



Essex County Council

Essex Pension Fund Investment Steering Committee

10:00	Wednesday, 15 June 2022	Committee Room 2 County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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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.

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.

7 Strategic Review June 2022

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

8 Strategic Implementation Framework - Pillar 1 - Implementing and maintaining existing strategic targets within the investment strategic decision framework

8a Rationalising the current strategic implementation

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

8b ISC Briefing Note - Alternatives annual commitment review

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

- 9 Strategic Implementation Framework - Pillar 2 - Evolving existing allocations: UBS ESG index tracking equity solution**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 10 Strategic Implementation Framework - Pillar 3 - Exploring changes to existing or new mandates**
- 10a Strategic Framework for Responsible Investment**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 10b GSAM Bond Manager Replacement**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 10c Emerging Markets (EM) Equity Manager Structure**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 10d Essex Pension Fund - Marathon Disinvestment Options**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 11 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: 15 June 2022	

Essex Pension Fund Investment Steering Committee Membership, Apologies and Declarations of Interest

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

This Report is for noting

Executive Summary

Report Type: Governance

No Membership changes since the last meeting.

Two apologies have been received from Councillor C Riley and Substitute Member Councillor M Durham. No other apologies were received for the meeting at the time of writing.

An update has been made to Councillor Susan Barker's Declaration of Interest to now include her full membership on the Audit, Governance and Standards Committee.

1. Purpose of the Report

- 1.1 To present Membership, Apologies and Declarations of Interest for the 15 June 2022 ISC.

2. Recommendation

- 2.1 That the Committee should note:
 - Membership as agreed at the meeting of Essex County Council Full Council held on 10 May 2022 as shown opposite;
 - Apologies and substitutions; and
 - Declarations of Interest to be made by Members in accordance with the Members' Code of Conduct and the 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 A Goggin

Essex County Council

Councillor A Hedley

Essex County Council

Councillor M Hoy

Essex County Council

Councillor D King

Essex County Council

Councillor M Platt

Essex County Council

Councillor C Souter

Essex County Council

Observers

Councillor C Riley

Castle Point Borough Council

Sandra Child

Scheme Members

Essex Pension Fund Investment Steering Committee	ISC 02
Date: 15 June 2022	

Confirmation of the Appointment of the Essex Pension Fund (EPF) Investment Steering Committee (ISC) Chairman and the Appointment of the Fund's Representative on the ACCESS Joint Committee (JC)

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

This Report requires a decision

Executive Summary

Report Type: Governance

This report is to confirm the Chairman appointment for the Investment Steering Committee (ISC) as agreed at the 10 May 2022 Full Council Annual Meeting and to agree that the Chairman of the ISC be the Fund's representative on the ACCESS Joint Committee (JC).

1. Purpose of the Report

- 1.1 To note the appointment of the ISC Chairman of the Essex Pension Fund.
- 1.2 To agree the Fund's representative on the ACCESS JC.

2. Recommendation

- 2.1 That the Committee note the appointment of Councillor Susan Barker as Chairman of the ISC as agreed at the Essex County Council (ECC) Full Council meeting held on 10 May 2022.
- 2.2 That the Committee **agree** that the Chairman of the ISC act as the Fund's representative on the ACCESS JC and that in their absence that the Vice Chairman act as the Fund's representative.

3. Background

- 3.1 Each year, the County Council hold their Annual Meeting to appoint and/or reconfirm ECC's Committee Memberships and Chairmen appointments. This year's Annual Meeting was held on 10 May 2022.
- 3.2 Under the Essex Pension Fund Strategy Board (PSB) Terms of Reference the Chairman and Vice Chairman of the PSB will also act as Chairman and Vice Chairman for the ISC respectively.
- 3.3 Confirmation of the Chairman appointment is then reaffirmed at their respective first meetings. In addition, at the first meeting of either the PSB or ISC the Vice Chairman is also elected.

4. Confirmation of the Chairman

- 4.1 At the 10 May 2022 ECC Full Council meeting, Councillor Susan Barker was reconfirmed as the Chairman of the ISC for the Essex Pension Fund.

Minutes of the Meeting of the Essex Pension Fund Investment Steering Committee (ISC), held in Committee Room 1 at 10:00am on 23 February 2022**1. Membership, Apologies and Declarations of Interest**

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

Membership**Present:****Essex County Council (ECC)**

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr A Goggin	
Cllr A Hedley	
Cllr D King	

Scheme Employer Representative

Cllr C Riley	(Observer)	(left 1:07pm)
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Scheme Member Representative

Sandra Child (UNISON)	(Observer)
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The following Officers and Advisers (O&A) were also present in support of the meeting:

Jody Evans	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst
Ajai Ajith	Compliance Analyst (via zoom)
Mark Stevens	Independent Investment Adviser (IIA)
John Dickson	Hymans Robertson
Samuel Hampton	Hymans Robertson

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

Andrew Coburn	Scheme Member Representative UNISON
Stuart Roberts	Scheme Member Representative
Christopher Downes	Scheme Member Representative
Cllr Barber	Employer Representative
Cllr Bracken	Employer Representative

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. It was noted that Cllr Platt would be slightly delayed due to a previous meeting over running.

Apologies for Absence

It was noted that ISC Members, Cllr Souter, Cllr Hoy and Substitute Members Cllr Durham and Cllr Mackrory had sent their apologies along with PSB Members Cllr Dent and Rachel Hadley and PAB Members Nicola Mark, Cllr Duffin, Debs Hurst and James Durrant.

Declarations of Interest

Declarations were received from:

Cllr S Barker declared she was in receipt of an Essex LGPS pension and is a Substitute Member on the Audit, Governance and Standards Committee. In addition, she declared that her son was also a member of the Essex Pension Fund and was employed by Essex County Council as a Sustainability Manager;

Cllr M Platt declared that he is a Deputy Cabinet Member and is Vice Chairman of the Audit, Governance and Standards Committee;

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 he is Chairman of the Audit, Governance and Standards Committee;

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

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

Resolved:

The Committee noted the report.

2. Minutes of ISC Meeting 29 November 2021

The Minutes of the meeting of the ISC held on 29 November 2021 were approved as a correct record and signed by the Chairman.

The Chairman brought to the attention the Matters Arising, it was noted that:

- a further update in regard to the progress against the Responsible Investment (RI) Project Plan was provided at agenda item 5 including the progression of the Draft Stewardship Code Submission;
- the draft Investment Engagement Strategy was provided at Agenda item 5 for approval, and a further report on the recent engagement meetings with the Fund's Property and Infrastructure Investment Managers was provided at Agenda Item 9c;
- 2% of the Fund had been disinvested from Marathon's global equity mandate and reinvested in M&G Alpha Opportunities Bond Fund, the outstanding IFM capital call of \$100m was funded from Marathon's mandate with the residual Marathon allocation to be considered at a future meeting;
- further top ups of £110m had been committed to J P Morgan Infrastructure Investment Fund and of \$180m to Partners Group Direct Infrastructure 2020 Fund respectively;
- a further £50m had been committed to the Permira Credit Solutions mandate; and
- initial discussions had taken place with the ACCESS Pool to ascertain their appetite for the approaches available in relation to Index Tracking Products.

3. Capital Markets Outlook – Quarter 4 2021 Highlights

The Committee received a report and presentation from Samuel Hampton, Hymans Robertson who gave a brief overview of the recent market and macro landscape.

It was noted that inflation was currently around 5% which was above the Bank rate forecast of 2%.

The Equity market remained strong in quarter 4 despite the economic concerns over the Omicron variant. Further increases in interest rates were expected, which had led to an increase in short term bond yields, however, long-term bonds yields remain largely unchanged.

Rental growth within the industrial property sector continued to grow, whilst rent within the retail sector continued to fall but not at the same rate as previously witnessed.

Resolved:

The Committee noted the content of the report.

4. Essex Pension Fund Treasury Management Strategy

The Committee were provided with an overview of the Treasury Management Strategy. It was highlighted that the Strategy reflected the separate governance arrangements of the Fund.

Members were informed that the content was largely unchanged from the Strategy approved by Members at their March 2021 meeting. However, the following was noted:

- minor revisions had been made to the Treasury Management Practices (TMPs);
- temporary Global Liquidity Fund limits were increased from £200m to £220m to keep in line with the appreciation of the Fund's Value; and
- forecasts had been revised throughout, projecting a small surplus cashflow for both 2021/22 and 2022/23.

Following feedback received from the Chairman, Officers would make a small revision to the Strategy to provide further clarity of the S151 Officer's role with regard to the Pension Fund.

Members praised the documents layout and presentation.

Resolved:

The Committee **approved** the 2022/23 Essex Pension Fund Treasury Management Strategy and noted the content of the report.

5. Responsible Investment (RI)

5a. RI Project Plan Update

An update was provided on the current position against the RI Project Plan noting progress continued to be broadly in line with the agreed targets.

It was noted that since the last ISC meeting engagement meetings had now been held in addition to all the Fund's Equity, and Bond Managers with the Fund's Infrastructure and Property Managers. Members were also advised that O&A would shortly meet with the remaining private equity, timberland and direct leading mandate Managers.

In addition, Members were informed that the Fund had developed an Investment Engagement Strategy and had drafted an initial response to the Fund's UK Stewardship Code Submission which would be discussed at Agenda Item 5b and Item 5c respectively.

Resolved:

The Committee noted:

- progress against the Fund's RI Project Plan and proposed next steps; and
- the content of the report.

5b. Investment Engagement Strategy

The Committee received a report from the Investment Manager which presented the Fund's Investment Engagement Strategy for approval.

It was explained that the Strategy reflected the Fund's RI Policy and its Priorities and formulated the process and approach adopted by O&A and the ISC when undertaking the recent RI engagements with Investment Managers.

In addition, it was noted that included within the Strategy was the Fund's Escalation Policy, outlining the approach that could be taken by the Fund should the engagement progress not be achieving its strategic objectives or in the best interests on the Fund in the long term.

Resolved:

The Committee **approved** the Essex Pension Fund Investment Engagement Strategy and noted the content of the report.

5c. Financial Reporting Council (FRC) 2020 UK Stewardship Code Submission Update

An update was provided on the progress made to date in regard to the Fund's 2020 FRC UK Stewardship Code Submission.

It was noted that a first draft had been shared with the Fund's Institutional Investment Consultant, Hymans Robertson and the Independent Investment Adviser. In addition, Hymans Robertson RI Specialists had undertaken an independent review to ensure that the Submission covered all aspects and requirements under each of the twelve principles.

The next steps were discussed which included:

- Officers take on board the comments from the independent review undertaken by Hymans Robertson;
- inserting further examples as evidence from the recent engagements undertaken with the alternative asset classes investment managers; and
- making reference and include the Fund's Investment Engagement Strategy approved by the Committee at agenda item 5b.

The Committee were asked for their agreement to utilise the Out of Committee Decision Making Process to approve the final Submission in order that the Fund could meet the FRC deadline of the 30 April 2022.

Resolved:

The Committee **agreed** 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 30 April 2022.

The Committee noted:

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

5d. Introduction to Impact Investing

John Dickson, Hymans Robertson presented to the Committee a brief overview of Impact Investing.

It was explained that impact investing could be defined in terms of the spectrum of capital where at one end, the 'traditional' approach, deployment of capital was for the sole purpose of financial gain with no other considerations taken into account. Whilst the other end of the spectrum, often referred to as 'philanthropy' there was an acceptance that the investor could suffer total loss of capital, however, this was outweighed by the positive impact made to society.

Members were advised that this item would be discussed further under agenda item 10c.

Resolved:

The Committee noted the presentation.

6. Schedule of Future Meetings and Events

The Committee received a report from the Compliance Manager detailing the agreed schedule of future meetings for the forthcoming municipal year 2022/23 and the proposed provisional meeting dates for 2023/24:

Investment Steering Committee

15 June 2022	10am - 4pm
12 October 2022	10am - 1pm
30 November 2022	10am - 4pm
22 February 2023	10am - 1pm

Proposed meeting dates for 2023/24

14 June 2023	10am - 4pm
11 October 2023	10am - 1pm
29 November 2023	10am - 4pm
21 February 2024*	10am - 1pm

*Subject to change when school term dates are issued

The Committee were also made aware of the forthcoming Local Government Chronicle (LGC) and Baillie Gifford Local Government Pension Scheme (LGPS) Investment Seminar dates.

It was confirmed that once places were allocated for the Baillie Gifford Seminar due later in the year, approval would be sought from the Foreign Travel Committee.

Resolved:

The Committee **agreed**:

- the proposed provisional ISC meeting dates for 2023/24 as detailed in Section 6 of the Report; and
- to note the content of the report.

7. 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 to the attention the above statement and the Committee **agreed** to proceed.

8. Part Two Minutes of ISC Meeting 29 November 2021

The Part Two Minutes of the meeting of the ISC held on 29 November 2021 were approved as a correct record and signed by the Chairman.

9. Quarterly Investment Manager Monitoring**9a. Investment Tables Quarter ended 31 December 2021**

Mark Stevens, IIA, provided the Committee with an update of the Fund's investment performance for the quarter ended 31 December 2021.

The Committee were pleased to note that the Fund value at 31 December 2021 was £9.629bn. Despite this, however, the Fund underperformed its benchmark by 1.3% in the quarter with an absolute performance of 2.9%, but overall, long-term periods outperformed.

It was discussed that there were no immediate concerns to raise with Members in regard to the Fund's Investment Managers.

One noticeable observation reported was in relation to the Fund completing the transition on 01 December 2021 moving its M&G bond mandate into the Link managed ACCESS M&G Alpha Opportunities Fund. As a consequence, assets under Pooled governance had now increased from 53.5% as at 30 September 2021 to 61.7% as at 31 December 2021.

Resolved:

The Committee noted the content of the report.

9b. Traffic Light Rating Report

Samuel Hampton, Hymans Robertson provided a detailed Traffic Light Rating Report which included their views and RI ratings where available on the Fund's Investment Managers.

Members were provided with a brief overview of each Manager highlighting that no movements in either investment or RI ratings had been recorded since the last meeting. However, attention was drawn to two notable personnel changes since the last update which was discussed by the Committee.

Resolved:

The Committee noted the content of the report.

9c. RI Engagement Report Property and Infrastructure

The Committee received a report from Samuel Hampton, Hymans Robertson on the Engagement activities carried out with the Property and Infrastructure Investment Managers since the last meeting.

The main points from the meetings were:

- overall four Investment Managers were rated as 'Good' with one rated as 'strong' in terms of RI;
- unlike previously with the liquid assets, the nature of these asset classes meant that the 'bottom up' analysis was reliant upon the data provided by the Investment Managers due to there being limited third party data suppliers. However, the data provided was not standardised and varied significantly by manager;
- O&A were content that both property Investment Managers were making progress in respect of their engagement and the integration of Environmental, Social and Governance (ESG) considerations but noted that gaining a greater understanding of the Managers' long-term goals and objectives with respect to improving their own reporting and analysis was an area for further follow up; and
- O&A were also content that all Infrastructure Managers embed ESG considerations and climate risk into their processes and were on the right track in making meaningful progress in regard to their engagements.

Resolved:

The Committee **agreed** that O&A undertake engagement meetings with the remaining Investment Managers who manage the Fund's Private Equity, Direct Lending, and Timber Mandates.

The Committee noted:

- the next steps arising from each individual manager engagement meeting; and
- the content of the report.

The Chairman informed Members that the meeting would reconvene at 11:45am following a short adjournment.

The meeting was adjourned at 11:35am

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The Committee reconvened at 11:45am

10. Strategic Implementation

10a. Investment Strategy Decision Framework

John Dickson, Hymans Robertson outlined the Investment Strategy Decision Framework to the Committee.

The Framework was designed to assist the ISC in making clear, structured, context based strategic decisions for the Fund and was based around three key components. These being:

- implementing and maintaining existing strategic targets;
- evolving existing allocations; and
- opportunity identification.

Each of the key components were discussed and in the context of two of the agenda items to be discussed further later in the meeting.

Resolved:

The Committee **approved** the proposed Investment Strategy Decision Framework and noted the content of the Report.

10b. Aligning index tracking solutions to RI beliefs

The Committee received a report from Hymans Robertson which outlined options for consideration as potential solutions to better align the index tracking mandate managed by UBS to the Funds ESG priorities.

Three options were explored and discussed by the Committee from investing in the existing UBS Climate Aware Fund to looking at a totally bespoke option, with the third a hybrid of both.

Resolved:

The Committee **agreed** that:

- the Fund implement a hybrid solution of the UBS climate aware approach and other RI scoring methodologies;
- based on the preferred approach, O&A negotiate/discuss fee, transition, and timescale for implementation points with UBS;
- O&A to bring a report back to a future ISC meeting the outcome of fee, transition and timescale negotiations and advice in relation to global versus regional stock allocations; and
- the content of the report be noted.

10c. Bitesize Training on Impact Investing

John Dickson, Hymans Robertson provided the Committee with a bitesize training workshop in regard to Impact Investing.

It was explained that there were several options open to the Fund to consider from: looking at its existing alternative asset allocations and redirecting future 'top ups' commitments; to more impactful solutions to agreeing a separate new allocation to impacting investing or implementing a combination of both.

Following the earlier introduction, there was an agreement from Members that the Fund over the last few years had moved away from the 'traditional' approach to firming being on the 'sustainable' part of the deployment of capital spectrum but felt that there was potentially opportunity for the Fund to evolve and move closer to having some impact investments.

Members agreed that their strategic approach should be evolutionary rather than revolutionary.

Following the outcome of a discussion that took place it was agreed that impact investing was something that the Committee would like to consider going forward noting that there would be no political biases on the decisions made ensuring transparency throughout.

Resolved:

The Committee **agreed:**

- O&A to ascertain the potential to invest more impactfully within the Fund's existing mandates in the first instance;
- that there was appetite to agree a monetary amount that will be directed to more impact investment over a designated period; and
- a detailed report be brought back to a future meeting for further consideration.

11. Structural Reform of the LGPS – Pooling Quarterly Update of ACCESS Joint Committee (AJC)

The Investment Manager outlined the latest developments in respect of the structural reform of the LGPS.

It was noted that the AJC had met once since the last ISC meeting on the 06 December 2021.

It was explained that the main areas of business discussed that had implications for the Fund were in regard to:

- the S151 Officer recommendation for participating Authorities to accept the 2022/23 ACCESS Budget in support of the 2022/23 Business Plan;
- the update in regard to the Emerging Market (EM) Mandate sub fund slots; and
- confirmation that the Fund had successfully transitioned the Alpha Opportunities fund investment across to ACCESS Link managed sub fund.

It was also noted that any surplus that remained in the ACCESS Budget at the end of the financial year would be paid back to all ACCESS participating Authorities.

Resolved:

The Committee **agreed:**

- ACCESS's 2022/23 Business Plan;
- ACCESS Authorities S151 Officers' recommendation to accept the 2022/23 ACCESS Budget totalling £1.366m (£124k per Authority) to support the 2022/23 ACCESS Business Plan;
- an in-principle decision to transition the EM mandate that is currently managed by Stewart Investors to the ACCESS sub fund(s) when launched; and
- that a formal EM equity proposal be brought back to a future meeting following a review of both EM sub fund strategies in the context of the Fund's overall strategic equity allocation and the final outcome of Link's Fund Solutions (Link) commercial terms negotiations.

The Committee noted:

- the update on progress made against the 2021/22 Business Plan deliverables and Budget forecast;
- ACCESS Pool's key risks, changes to risk profile and risk ratings;
- the general communication update and that media training had now been completed with Engine MHP for the nominated ACCESS Elected member spokespeople;
- the update on progress on the ACCESS Responsible Investment (RI) guidelines and the agreement that the latest draft document be shared with ACCESS Authorities for their feedback;
- that the Contract Manager working alongside, Essex (as procurement Lead Authority) and Squire Patton Boggs (Squires), ACCESS's Legal Advisers were finalising contractual terms with MJ Hudson, the newly appointed Implementation Adviser;
- the performance of sub-funds against benchmark, income generated from stock lending and voting by the investment managers as at 30 September 2021;

- an update on the response to the EM Review including the agreement of the Sub Fund Guiding Principles and adoption of a Protocol in regard to new sub fund requests and that their impact on sub fund creation be subject to a formal review by S151 Officers at their November 2022 meeting;
- an update in regard to the successful launch of two new sub funds: Sterling Investment Credit fund; and M&G Global Alpha Opportunities fund, taking the total number of sub funds launched to twenty-five and progress in regard to future launches including the approval to request to Link the creation of two EM equity sub funds;
- the regular update in relation to Contract and Supplier Relationship Management;
- an update on Business-as-Usual next steps including noting the proposed timeline for the re-procurement of Operator Services when the current Operator Agreement ceases; and
- the Summary Note of 06 December 2021 AJC.

12. Institutional Consultant Review of Competition and Markets Authority (CMA) Strategic Objectives

The Committee received an update from the Investment Manager on the outcome of the annual CMA Strategic Objective Assessment meeting undertaken on 29 November 2021 with the Fund's Institutional Investment Consultant, Chairman, Vice Chairman and Officers of the Fund.

It was noted that this was now the third year of completing such Assessment. It highlighted that the contractual relationship continued to be in a good place and was working well, demonstrating good progress against strategic objectives and that there were no areas of concern identified to be brought to the Committee's attention.

It was explained that CMA requires the Fund to submit an annual Compliance Statement by 07 January 2022 to this end the Fund, submitted its Compliance Statement on 10 December 2021.

Resolved:

The Committee noted:

- the Assessment, as set out in Appendix 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 in 12 months' time with Hymans Robertson, and the outcome to be reported back to the ISC in Q4 2022/23;
- the Fund's compliance with the requirement to submit a Compliance Statement to the CMA by 07 January 2022 confirming compliance with Part 7 of the CMA, by setting strategic objectives for the investment consultant and then annually thereafter; and

- the content of the report.


13. Urgent Exempt Business

There were none.

There being no further business the meeting closed at 1:13pm.

**Chairman
15 June 2022**

DRAFT

Essex Pension Fund Investment Steering Committee	ISC 05	
Date: 15 June 2022		

Essex Pension Fund Investment Steering Committee Terms of Reference

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

This Report is for noting

Executive Summary

Report Type: Governance

This report is to set out the Terms of Reference for the ISC.

Members were invited to attend a Governance Training session on 14 June 2022 as a refresher to this Agenda Item.

1. Purpose of the Report

1.1 To note the Committee's Terms of Reference (TOR).

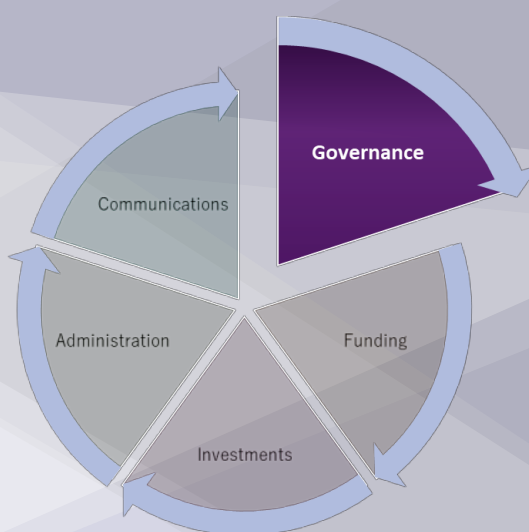
2. Recommendation

2.1 After review of the Committee's TOR by Fund Officers, it is recommended that no changes to the TOR are required and the TOR as set out in Appendix A to this report, are noted.

Essex Pension Fund

Investment Steering Committee Terms of Reference

June 2022



Essex Pension Fund

Investment Steering Committee

Membership

There are 9 Members of the Investment Steering Committee (ISC).

Members	How Nominated or Appointed
7 Members of the Council (voting members)	All Council Members of the PSB
1 Member representing Employers in Essex (non-voting member)	The Member of the PSB nominated by Essex Borough, City and District Leaders/Chief Executives
1 Member representing Scheme Members (non-voting member)	The Member of the PSB nominated to represent Scheme Members

All ISC Members shall be drawn from PSB membership as follows:

Quorum

A meeting of the ISC shall only be quorate when:

- i) At least 4 members are present, and
- ii) At least 3 of the members present are Essex County Council members.

Term of Office

The Term of Office may be extended by up to six months if considered necessary for the purpose for the appointment process, for example, due to the timing of local authority elections, with the agreement of the Director for Essex Pension Fund.

Any ISC Member may be re-appointed for further terms following the appropriate appointment process.

A Member may resign by giving notice to the Director for Essex Pension Fund and shall cease to be qualified to be a member of the ISC if they cease to hold the office or employment which qualifies them for the role.

Essex Pension Fund

Investment Steering Committee

Role and Function

- (i) to approve and review the asset allocation benchmark for the Fund;
- (ii) to determine, review and monitor the Fund's aims, objectives, policies, strategies and procedures relating to investment of the Fund's assets including the Investment Strategy Statement and environmental, social and governance matters;
- (iii) to appoint and terminate Investment Managers (in relation to non-pooled assets), Custodians and Advisers to the Fund solely relating to investment matters;
- (iv) In relation to the LGPS ACCESS Pension Fund Pool;
 - a) to consider pooling matters including recommendations by the ACCESS Joint Committee;
 - b) to determine the transition of the assets held by the Fund in relation to the Pool and the funds or sub-funds operated by the Operator;
 - c) to appoint the elected Councillor for Essex County Council (ISC Chairman) to the Joint Committee as and when required with the ISC Vice Chairman able to deputise in their absence;
 - d) to advise the representative on the Joint Committee on such matters as may be required;
 - e) to monitor the performance of the LGPS ACCESS Pool and its Operator and recommending actions to the ACCESS Joint Committee or ASU, as appropriate;
 - f) to receive and consider reports from the LGPS ACCESS Joint Committee and the Operator;
 - g) to undertake any other decisions or matters relating to the operation or management of the LGPS ACCESS Pool as may be required.
- (v) to assess the quality and performance of each Investment Manager and the relevant ACCESS Operator annually in conjunction with the Fund Investment Advisers and the Section 151 Officer;
- (vi) to monitor compliance of the investment arrangements with the Investment Strategy Statement;
- (vii) to monitor and review the Fund's compliance with the LGPS Scheme Advisory Board adopted Code of Transparency and UK Stewardship Code;

Essex Pension Fund

Investment Steering Committee

- (viii) to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;
- (ix) to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and
- (x) to submit quarterly reports on its activities to the PSB.

Training

The Essex Pension Fund has a dedicated Knowledge and Skills Strategy which applies to all members of the Committee and which includes the expectation to attend regular training sessions in order they may maintain an appropriate level of knowledge and skills to perform their role effectively.

Essex Pension Fund Advisory Board

Members of the Essex Pension Fund Advisory Board (PAB) are permitted to attend the ISC, including during any items of private business. Comments may also be made by these persons subject to permission to speak being granted by the Chairman. In accordance with the Fund's Conflicts of Interest Policy, a member of the PAB may be asked to leave the room during an item where they have a potential conflict of interest.

NB: Minor wording and layout may be different to the Constitution whilst awaiting an updated publication