

London Borough of Islington

**Pensions Sub Committee - 25 November 2014**

Non-confidential minutes of the meeting of the Pensions Sub Committee held at the Town Hall, Upper Street, London N1 2UD on 25 November 2014 at 7.30 pm.

**Present:**           **Councillors:**       Richard Greening (Chair), Satnam Gill,  
Jean Roger Kaseki and Michael O'Sullivan

**Also Present:**       **Councillor:**           Mouna Hamitouche MBE

Brian Booker, retired pensioners' representative  
Karen Shackleton, AllenbridgeEPIC Investment Advisers,  
Nick Sykes and Catherine Bermingham, Mercer  
Investment Consulting

**Councillor Richard Greening in the Chair**

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

Received from Vaughan West, GMB representative, and Councillor Andy Hull.

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

Councillor Satnam Gill substituted for Councillor Andy Hull.

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

None.

**31        MINUTES OF THE MEETING HELD ON 16 SEPTEMBER 2014 (Item A4)**

**RESOLVED:**

That the minutes of the meeting held on 16 September 2014 be confirmed as a correct record and the Chair be authorised to sign them.

**32        PENSIONS ADMINISTRATION PERFORMANCE FROM 1 AUGUST TO 31 OCTOBER 2014 (Item B1)**

**RESOLVED:**

(a) That the performance against key performance indicators for the period from 1 August to 31 October 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 trend in active membership since August 2008, illustrated in Appendix 1 of the report, be also noted.

**33        PENSION FUND PERFORMANCE FROM JULY TO SEPTEMBER 2014 (Item B2)**

Members expressed concern at the proposal to commit further funds of £50k to the set up costs of the London Common Investment Vehicle (CIV) at this stage, in the absence of a clear business case to prove the benefits to the Council, including reduced fees.

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It was noted that the Joint Board of the CIV was due to meet in December 2014 and that Councillor O'Sullivan would attend as the Council's representative. Officers were asked to ensure that he was supplied with a briefing before that meeting.

There would be an update to the next meeting of the Sub-Committee.

### **RESOLVED:**

- (a) That the performance of the Fund from 1 July to 30 September 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 September 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 recommendation 2.4 in the report (viz "To consider the update from the London CIV working party and the projected budget, Appendix D, and agree to continue to support their work by committing a further £50, 000.00 to be paid in 2 lots of £25,000") be not approved.
- (e) That it be noted that Councillor O'Sullivan was to attend the Joint Board of the CIV in December 2014, following a briefing to be supplied by officers, and that there would be an update to the next meeting of the Sub-Committee.

## **34 STRATEGY REVIEW UPDATE - IMPLEMENTATION (Item B3)**

### **RESOLVED:**

That Mercer's proposals for the future investment strategy implementation and governance structure for the Fund, detailed in the exempt appendix at agenda item E2, be approved and that officers implement the timetable detailed on page 83 of the exempt appendix.

## **35 STATEMENT OF INVESTMENT PRINCIPLES - UPDATE (Item B4)**

### **RESOLVED:**

That, subject to an amendment being made to the final line of paragraph 30 of the Statement of Investment Principles by the insertion of the word "wage" after "living":

- (a) The revised Statement of Principles attached at Appendix 1 of the report of the Corporate Director of Finance and Resources, incorporating amendments to the paragraphs on "Exercise of Shareholder Rights (including Voting Rights) and Social, Environmental or Ethical Considerations", be approved.
- (b) That it be noted that leading Counsel's view was that the amended Statement of Investment Principles represented a lawful approach, subject to practicalities.
- (c) That the final Statement of Investment Principles be revised to incorporate the revised asset allocation for the Fund (see minute 34 above)
- (d) That officers be authorised to make final revisions to the Statement of Investment Principles and to publish it on the Council's website

## **36 DCLG STATUTORY CONSULTATION ON SCHEME GOVERNANCE (Item B5)**

### **RESOLVED:**

- (a) That the requirement to set up a local Pensions Board by 1 April 2015, which must include at least two employee and two employer representatives, and detailed in the report of the Corporate Director of Finance and Resources, be noted.
- (b) That the Audit Committee be requested to establish a Local Pensions Board (including its terms of reference and membership) which will have responsibility for :

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(i) assisting the administering authority in securing compliance with the LGPS regulations and any requirements imposed by the Pensions Regulator and in ensuring effective and efficient governance and administration of the scheme;

(ii) risk management: and

(iii) scrutiny of decisions taken by the Pensions Sub-Committee, as a separate body from the Pensions Sub-Committee, and with a separate Chair by 1 April 2015.

(c) That recognised Trade Unions, pensioner members and employers of the pensions scheme be consulted on the proposed Local Pensions Board and be invited to nominate persons for appointment as board members.

(d) That the Corporate Director of Finance and Resources, in consultation with the Assistant Chief Executive-Governance and HR, and the Chair, consider how best to implement the regulatory requirements, updating the Sub-Committee and the Audit Committee at their next meetings.

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### **PENSION FUND FORWARD PLAN 2014/15 (Item B6)**

#### **RESOLVED:**

(a) That the following amendments be made 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:

9 March 2014 and September 2015 – delete “Global equities manager presentation” from the March meeting and bring forward the September 2015 item on “Standard Life presentation” to the 9 March 2015.

9 March 2015 – include the update on the London CIV in the performance report

(b) That it be noted that all updates on the London CIV will be circulated to members of the Sub-Committee as they become available

(c) That the training session on 9 March 2015 be changed to “Emerging markets” and that for 4 June 2015 to “Social infrastructure”.

### **EXCLUSION OF THE PRESS AND PUBLIC**

#### **RESOLVED:**

That the press and public be excluded during consideration of the following items as the presence of members of the public and press would result in the disclosure of exempt information within the terms of Schedule 12A of the Local Government Act 1972, for the reasons indicated:

<u>Agenda Item</u>	<u>Title</u>	<u>Reason for Exemption</u>
E1	Contract for Diversified Growth Fund manager – exempt Appendix	<u>Category 3</u> – Information relating to the financial or business affairs of any particular person (including the authority holding that information).
E2	Strategy review update – implementation – exempt appendix	ditto

**38**      **CONTRACT AWARD FOR DIVERSIFIED GROWTH FUND MANAGER (Item E1)**

**RESOLVED:**

- (a) That the outcome of the tender process to procure a Diversified Growth Manager, detailed in the exempt report of the Corporate Director of Finance and Resources, be noted.
- (b) That Fund Manager A be appointed as the Islington Pension Fund Diversified Growth Manager, as recommended in exempt Appendix 1 of the report, and that officers be requested to negotiate a fee reduction with Fund Manager A.
- (c) That Fund Managers B and C be appointed as reserves and, in the event that negotiations on a fee reduction are unsuccessful with Fund Manager A, officers be authorised to assume negotiations with Fund Manager B or C.
- (d) That the Corporate Director of Finance and Resources, in consultation with the Assistant Chief Executive – Governance and Human Resources, be authorised to negotiate and agree the fund management agreement with Fund Manager A in the first instance, or Fund Manager B or C if necessary.

**39**      **STRATEGY REVIEW UPDATE - EXEMPT APPENDIX (Item E2)**

**RESOLVED:**

That the contents of exempt appendix E2 be noted (see minute 34 for decision)

The meeting ended at 9.00 pm

**CHAIR**