



Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Sub-Committee	17 June 2019	B6	n/a

Delete as appropriate		Non-exempt
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## SUBJECT: ISLINGTON PENSION FUND AFFILIATIONS

### 1. Synopsis

- 1.1 The Appendix to this report provides information for Members of the Sub-Committee on our membership with organisations

### 2. Recommendation

- 2.1 To consider and note Appendix A attached.

### 3. Background

- 3.1 The fund has associations with certain organisations mostly for collaboration on pension issues. These organisations lobby on our behalf together with other pension funds as one voice with government, regulatory bodies, companies and issue guidance. We also pay a membership fee for these services and attend networking events, workshops and training.
- 3.2 The attached Appendix A list the associations with their mission and roles and the annual fees we pay for members to note.

### 4. Implications

#### 4.1 Financial implications

- 4.1.1 The cost of providing independent investment advice is part of fund management and administration fees charged to the pension fund.

#### 4.2 Legal Implications

None applicable to this report

**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 Resident 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 provide Members with information about the current fund associations.

**Background papers:**

None

Final report clearance:

**Signed by:**

**Received by:** Corporate Director of Resources Date

Head of Democratic Services Date

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**LBI- Affiliation Bodies.**

Current affiliation bodies, their mission and roles is listed below:

**1.The Pensions and Lifetime Savings Association (PLSA)**

Annual Fee: £3943.00 based on pension members.

About Us

Our mission is to help everyone achieve a better income in retirement. We work to get more people and money into retirement savings, to get more value out of those savings and to build the confidence and understanding of savers.

We represent:

- Over 1,300 pension schemes with 20 million savers. These include defined benefit, defined contribution, master trusts and local government funds.
- 1,000,000,000,000, (£1 trillion) in assets
- Some 400 businesses which provide essential services and advice to UK pensions providers.

What we do

We bring together the industry and other parties to raise standards, share best practice and support our members. We work collaboratively with members, government, parliament, regulators and other stakeholders to help build sustainable policies and regulation which deliver a better income in retirement.

What does that mean in practice?

We ensure our members' views, and those of their savers are heard by decision makers; we are the voice of our members with government, Parliament and regulators and we comment publicly on their behalf on key retirement income issues for savers.

Our industry-leading events, policy bodies and working groups facilitate direct exchange between members, government and regulators.

We also help members run better pension schemes: we are an important source for training, support and guidance on key retirement savings issues for the benefit of both pensions professionals and those who provide support services to the sector.

Why what we do is important

Our members pay out billions of pounds to millions of people every year. The impact of our members' funds and the retirement incomes they provide underpin the financial security of individuals and beyond that, the future development of the nation's economy.

A century at the forefront of retirement savings

Things have changed radically since our beginnings in 1923 when The Association of Superannuation and Pension Funds was established to serve the interests of a population with a life expectancy of 55.6 for men and 55.9 for women. Today's nursery-age children will live on average until they are 79.17 and 82.86 respectively.

We continually evolve; we changed our name from the National Association of Pension Funds (NAPF) to the PLSA, recognising that financial decisions for retirement are now about more than pensions (such as other savings and property) and we need joined-up policy on retirement income from government.

Although we're a small organisation of about 50 people, we have a diverse range of activities across policy, research, press and government affairs, conferences and member relations.

Our approach

We work constantly to be relevant to our stakeholders. An efficiently-run and high-performing organisation, our employees share common values including being welcoming, helpful, optimistic and expert.

**2. IIGCC- The Institutional Investors Group on Climate Change**

Fee: Based on assets under mgt - £1,920

**Climate change is an issue the investment sector cannot afford to ignore.**

The necessary global response to climate change is redefining the traditional roles and responsibilities of financial actors. The investment process is being reshaped, new policy and regulatory frameworks put in place, and concepts of stewardship and governance transformed. Climate-related risks and opportunities hold direct relevance for all financial institutions.

**IIGCC membership enables organisations to ensure:**

- They are part of the solution to climate change;
- Able to demonstrate their leadership on the issue;
- And stay ahead of the curve on what it means them.

This includes being better placed to safeguard and enhance the long-term value of investments through participation in our work.

Working in close collaboration with our members, we help champion and shape the public policies, develop the investment practices and support the corporate action required to address the long-term financial risks associated with climate change. In so doing, we help unlock direct benefit for investors and society more broadly in supporting the necessary transition to a sustainable, low carbon economy.

### **3. LAPFF- Local Authority Pension Funds Forum**

Annual Fee- £9000.00

**Mission:** Protect-the long term investment interest of beneficiaries, promote the highest standards of corporate governance and corporate responsibility, discuss responsible investment issues and shareholder engagement outcomes.

#### **Member Support**

##### Who Are We?

We are UK's leading collaborative shareholder group. LAPFF currently represents the interests of 79 public sector pension fund members and five of the newly formed pools, with combined assets of approximately £230 billion. Membership of the Forum offers an unparalleled resource for funds wanting to develop their approach to stewardship and responsible investment and maximise their influence as shareholders. The Forum's ambit covers a wide range of topics, spanning environmental and carbon risk, social and governance risk, reliable accounts and LGPS and stewardship concerns.

##### What Do We Offer?

Guidance for members has been produced throughout the year, including a climate change investment policy framework; guidance on fracking, tobacco, human rights and climate risk; overview of LAPFF's engagement with companies in the oil and gas sector; a briefing on the Melrose and GKN merger; and investor seminars on human capital management issues at Tesla and Ryanair.

E-bulletins are sent to members every month, covering recent developments relevant to LAPFF's engagements and interests, along with the Forum's engagement activities throughout the month. Several consultations have also been produced during the year on topics ranging from premium listing and non-financial reporting, to revisions to the UK Corporate Governance Code and review of the Financial Reporting Council. LAPFF representatives have also addressed various member funds' pension committees and member consultative meetings throughout the year, providing information on the Forum's activities and engagement outcomes. A full list of services for members is listed below:

- > Company engagement
- > All Party Parliamentary Group
- > Voting alerts
- > Shareholder resolution filing support
- > Member briefings
- > Annual Conference
- > Policy guidance

- > Consultation responses
- > Annual reporting
- > Quarterly Engagement Reports
- > Investor seminars
- > PRI reporting assistance
- > Working groups
- > Commissioning legal opinions
- > AGM briefings and attendance
- > LGPS/pooling guidance
- > Trustee guides
- > Media coverage

Source: Local Authority Pension Fund Forum Annual Report 29

#### **4. Scheme Advisory Board\_**

Fee: £1221.00

**The Local Government Pension Scheme Advisory Board** is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.

#### Purpose

The purpose of the Board is to be both reactive and proactive. It will seek to encourage best practice, increase transparency and coordinate technical and standards issues.

It will consider items passed to it from the Ministry for Housing, Communities and Local Government ("MHCLG"), the Board's sub-committees and other stakeholders as well as items formulated within the Board. Recommendations may be passed to the DCLG or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards.

#### Establishment of the Board

In 2013 the Board was set up in 'Shadow' or pilot form in order to test the format, terms of reference, membership and committees prior to the formalisation of these items in the LGPS Regulations. On 1st April 2015 the Board was established as a statutory body, and the formal membership was confirmed early in 2016 with non voting members and advisors added in the summer of the same year.

#### *Budget and work programme*

The Board is required to submit a budget and work programme to the Secretary of State each year for approval. Once approved the budget for the Board is funded via a statutory levy on LGPS administering authorities which is classified as administration expenses and therefore can be recharged to the pension fund.

#### **5. FRC- Financial Reporting Council**

Annual Levy- £575.82

About FRC- We regulate auditors, accountants, and actuaries, and we set the UK's Corporate Governance and Stewardship Codes. We promote transparency and integrity in business. Our work is aimed at investors and others who rely on company reports, audits and high quality risk management.

## Role

The FRC's mission is to promote transparency and integrity in business. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

## Basis for the Pensions Levy

We request an annual contribution from pension schemes in the form of a voluntary levy as part of the arrangements agreed by HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.

The FRC's actuarial responsibilities are funded through these non-statutory arrangements on the basis of an understanding with the groups who pay the levy. Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 Companies (Audit, Investigations and Community Enterprise) Act 2004. The Pensions Act 2004 (Disclosure of Restricted Information) (Amendment of Specified Persons) Order 2006 enables the Pensions Regulator to provide the FRC with the information needed to calculate the amount of the levy for individual schemes.

## Calculation

The pension levy is currently applied to all schemes with 5,000 or more members at the rate of £2.75 per 100 members. We use the latest information on the total membership for each scheme provided to the Pensions Regulator in scheme returns. The levy is applied to occupational and personal pension schemes and public service pension schemes.

## 6. Pension for Purpose

Annual fee – Nil

### About us

Pension for purpose is a collaborative initiative of impact managers, pension funds, social enterprise and others involved or interested in impact investment.

Our aim is to promote understanding of impact investment by effectively sharing news stories, blogs, case studies, academic research and thought leadership papers and acting as a first port of call for journalists seeking comment on impact investment-related issues.