resolved:

The Committee noted the report.

2. Minutes

Minutes of the meeting of the ISC held on 27 November 2019 were approved as a correct record and signed by the Chairman.

3. Schedule of Meetings

The Committee received a report from the Compliance Manager detailing the remaining planned Committee and Board meetings for this municipal year along with the planned Committee and Board meetings for 2020/21.

It was reconfirmed that the ISC meeting on 25 March 2020 would commence 1.00pm and the 4 March 2020 PSB meeting 10am.

Members were also reminded that Committee and Board meetings for 2020/21 would all now commence at 10.00am unless otherwise stated.

The Chairman notified the Committee of the events/conferences that were on the horizon. Members were advised to contact the Investment Manager if they would like to attend any of the events discussed, by the given deadlines in order for approval of travel to be sought from the Foreign Travel Committee if required.

In regard to the ACCESS Investor Day the Chairman informed that on this occasion she would be unable to attend. It was noted that due to potentially limited

number of places available, places would be offered to ISC Members in the first instance.

Investment Steering Committee

25 March 2020 – 1.00pm
21 July 2020 – 11.00am
21 October 2020 – 10.00am
20 January 2021 – 10.00am
24 March 2021 – 10.00am

Pension Strategy Board

4 March 2020 – 10.00am
17 June 2020 – 10.00am
23 September 2020 – 10.00am
16 December 2020 – 10.00am
17 March 2021 – 10.00am

Resolved:

The Committee noted the schedule of meetings and events for the remainder of 2019/20 and the schedule of meetings and events for 2020/21.

4. Capital Markets Outlook

Matt Woodman from Hymans Robertson provided a verbal update in relation to the market's in particular, the reaction post Brexit and the initial reactions to the Coronavirus outbreak.

Resolved:

The Committee noted the update.

5. Investment Strategy Statement (ISS) Review of Responsible Investment Policy

The Committee were reminded of the process undertaken to date in regard to the review of the Investment Strategy Statement (ISS) and Responsible Investment (RI). In particular the outcome from the RI workshop held on 25 October 2019 whereby a set of RI beliefs were articulated and subsequently ratified at the November meeting.

It was explained that the beliefs had now been translated into a RI Policy.

The Committee were informed that once agreed, the RI Policy would be incorporated within the revised ISS and would be shared with the Fund's Investment Managers for comment.

The Investment Manager updated the Committee on the results of the RI Priority survey that was undertaken on a sample of stakeholders.

It was noted that a statement providing an update on the review of the ISS was on the Essex Pension Fund website.

Resolved:

The Committee agreed:

- the RI beliefs ratified at the November ISC meeting were an accurate reflection and have been translated fully into the RI Policy outlined in the report (agreed by a show of hands);
- the RI Policy outlined in the report be incorporated into the revised ISS;
- the RI Policy be issued to the Fund's Investment Managers for comment and for feedback to be brought back to the next ISC meeting; and
- the priority areas identified for RI be shared with the LAPFF and the Fund's Investment Managers as the basis for engagement.

Resolved:

The Committee noted:

- the priority areas for RI consideration and engagement; and
- the content of the report.

6. Urgent Part I Business

No matters arising.

Exclusion of the Public and Press

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

Resolved:

The Chairman brought to the attention the above statement and the Committee agreed to proceed.

7. PART TWO Minutes of ISC meeting 27 November 2019

The Chairman drew the Committee's attention to a small amendment that had been made to the ISC's 27 November 2019 Part Two minutes. The revised Part Two minutes of the meeting of the ISC held on 27 November 2019 were subsequently approved as a correct record and signed by the Chairman.

8. Structure Review – De-risking

a. Strategy Implementation Tracker

The Committee received a report from Hymans Robertson on the progress made to date in regard to the strategy implementation.

Resolved:

The Committee noted the presentation, progress made to date and the content of the report.

b. Bitesize Training – Timber

The Interim Director for Essex Pension Fund reminded the Committee that the approach in regard to Member's training was in the process of being reviewed by Fund Officers in consultation with the Independent Governance & Administration Adviser (IGAA).

Following initial feedback, Bitesize Training had been identified as a useful approach to refresh Member's knowledge prior to deliberations.

It was also confirmed that training days had been incorporated into the ISC 2020/21 calendar.

The Committee received a training presentation from Hymans Robertson whereby an overview of the Essex Pension Fund's current Timber Allocation was provided.

Resolved:

The Committee noted the presentation.

c. Timber Allocation

The Committee received a report from Hymans Robertson in consultation with the Interim Director for Essex Pension Fund and the Independent Investment Adviser on considerations in regard to the Fund's Timber allocation.

Resolved:

The Committee noted the content of the report.

Resolved:

The Committee agreed:

- to increase the strategic allocation to timber from 2% to 4% of the Fund by increasing the target allocation of the existing manager, Stafford Capital Partners;
- a £100m commitment be made to Stafford International Investment Timberland (SIT) IX Fund;
- that consideration be given to Stafford's co-investments as and when suitable opportunities arise; and
- Officers in consultation with Advisers review and complete the necessary subscription documentation.

d. Bitesize Training – Direct Lending

The Committee received a training presentation from John Dickson from Hymans Robertson whereby an overview of the Direct Leading asset class was provided.

Resolved:

The Committee noted the presentation.

e. Structure Review

John Dickson provided an update on the strategic allocation structure review. Discussions were had in regard to the final decisions required to complete Stage 2, reducing the equity allocation by 10% to 50% target allocation and the commencement of Stage 3, reducing the equity allocation by a further 5% to 45% target allocation.

Resolved:

Following discussions, the Committee agreed:

- the decision made at the 15 November 2017 ISC to transfer up to 15% of the strategic allocation from equities to return seeking alternative assets continues to remain appropriate;
- the recommendations in regard to Stage 2 as set out on page 53 and 54 of the report;
- that further consideration would be required in regard to Stage 3; and
- to note the content of the report.

9. Competition and Market Authority Objectives

Members were reminded that at their November ISC meeting a set of strategic objectives were agreed for the Fund's Institutional Investment Consultants. This was subsequently followed up on 10 January 2020 with a meeting with the ISC Chairman, Vice Chairman, Hymans Robertson and Fund Officers to discuss the objectives and the initial baseline assessment.

Resolved:

The Committee noted the update.

Resolved:

The Committee agreed:

- the baseline assessment, as set out in Annex A of the report, of the strategic objectives of the Fund's Institutional Investment Consultant, Hymans Robertson;
- Fund Officers to periodically monitor and review Hymans Robertson's progress and establish next steps as and when applicable;
- a formal assessment be undertaken annually with Hymans Robertson, and the outcome to be reported back to the ISC in Q4 2020/21.

10. Structural Reform of LGPS Pooling Quarterly Joint Committee Update of ACCESS Joint Committee (AJC)

The Committee received an update from the Interim Director for Essex Pension Fund outlining the latest developments in respect of the structural reform of the LGPS.

Further to the resignation of Cllr Andrew Reid, ACCESS Joint Committee (AJC) Chairman in October 2019, Members were informed that at the recent AJC held in December 2019, Cllr Mark Kemp-Gee (Hampshire) and Cllr Susan Barker (Essex) were elected AJC Chairman and Vice Chairman respectively for a term of two years.

Updates were provided in regard to: the Inter-Authority Agreement; the launch of 4a sub funds; the progress to date of Phase 2 sub-fund seeding arrangements; and the successful appointment of *bfinance* to assist ACCESS with pooling illiquid assets.

The Chairman also provided an update on the meeting held between each Pool's Joint Committee Chairmen and the Scheme Advisory Board Chairman during January 2020.

Resolved:

The Committee noted:

- Cllr Andrew Reid's resignation on 15 October 2019 as Chairman of AJC;
- the election of Cllr Mark Kemp-Gee (Hampshire) as Chairman of the AJC for a term of two years;
- the election of Cllr Susan Barker (Essex) as Vice Chairman of the AJC for a term of two years;
- the progress in regard to Monitoring Officers review of the revised Inter-Authority Agreement (IAA) and timetable for progressing through each authority's respective governance processes;
- an update in respect of the launch of tranche 4a sub funds;
- the progress to date of Phase 2 sub-fund seeding arrangements;
- the appointment of *bfinance* to provide consultancy support in regard to pooling ACCESS's illiquid assets;
- the presentation from Link Fund Solutions;
- the contract management update;
- update on progress made against 2019/20 Business Plan deliverables and Budget Forecast;
- S151 approval of the ACCESS 2020/21 Budget and Business plan for recommendation back to individual ACCESS authorities;
- ACCESS Pool's key risks, changes to risk profile and risk ratings
- the request from the Scheme Advisory Board Chairman to meet the Chairmen of each of the Pool Joint Committees; and
- agenda of 9 December 2019 AJC.

Resolved:

The Committee agreed:

- ACCESS Authorities S151 Officers' and AJC recommendation to accept the 2020/21 ACCESS Budget totalling £1.080m (£98k per Authority) to support the 2020/21 ACCESS Business Plan.

The Chairman asked for Hymans Robertson and the Independent Investment Adviser to leave the room in order for the next agenda item to be discussed.

11. Independent Investment Consultant Arrangements

The Committee received a report from the Interim Director for Essex Pension Fund and the Investment Manager on the Independent Investment Adviser (IIA) contract arrangements.

Consideration was given to the proposal and rationale for re-tendering of the IIA. It was explained that the current incumbent, Mark Stevens, had undertaken the IIA role for almost five years and with the ISC now being well established and to adhere to best practice, it was now felt appropriate to put the IIA contract out for tender.

The Committee were also advised that there was not a National LGPS Framework or similar in place to assist with this tender.

Resolved:

The Committee noted the content of the report.

Resolved:

The Committee agreed:

- a re-tender of the IIA contract takes place before July 2020;
- an ISC Appointment Sub Committee be established; and
- the Interim Director for Essex Pension Fund make the necessary arrangements for the procurement of an Independent Investment Adviser.

12. Urgent Exempt Business

No matters arising.

13. Closing Remarks

There being no further business the meeting closed at 4:28pm

Chairman
25 March 2020