



AGENDA FOR THE PENSIONS SUB COMMITTEE

Members of the Pensions Sub Committee are summoned to a meeting which will be held in Committee Room 5, Town Hall, Upper Street, N1 2UD on **25 November 2014 at 7.30 pm.**

John Lynch
Head of Democratic Services

Enquiries to : Mary Green
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Despatched : 17 November 2014

Membership 2014/15

Councillor Richard Greening (Chair)
Councillor Andy Hull
Councillor Jean Roger Kaseki
Councillor Michael O'Sullivan

Substitute Members

Councillor Paul Convery
Councillor Satnam Gill
Councillor Mouna Hamitouche MBE
Councillor Dave Poyser

Quorum is 2 members of the Sub-Committee



A. Formal Matters

Pages
(approximate times)

1. Apologies for absence
2. Declaration of substitutes
3. Declaration of interests

If you have a Disclosable Pecuniary Interest* in an item of business:

- if it is not yet on the council's register, you must declare both the existence and details of it at the start of the meeting or when it becomes apparent;
 - you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.
- In both the above cases, you must leave the room without participating in discussion of the item.

If you have a personal interest in an item of business and you intend to speak or vote on the item you must declare both the existence and details of it at the start of the meeting or when it becomes apparent but you may participate in the discussion and vote on the item.

*(a) Employment, etc - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to all members present at the meeting.

4. Minutes of the meeting held on 16 September 2014. 1 – 4
(19:35)

B. Non-exempt items

1. Pensions administration performance from August to October 2014 5 - 8
(19:40)
2. Pension Fund performance from July to September 2014 (to follow) -
(19:50)
- a. (a) Quarterly WM Company performance report -

b.	(b) Presentation from AllenbridgeEPIC Investment Advisers on quarterly performance	-
3.	Strategy review update - implementation (to follow)	- (20:10)
4.	Statement of Investment Principles – update (to follow)	- (20:30)
5.	Governance structure and implementation progress report (to follow)	- (20:50)
6.	Pension Fund Forward Plan 2014/15	9 - 12 (21:10)

C. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

D. Exclusion of press and public

To consider whether, in view of the nature of the remaining items on the agenda, any of them are likely to involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972 and, if so, whether to exclude the press and public during discussion thereof.

E. Confidential/exempt items

1.	Contract award for Diversified Growth Fund manager (to follow)	- (21:15)
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F. Urgent exempt items

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next ordinary meeting of the Pensions Sub Committee will be on 9 March 2015

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London Borough of Islington

Pensions Sub Committee - 16 September 2014

Non-confidential minutes of the meeting of the Pensions Sub Committee held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 16 September 2014 at 7.30 pm.

Present: **Councillors:** Richard Greening (Chair), Andy Hull and Michael O'Sullivan

Also Present: Karen Shackleton, AllenbridgeEPIC Investment Advisers
Nick Sykes and Catherine Bermingham, Mercer Investment Consulting

Councillor Richard Greening in the Chair

18 **APOLOGIES FOR ABSENCE (Item A1)**

Received from Councillor Jean Roger Kaseki, Brian Booker, retired pensioners' representative, and Vaughan West, GMB.

19 **DECLARATION OF SUBSTITUTES (Item A2)**

None.

20 **DECLARATION OF INTERESTS (Item A3)**

None.

21 **MINUTES OF THE PREVIOUS MEETING (Item A4)**

RESOLVED:

That the minutes of the Sub-Committee meeting held on 15 July 2014 be confirmed as a correct record and the Chair be authorised to sign them.

22 **PENSIONS ADMINISTRATION PERFORMANCE - 1 JUNE TO 31 JULY 2014 (Item B1)**

RESOLVED:

(a) That the performance against key performance indicators for the period 1 June to 31 July 2014, including statistics regarding the internal dispute resolution procedure, complaints and compliments, as detailed in the report of the Corporate Director of Finance and Resources, be noted.

(b) That the Corporate Director of Finance and Resources include in the next report to the Sub-Committee on administration performance reasons for variances in the levels of active members in the Fund.

23 **PENSION FUND PERFORMANCE (Item B2)**

RESOLVED:

(a) That the performance of the Fund from 1 April to 30 June 2014, detailed in the report of the Corporate Director of Finance and Resources, be noted.

(b) That the quarterly WM Company report on the overall performance, updated market value and asset allocation of the Fund, as at 30 June 2014, detailed in Annex A to the report, be noted.

(c) That the report by AllenbridgeEPIC Investment Advisers on fund managers' quarterly performance, detailed in Appendix 2 to the report and their presentation, be noted.

(d) That a sum of \$40m be re-invested in Franklin Templeton Fund 2 from the distributions received and that the Corporate Director of Finance and Resources and the Assistant Chief Executive Governance undertake due diligence and agree terms, including the possibility of a reduction in the Council's fees.

24 PRESENTATION FROM FRANKLIN TEMPLETON (GLOBAL PROPERTY) (Item B3)

Representatives from Franklin Templeton gave a presentation to the Sub-Committee.

An overview of the portfolio was given, which was ahead of expectations and giving good returns. He described the current projected cash flows and the long term portfolio planning. He hoped that the quality and quantity of the cash flows would improve. He highlighted the chart on page 7 which indicated the net capital investments in Fund 1 and Fund 2. The total commitment for Fund 2 would be \$40m, the same as for Fund 1.

Members noted that in order to maintain its investment level, the Council would need to commit to another fund, Fund 2, to recycle the distributions received from Fund 1.

RESOLVED:

That the presentation be noted (- see minute 23 for decision).

25 PRESENTATION FROM AVIVA (UK PROPERTY) (Item B4)

Renos Booth, the Fund Manager, gave a presentation to the Sub-Committee on the Lime Property Fund. He described the Lime Fund strategy of investment in a range of property assets including healthcare, education, libraries, offices and retail. He said that the strategy had not changed and that the Lime Property Fund had been the best balanced Fund in the IPD as at March 2014. He described the diversification of 58 properties across 11 different sectors. The Fund had shown long term consistent performance and income distribution, with a number of new purchases in the last 12 months. The Fund was open to new investors, though most investment was existing investors topping up. In response to a question as to whether Aviva would match the rebate if Islington invested more, Mr Booth said that that could be considered. He offered to keep Islington informed of future property investment opportunities.

RESOLVED:

That the Head of the Pensions Fund and Treasury Management be kept informed of future investment opportunities in the Lime Property Fund.

26 STRATEGY UPDATE (TO FOLLOW) (Item B5)

Members of the Sub-Committee discussed the developing investment strategy, including how and when to consider the large number of potential alternatives which were available and to confirm a process and timescale for considering the following:

- Fixed income
- Further property investment (eg social housing)
- Exiting the current private equity investments (noting that this would probably take some time)

Pensions Sub Committee - 16 September 2014

- Alternatives, such as agricultural land, infrastructure etc.
- Investing in new emerging markets such as Africa

Suggestions were made that a diversified growth fund should be pursued, with a 75%/25% growth and defensive investment, to include infrastructure and social housing.

RESOLVED:

- (a) That the Head of the Pension Fund and Treasury Management report to the next meeting of the Sub-Committee on:
 - (i) Proposals for the defensive side of the investment portfolio, including social housing and infrastructure options
 - (ii) Proposals for terminating private equity investments and reinvestment into emerging markets
- (b) That an early draft of the report be circulated to Members of the Sub-Committee by email, as soon as it becomes available, and in advance of the meeting of the Sub-Committee on 25 November 2014.

27

PENSION FUND FORWARD PLAN 2014/15 (Item B6)

RESOLVED:

- (a) That the following amendments to the Forward Plan of business for meetings of the Sub-Committee for 2014/15, detailed in Appendix A to the report of the Corporate Director of Finance and Resources, be noted:

25 November 2014 – add “Statement of Investment Principles” and “Strategy update”
Postpone Standard Life presentation on bonds to a future meeting

- (b) That there be one training session prior to the Sub-Committee on 25 November 2014 on “Social housing”

The meeting ended at 9.20 pm

CHAIR

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Report of: **Corporate Director of Finance and Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pensions Sub-Committee	25 November 2014	B1	n/a

Delete as appropriate		Non-exempt
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SUBJECT: PENSION ADMINISTRATION PERFORMANCE

1. Synopsis

- 1.1 This report provides Members with information on the administration activities of the Pension administration section of the Finance Department. The information is in respect of the period from 1 August 2014 to 31 October 2014.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.

2. Recommendations

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the graph illustrating the trend in active membership since August 2008 attached as Appendix 1
- 2.3 To note the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 31 July 2014 and 31 October 2014 is shown in the following table.

Category	Jul - 14	Oct - 14
Number of current active members	5,871	6,020
Number of preserved benefits	6,483	6,526
Number of Pensions in payment	5,054	5,096
Number of Spouses/dependants pensions in payment	932	934
Total	18,340	18,576

3.1.1 The active members at 31 July 2014 had reduced compared to 31 May 2014; but this was due to un-notified leavers identified during the year end reconciliation.

3.1.2 A graph, showing the trend in active membership from August 2008 to October 2014, is attached as Appendix 1. After a period of decline in the numbers, the membership level is nearly up to the 2010 number again. The increase is due to the introduction of auto-enrolment in 2013, and the re-introduction of in-house provision regarding a number of previously outsourced services.

3.2. Key performance indicators from 1 August 2014 to 31 October 2014:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	9	95%	100%	2.33
Retirement benefits	5	32	95%	90.63%	3.00
Pension estimates	10	64	95%	89.06%	6.32
Preserved benefit calculations	15	53	95%	88.68%	9.07
Transfer-in quotation	10	1	95%	100%	9.38
Transfer-in actual	10	10	95%	80.00%	7.50
Transfer out actual	12.5	5	95%	75.00%	7.00
Transfer out quotation	15	3	95%	66.67%	5.33
All processes	-	321	-	91.58%	-

3.3 The overall performance is very similar to the 91.04% for the previous period to 31 July 2014. There were no significant variations regarding individual processes, compared to the previous period.

3.4 During the 2 year period to 31 October 2014, 103 communications have been received thanking Pension Administration staff for the service, including 7 since the previous meeting of the Sub Committee.

3.5 No complaints have been received since the previous meeting of the Sub-Committee.

3.6 There were no new Internal Dispute Resolution Procedure (IDRP) cases.

4. Implications

4.1 Financial Implications

4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

4.2 Legal Implications

4.2.1 There are no specific legal implications in this report.

4.3 Equalities Impact Assessment

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, an Equality Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

4.4 Environmental Implications

4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

5 Conclusion and reasons for recommendations

5.1 The report is made to each meeting of the Committee and is provided in order to assess administration performance.

Background papers: None

Final Report Clearance

Signed by

Corporate Director of Finance and Resources

Date

Received by

Head of Democratic Services

Date

Report author

: Steve Rogers

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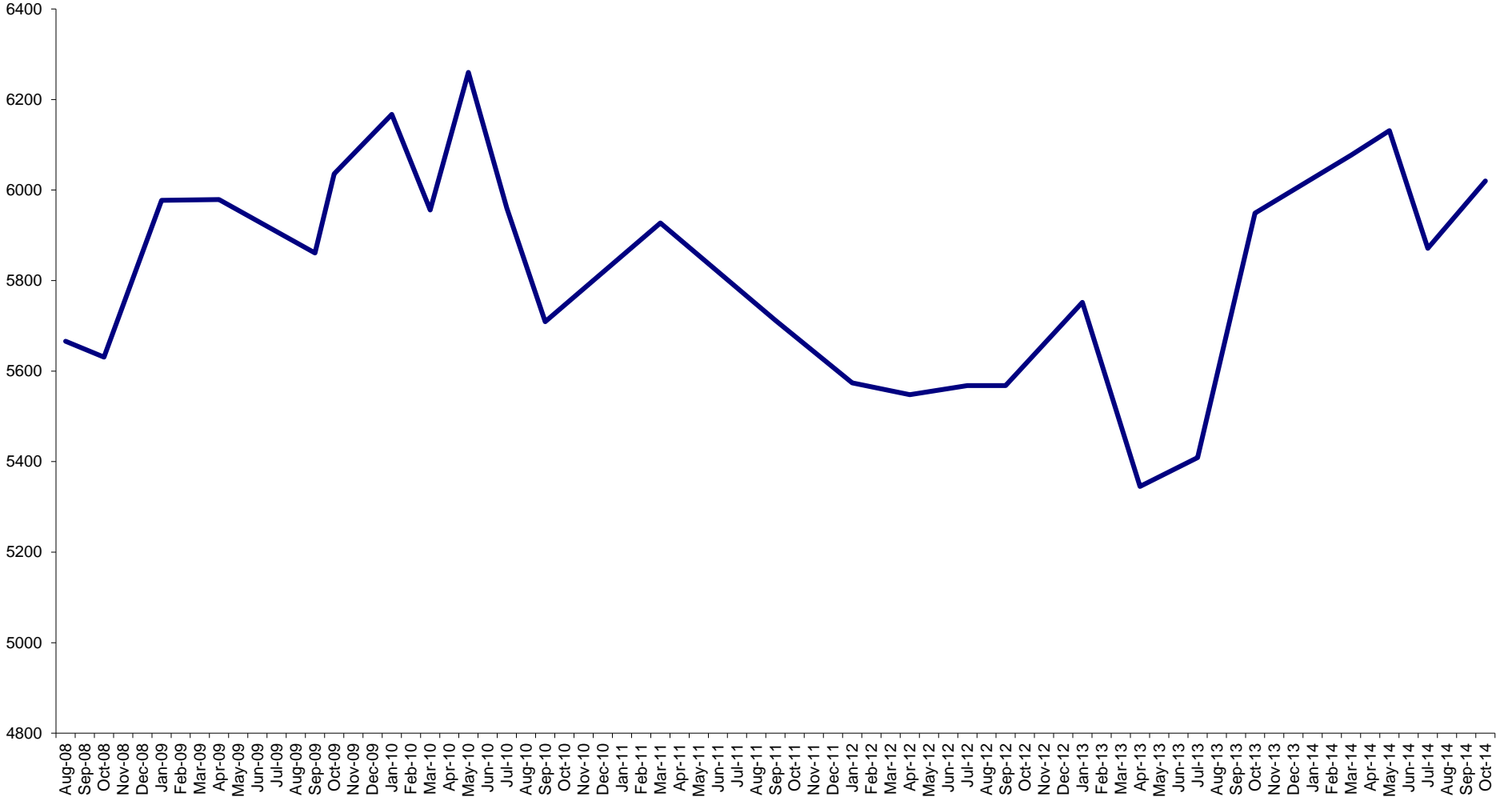
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The number of active members is coming back to 2010 levels after a sustained decline





Report of: Corporate Director of Finance and Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Sub-Committee	25 November 2014	B6	n/a

Delete as appropriate		Non-exempt
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SUBJECT: PENSIONS SUB-COMMITTEE 2014/15– FORWARD PLAN

1. Synopsis

- 1.1 The Appendix to this report provides information for Members of the Sub-Committee on agenda items for forthcoming meetings and training topics.

2. Recommendation

- 2.1 To consider and note Appendix A attached.

3. Background

- 3.1 Details of agenda items for forthcoming meetings will be reported to each meeting of the Sub-Committee for members' consideration in the form of a Forward Plan. There will be a standing item to each meeting on performance.
- 3.2 The Forward Plan will be updated as necessary at each meeting, to accord with Members' wishes.
- 3.3 Proposed training topics will be discussed and updated as necessary.

4. Implications

4.1 Financial implications

None applicable to this report. Financial implications will be included in each report to the Pensions Sub-Committee as necessary.

4.2 **Legal Implications**

None applicable to this report. Legal implications will be included in each report to the Pensions Sub-Committee as necessary.

4.3 **Environmental Implications**

None applicable to this report. Environmental implications will be included in each report to the Pensions Sub-Committee as necessary.

4.4 **Equality Impact Assessment**

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

5. **Conclusion and reasons for recommendation**

5.1 To advise Members of forthcoming items of business to the Sub-Committee and training topics

Background papers:

None

Final report clearance:

Signed by:

Received by: Corporate Director of Finance and Resources Date

Head of Democratic Services Date

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APPENDIX A

Pensions Sub-Committee Forward Plan for October 2014– November 2015

Date of meeting	Reports
	<p><u>Please note:</u> there will be a standing item to each meeting on:</p> <ul style="list-style-type: none">• Performance report- quarterly performance and managers' update• Administration report- quarterly KPI
9 March 2015	Global equities manager presentation FSS update Local pension board formation-terms of reference
4 June 2015	L&G and In house Fund presentation WM annual performance presentation
September 2015	Standard life presentation- bonds 5 year Business plan update
November 2015	Hearthstone presentation

Proposed training for Members before committee meetings

Date	Training
16 September 2014	Investment in Sub Saharan Africa - 6.20-.6.50pm Infrastructure - 6.55- 7.25pm
25 November 2014	Multi asset credit- 6.15-6.45pm Real estate including social housing- 6.50-7.20pm
9 March 2015	Fixed income-liability hedging
4 June 2015	Commodities
September 2015	

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