

# Pension Fund Committee AGENDA

**DATE:** Wednesday 26 November 2014

**TIME:** 6.30 pm

**VENUE:** Committee Room 5,  
Harrow Civic Centre

## **MEMBERSHIP** (Quorum 3)

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**Chairman:** Councillor Keith Ferry

**Councillors:**

Adam Swersky

Barry Macleod-Cullinane  
Bharat Thakker (VC)

**(Non-voting Co-optee):**

Mr H Bluston

**Trade Union Observer(s):**

Mr S Compton - UNISON  
Ms P Belgrave - GMB

**Reserve Members:**

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1. Antonio Weiss
2. Nitin Parekh

1. Norman Stevenson
2. Kam Chana

**Contact:** Una Sullivan, Democratic & Electoral Services Officer  
Tel: 020 8424 1785 E-mail: [una.sullivan@harrow.gov.uk](mailto:una.sullivan@harrow.gov.uk)

# AGENDA - PART I

## 1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

## 2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Panel;
- (b) all other Members present.

## 3. MINUTES (Pages 1 - 6)

That the minutes of the meeting held on 23 September 2014 be taken as read and signed as a correct record.

## 4. PUBLIC QUESTIONS \*

To receive any public questions received in accordance with Committee Procedure Rule 17 (Part 4B of the Constitution).

Questions will be asked in the order notice of them was received and there be a time limit of 15 minutes.

**[The deadline for receipt of public questions is 3.00 pm, Friday 21 November. Questions should be sent to [publicquestions@harrow.gov.uk](mailto:publicquestions@harrow.gov.uk)**

**No person may submit more than one question].**

## 5. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

## 6. DEPUTATIONS

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

**7. RE-STRUCTURE OF EQUITIES MANDATES AND TRANSITION MANAGEMENT**  
(Pages 7 - 10)

Report of the Director of Finance and Assurance

**8. PRESENTATION ON TRANSITION MANAGEMENT**

Presentation by State Street Global Markets

**9. STATEMENT OF INVESTMENT PRINCIPLES** (Pages 11 - 24)

Report of the Director of Finance and Assurance

**10. UPDATE REPORT** (Pages 25 - 38)

Report of the Director of Finance and Assurance

**11. WORK PROGRAMME FOR 2014-15 AND 2015-16** (Pages 39 - 42)

Report of the Director of Finance and Assurance

**12. ANY OTHER URGENT BUSINESS**

Which cannot otherwise be dealt with.

**13. EXCLUSION OF THE PRESS AND PUBLIC**

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
14.	Appointment of Diversified Growth Fund Manager	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
15.	Information Report - Investment Manager Monitoring	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
16.	Information Report - Performance of Fund Managers for Quarter Ended 30 September 2014	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).

17. Update Report (Item 10) – Confidential Appendices Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).

## **AGENDA - PART II**

- 14. APPOINTMENT OF DIVERSIFIED GROWTH FUND MANAGER** (Pages 43 - 46)

Report of the Director of Finance and Assurance

- 15. INFORMATION REPORT - INVESTMENT MANAGER MONITORING** (Pages 47 - 106)

Report of the Director of Finance and Assurance

- 16. INFORMATION REPORT - PERFORMANCE OF FUND MANAGERS FOR QUARTER ENDED 30 SEPTEMBER 2014** (Pages 107 - 112)

Report of the Director of Finance and Assurance

- 17. UPDATE REPORT - CONFIDENTIAL APPENDICES** (Pages 113 - 138)

Report of the Director of Finance and Assurance

*[Please note that Aon Hewitt, Advisers to the Fund, will be attending this meeting.]*

- **DATA PROTECTION ACT NOTICE**

The Council will audio record item 4 (Public Questions) and will place the audio recording on the Council's website, which will be accessible to all.

**[Note:** The questions and answers will not be reproduced in the minutes.]

# PENSION FUND COMMITTEE

## MINUTES

### 23 SEPTEMBER 2014

**Chairman:** \* Councillor Keith Ferry

**Councillors:** \* Barry Macleod-Cullinane \* Bharat Thakker  
Adam Swersky

**Co-optee (Non-voting):** † Howard Bluston Steve Compton  
Pamela Belgrave

Note: Other Attendance:

(1) Karen Thrunble attended in an advisory role, as the Council's Performance Measurement Advisor.

(2) Tony Baily of Aon Hewitt attended in an advisory role, as the Council's Investment Adviser.

\* Denotes Member present

† Denotes apologies received

#### 16. The Openness of Local Government Bodies Regulations 2014

**RESOLVED:** That Committee Procedure Rule 26.1 be suspended to enable the recording or photographing or broadcasting of any part of the meeting.

#### 17. Attendance by Reserve Members

**RESOLVED:** To note that there were no Reserve Members in attendance.

#### 18. Declarations of Interest

**RESOLVED:** To note that the following interests were declared:

### All Agenda Items

Councillor Barry McLeod-Cullinane declared a non-pecuniary interest in that he was a member of the Local Government Pension Scheme as an employee of London Councils. He would remain in the room whilst the matter was considered and voted upon.

### Agenda Item 14 – Barings Asset Management Ltd and Diversified Growth

#### Funds Mandates

Councillor Bharat Thakker declared a non-pecuniary interest in that he held a Standard Life pension. He would remain in the room whilst the matter was considered and voted upon.

## **19. Minutes**

**RESOLVED:** That the minutes of the meeting held on 29 July 2014 be taken as read and signed as a correct record.

## **20. Public Questions, Petitions and Deputations**

**RESOLVED:** To note that no public questions were put, or petitions or deputations received at this meeting

## **RESOLVED ITEMS**

## **21. Appointment of Independent Advisers: Professional Indemnity Insurance**

The Committee agreed to receive the urgent report of the Director of Finance and Assurance requesting that the Independent Advisers should not be required to hold professional indemnity insurance as a condition of the contract, as their remit does not render it necessary.

A Member commented that it in this case it would be better that the role profile for Independent Advisers made reference to their 'knowledge and experience', rather than their 'expert knowledge' and members and officers agreed to the amendment.

**RESOLVED:** That there is no requirement for Independent Advisers to hold professional indemnity insurance.

## **22. Information Report - London Borough of Harrow Pension Fund: Performance Review and Benchmarking**

The Committee received a report and presentation by Karen Thrumble of State Street Global Services which provided a performance review of the London Borough of Harrow Pension Fund.

She described the Fund's performance over one, three and ten year periods, and as compared with other local authority funds.

Members discussed the factors driving performance and considered how the selection of statistics and arrangement of data could demonstrate a positive or negative result.

**RESOLVED:** That the report be noted.

### **23. Establishment of Pension Board**

The Committee received the report of the Director of Finance and Assurance on the establishment of a Pension Board.

Members expressed concern that the purpose, role and functions of the proposed Pension Board were unclear, and they could see no obvious benefit in the creation or workings of such a body. They also believed it would be difficult to find suitably qualified people to serve on the Pension Board. They asked that their views and concerns be added to those being put forward by industry groups and interested parties.

**RESOLVED:** That the report and the Committee's comments be noted.

### **24. Statement of Investment Principles**

The Committee received the report of the Director of Finance and Assurance setting out a revised Statement of Investment Principles.

Members requested the following amendments:

paragraph 4.1 (p42 of the agenda)

delete 'index linked' and insert 'corporate'; delete 'and active currency'.

paragraph 4.1 (p42 of the agenda)

include 'Developed World' within 'Global'.

paragraph 7.5 (p44 of the agenda)

that the status and role of 'Club Vita' be clarified.

Paragraph 10.1 (p45 of the agenda)

emphasise that return on investments is the Fund's priority

**RESOLVED:** That, subject to the incorporation of the amendments proposed, the revised Statement of Investment Principles be approved.

### **25. Information Report - London Borough of Harrow Pension Fund - Annual Report and Financial Statements 2013-14**

The Committee received the report of the Director of Finance and Assurance which set out the London Borough of Harrow Pension Fund Annual Report and Financial Statements for the year ended 31 March 2014.

A Member expressed concern that terms used in the Auditor's report, in respect of risk, could be misinterpreted and viewed in a negative light when in

fact the report demonstrated that the Fund was in a healthy state with good administration and governance.

**RESOLVED:** That the London Borough of Harrow Pension Fund Annual Report and Financial Statements for the year ended 31 March 2014 be noted.

## 26. Information Report - Update Report

The Committee received a tabled document and a verbal report on outstanding issues relating to the Pension Fund.

**RESOLVED:** That the tabled document and verbal update be noted.

## 27. Exclusion of the Press and Public

**RESOLVED:** That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following items for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
14.	Barings Asset Management Ltd and Diversified Growth Funds Mandates	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
15.	Review of Mandate of BlackRock Investment Management	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
16.	Information Report - Investment Manager Monitoring	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
17.	Information Report - Performance of Fund Managers for Quarter Ended 30 June 2014	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).



## **28. Barings Asset Management Ltd and Diversified Growth Funds Mandates**

The Committee received the report of the Director of Finance and Assurance which detailed the current position on the Diversified Growth Funds mandate managed by Barings Asset Management Ltd.

Tony Baily of Aon Hewitt advised the Committee on recent activity within the fund and the company.

Members discussed the options before them and agreed to terminate the existing contract with Barings and meet with a shortlist of investment managers in order to appoint a new fund manager.

**RESOLVED:** That

- (1) the contract with Barings be terminated as soon as is practicable;
- (2) the current weighting in Diversified Growth Funds be maintained;
- (3) four fund managers be invited to present to the Committee in order to select a new fund manager;
- (4) a decision on how to manage the transition of funds be deferred to the next meeting of the Pension Fund Committee on 26 November 2014.

## **29. Review of Mandate of BlackRock Investment Management**

The Committee received the report of the Director of Finance and Assurance concerning correspondence from Blackrock Investment Management.

Members considered whether it would be beneficial to invite Blackrock Investment Management to a future meeting in order to discuss changes to their mandate, but were ultimately of the view that they would prefer more information from the company in the interim period and were minded to extend an invitation to attend the Pension Fund Committee meeting in March 2015.

**RESOLVED:** That Blackrock Investment Management be requested to provide more information on their proposals, and having received this, to consider their proposals at a later date.

## **30. Information Report - Investment Manager Monitoring**

The Committee received a confidential report of the Director of Finance and Assurance which presented Aon Hewitt's quarterly report on Harrow's Fund Managers, detailing strengths and weaknesses and overall ratings. It was noted that there had been one change of rating in the quarter.

**RESOLVED:** That the report be noted.

**31. Information Report - Performance of Fund Managers for Quarter Ended 30 June 2014**

The Committee received a confidential report of the Director of Finance and Assurance which set out the performance of the investment managers and of the overall fund for the quarter, year and three years ending 30 June 2014.

In response to a suggestion by an Independent adviser, an officer confirmed that a rolling work programme would be produced, to include meetings with Fund Managers, training sessions and relevant issues for consideration.

**RESOLVED:** That the report be noted

(Note: The meeting, having commenced at 6.35 pm, closed at 9.30 pm).

(Signed) COUNCILLOR KEITH FERRY  
Chairman

**REPORT FOR: Pension Fund Committee**

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**Date of Meeting:** 26 November 2014

**Subject:** Re-structure of Equities Mandates and Transition Management

**Responsible Officer:** Simon George, Director of Finance and Assurance

**Exempt:** No

**Wards affected:** All

**Enclosures:**

**Section 1 – Summary**

The Committee are invited to receive a presentation from State Street Global Markets which will discuss the theory and practice of transition management followed by a detailed description of the actions carried out on behalf of the Committee.

## Section 2 – Report

### Background

1. Over the last year the Committee have taken various decisions in relation to the re-structuring of the Fund's equities mandates. The decisions can be summarised as follows:

	Existing structure	Revised structure
	% of equities portfolio	% of equities portfolio
UK Passive (State Street)	41	0
Global Active (Fidelity)	18	0
Global Active (Wellington)	29	0
Global Active (Longview)	12	17
Global Active (Oldfields)	0	17
Emerging Markets Active (GMO)	0	16
Global Passive (State Street)	0	50
	100	100

2. The re-structuring has been carried out by the Fund's transition manager State Street Global Markets and, by the end of November, should be completed.
3. The Committee are invited to receive a presentation from State Street Global Markets which, as a training mechanism, will discuss the theory and practice of transition management followed by a detailed description of the actions carried out on behalf of the Committee.

### Financial Implications

4. The current estimate is that approximately £355m will be released by the legacy managers with it being allocated broadly as follows:

	£m
• State Street	204
• Longview	15
• Oldfields	68
• GMO	68

### Risk Management Implications

5. Risk in connection with the Pension Fund is included on Directorate risk register.
6. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

## Equalities implications

7. Was an Equality Impact Assessment carried out? No
8. There are no direct equalities implications arising from this report.

## Council Priorities

9. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

## Section 3 - Statutory Officer Clearance

Name Simon George	<input checked="" type="checkbox"/>	Director of Finance and Assurance
Date: 14 November 2014		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 November 2014		

**Ward Councillors notified:** NO

## Section 4 - Contact Details and Background Papers

**Contact:** Ian Talbot, Treasury and Pension Fund Manager  
0208 424 1450

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**REPORT FOR: Pension Fund Committee**

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<b>Date of Meeting:</b>	26 November 2014
<b>Subject:</b>	Statement of Investment Principles - Revision
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	London Borough of Harrow – Statement of Investment Principles

**Section 1 – Summary and Recommendation**

**Summary**

In view of the Fund's recent investment in a pooled fund managed by State Street Global Advisors Ltd an amendment to the Statement of Investment Principles is recommended.

**Recommendation**

That Paragraph 4.8 of the Statement of Investment Principles be deleted and replaced by:  
"Stock lending is permitted in pooled funds where applicable. Details of investment managers' procedures and controls are available on request."

## **Section 2 – Report**

### **Background**

1. On 23 September 2014 the Committee agreed an updated Statement of Investment Principles as attached.
2. Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 the Statement of Investment Principles must cover the Fund's policy on stock lending.
3. Paragraph 4.8 states as follows:

“The Council does not engage in stock lending activities.”

4. As part of the equities mandates re-structure the Council has made a substantial investment into the State Street Global Advisers Ltd All World Equity Index Sub-Fund. This pooled fund engages in stock lending and, since the Council does not have the option of opting out of the arrangement, it is recommended that paragraph 4.8 be deleted and replaced by the following:

“Stock lending is permitted in pooled funds where applicable. Details of the investment managers' procedures and controls are available on request.”

### **Financial Implications**

5. The total size of the Pension Fund at the end of September 2014 was £616m. Under the current re-structuring of the equities mandates the State Street sub-fund will be allocated approximately £200m. Whilst the prospectus allows for up to 70% of holdings to be available for stock lending the actual amount leant is typically 15-20%. Revenue generated is allocated 70% to investors and 30% to State Street.

### **Risk Management Implications**

6. Risk in connection with the Pension Fund is included on Directorate risk register.
7. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

### **Equalities implications**

8. Was an Equality Impact Assessment carried out? No
9. There are no direct equalities implications arising from this report.



## Council Priorities

10. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

## Section 3 - Statutory Officer Clearance

Name Simon George	<input checked="" type="checkbox"/>	Director of Finance and Assurance
Date: 14 November 2014		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 November 2014		

<b>Ward Councillors notified:</b>	<b>NO</b>
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## Section 4 - Contact Details and Background Papers

**Contact:** Ian Talbot, Treasury and Pension Fund Manager  
0208 424 1450

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***LONDON BOROUGH OF HARROW  
PENSION FUND***

***STATEMENT OF  
INVESTMENT PRINCIPLES***

## CONTENTS

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## **Introduction**

- 1.1 This is the Statement of Investment Principles (SIP) adopted by Harrow Council (the Council) in relation to the investment of assets of the Council's Pension Fund (the Fund). The Council is the Administering Authority of the Fund and, in that role it has responsibility to ensure the proper management of the Fund.
- 1.2 This SIP meets the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 ("The Regulations") and has been prepared after taking appropriate advice.
- 1.3 The Council, as Administering Authority, decides on the investment policies most suitable to meet the liabilities of the Pension Fund and has ultimate responsibility for investment strategy. These powers are exercised on its behalf by the Council's Pension Fund Committee. The Committee monitors investments, including manager performance, on a quarterly basis. Advice is received as required from the officers, the professional investment adviser and the independent advisers. In addition, the Committee requires managers periodically to attend its meetings. The Committee is responsible for monitoring compliance with guidance given by the Secretary of State for Communities and Local Government.
- 1.4 The Council has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme (LGPS) regulations, whose activities are specified in either detailed investment management agreements or subscription agreements and regularly monitored. The Committee is satisfied that the appointed fund managers have sufficient expertise and experience to carry out their role
- 1.5 The Statement is subject to review from time to time and, certainly, within six months of any material change in investment policy or other matters as required by law.

## **Fund Objectives**

- 2.1 The LGPS is established by statute. The Pension Fund is a legally distinct account with contributions made by employees (fixed percentage of earnings) and employers. The primary objective of the Fund is to optimise performance within risk parameters thereby minimising the level of employer contributions in order to meet the cost of pension benefits as required by statute.
- 2.2 A related objective is to minimise the volatility of employer contribution rates as investment returns vary from year to year.

## **Investment Objectives**

- 3.1 The investment objective of the Fund is to achieve a return that is sufficient to meet the funding objectives as set out above, subject to an appropriate level of risk (implicit in the target) and liquidity. Over the long-term, it is expected that the Fund's investment returns will be at least in line with the assumptions underlying the actuarial valuation.

## Investment style

- 4.1 It is the Council's current policy that external fund managers are employed to administer the Fund's assets. The current structure, as set out in the table below, was agreed in principle in November 2013 and is being implemented during 2014-15. The majority of the Fund is invested in "growth assets" i.e. those expected to generate 'excess' returns over the long term. These include equities, and private equity. The structure also includes a small allocation to "cash flow matching" assets, mainly corporate bonds. Additionally, the investments in property and diversified growth funds provide both diversification and expected returns in excess of liabilities.

The table below shows the asset allocation structure.

ASSET CLASS	MANAGEMENT APPROACH	ALLOCATION	RANGE
		%	%
<b>Equities</b>			
Global	Passive	31.0	
	Active		
Global	Unconstrained	20.7	
	Active		
Emerging Markets	Unconstrained	10.3	
<b>TOTAL</b>		62.0	58-68
<b>Bonds</b>			
Corporate	Active	10.4	
Index-linked gilts	Active	2.6	
<b>TOTAL</b>		13.0	11-15
<b>Alternative Investments</b>			
Diversified Growth Funds	Active	10.0	
<b>TOTAL</b>		10.0	8-12
<b>Property</b>	Active	10.0	8-12
<b>Private Equity</b>	Active	5.0	4-6
<b>TOTAL</b>		100.0	

- 4.2 The above allocations, ranges and the management structure comply with the limits set out in The Regulations with the exception that the limit on single insurance contracts has been increased from 25% to the upper limit of 35% to permit investment, prior to the re-structure being completed in a passive UK equities portfolio. This decision will apply until the completion of the re-structure. The decision to increase the limit complies with The Regulations.

- 4.3 The investment style is to appoint fund managers with clear performance benchmarks and place maximum accountability for performance against that benchmark with them. Multiple fund managers are appointed to give diversification of investment style and spread of risk. The fund managers appointed are mainly remunerated through fees based on the value of assets under management. Private equity managers are remunerated through fees based on commitments and also performance related fees.
- 4.4 The investment strategy is reviewed periodically.
- 4.5 Cash balances are held in either or both of the two Pension Fund bank accounts, current and call account.
- 4.6 Actual asset allocations are monitored against the above structure and rebalanced as appropriate. The Section 151 officer has delegated authority to undertake a quarterly rebalancing of the equity and bond portfolios should they breach the above ranges. Any rebalancing activity authorised by the Section 151 officer will be reported to the next meeting of the Pension Fund Committee. Rebalancing within the bond portfolio is delegated to the fund manager.
- 4.7 Where appropriate, custodians are appointed to provide trade settlement and processing and related services. Where investments are held through funds, the fund appoints its own custodian.
- 4.8 The Council does not engage in stock lending activities.

## **Performance**

- 5.1 Performance targets are set on a three-year rolling basis in relation to the benchmark. The investment managers' performance is reviewed at quarterly and annual intervals by the WM Performance Services who provide independent performance statistics and reports.
- 5.2 The Council also monitors the qualitative performance of the Fund managers to ensure that they remain suitable for the Fund. These qualitative aspects include changes in ownership, changes in personnel, and investment administration

## **Types of Investments**

- 6.1 A management agreement is in place for each fund manager, setting out where relevant, the benchmark, performance target and asset allocation ranges. The agreements also set out any statutory or other restrictions determined by the Council. Investment may be made in accordance with The Regulations in equities, fixed interest and other bonds and property, in the UK and overseas markets. The Regulations specify other investment instruments that may be used, for example, financial futures, traded options, insurance contracts, stock lending, sub-underwriting contracts.
- 6.2 The Regulations also specify certain limitations on investments. Principally, these place a limit of 10% of the whole fund in any single holding, or deposits with a single bank or institution, or investments in unlisted securities. The Council does however have discretion

to adopt a higher statutory limit in respect of specific investments subject to formal agreement by the Council.

## **Investment Risk**

- 7.1 Whilst the objective of the Council is to maximise the return on its investments, it recognises that this has to be within certain risk parameters and that no investment is without an element of risk. The Council acknowledges that the predominantly equity based investment strategy may entail risk to contribution stability, particularly due to the short term volatility that equity investments can involve. The long term nature of the Fund and the expectation that longer term returns from equity investments will exceed those from bonds mean, however, that a high equity allocation remains an appropriate strategy for the Fund.
- 7.2 A policy of diversification for its investments and investment managers helps the Council to mitigate overall risk. Benchmarks and targets against which investment managers are expected to perform are further measures put in place to manage the risks for the Fund. Manager performance is monitored quarterly with investigation of any significant deviations from intended strategy.
- 7.3 With investment returns included, the Fund has a positive cash flow that enables investment in illiquid asset classes e.g. private equity and property. More than 70% of the fund is invested in equities and bonds that are highly liquid.
- 7.4 The Council has established a currency hedge covering 50% of the global equity portfolio to dampen the effect of foreign currency fluctuations against sterling.
- 7.5 Demographic factors including the uncertainty around longevity / mortality projections (e.g. longer life expectancies) contribute to funding risk. There are limited options currently available to fully mitigate or hedge this risk. The Council monitors liabilities using a specialist service provided by Club Vita, a “sister” company of the Fund’s Actuary, Hymans Robertson. Club Vita carries out a comprehensive analysis of the Fund’s longevity data to facilitate an understanding which helps to manage this issue in the most effective way.

## **The realisation of investments**

- 8.1 A realisable (liquid) investment is one that can be readily converted into cash, for example to satisfy payments out of the Fund. The majority of the Fund’s assets are highly liquid and the Council is satisfied that the Fund has sufficient liquid assets to meet all expected and unexpected demands for cash. Assets in the Fund that are considered to be illiquid include property and private equity. As a long term investor the Council considers it prudent to include illiquid assets in its strategic asset allocation in order to benefit from the additional diversification and extra return this should provide.
- 8.2 The Council has delegated to the fund managers responsibility for the selection, retention and realisation of assets.



## **Investment advice**

- 9.1 Professional advice on investment matters is taken from the investment practice of Aon Hewitt. Hymans Robertson provides actuarial services.

## **Social, environmental or ethical considerations**

- 10.1 The extent to which social, environmental and ethical considerations are taken into account in investment decisions is left to the discretion of the fund managers. However, the Council expects that investment return is seen as the priority and that the extent to which these considerations may have a financial impact on the portfolio will be taken into account by the fund managers in the exercise of their delegated duties. However, the Council expects the fund managers to engage positively and seek to influence companies in which the Fund invests to take account of key social, environmental and ethical considerations.

## **Exercise of the rights (including voting rights) attaching to investments**

- 11.1 The Council is an active shareholder and will exercise its rights (including voting rights) to promote and support good corporate governance principles which in turn will feed through into good investment performance.
- 11.2 In practice, the Fund's equity holdings are wholly invested through pooled funds in which voting and engagement decisions are made by fund managers. The Council encourages its fund managers to vote and engage with investee companies worldwide to ensure they comply with best practice in corporate governance in each locality. The fund managers provide reports on their voting and engagement activities.

## **Additional Voluntary Contributions (AVC)**

- 12.1 In line with statute, the Council has to appoint AVC providers and the current providers are Clerical Medical Equitable Life and Prudential.

## **Compliance with "Myners" Principles**

- 13.1 In Appendix 1 are set out the details of the extent to which the Fund complies with the six updated "Myners" principles set out in the Chartered Institute of Public Finance and Accountancy's publication "Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012." These principles codify best practice in investment decision making

## Compliance with “Myners” Principles”

### 1. Effective decision-making

Administering authorities should ensure that:

- decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.
- those persons or organisations should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

#### Fund compliance – Full

- The Council has delegated decision making in respect of the Pension Fund to the Pension Fund Committee, comprising four Councillors with full voting rights with representatives from the trade unions invited.
- The Committee, with advice from its Investment Adviser and independent advisers has appropriate skills for, and is run in a way that facilitates, effective decision making.
- Members of the Committee are provided with training opportunities in line with the skills and knowledge framework produced by CIPFA and a training log is maintained.
- There are sufficient internal resources and access to external resources for the Pension Fund Committee to make effective decisions.

### 2 Clear objectives

An overall investment objective(s) should be set out for the Fund that takes account of the scheme’s liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers and the attitude to risk of both the Administering Authority and scheme employers. These should be clearly communicated to advisers and investment managers.

#### Fund compliance - Full

- The Fund’s Statement of Investment Principles and Funding Strategy Statement set out its investment objectives which are agreed after consultation with the Fund actuary and take into account the Fund’s liabilities, the impact on employer contribution rates, future cashflows and the Fund’s attitude to risk.
- Asset allocation, benchmarks and risk parameters are set with the aim of achieving these objectives.
- Fund managers have clear written mandates with individual performance targets and benchmarks and their performance is measured and reviewed by the Committee on a quarterly basis.
- Full account is taken of the strength of the sponsor covenant for all non-local authority employers admitted to the fund and contribution rates set accordingly.

### 3 Risks and Liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

#### Fund compliance – Full

- The Committee, in setting its investment strategy, has taken account of the form and structure of its liabilities following advice from the Fund's actuary. The strategy aims to achieve the return required to meet its liabilities whilst taking into account stability of contributions and affordability for employers.
- Consideration is given to the payment of a bond by prospective admitted bodies to the Fund to minimise the financial consequences of default.
- A risk assessment and suggestions as to how the risks can be managed is included in the triennial valuation.
- Longevity risk is built into the triennial actuarial and is therefore included when determining the investment strategy
- Investment risk, including that of underperformance is taken into account in the Statement of Investment Principles and the Fund's Annual Report.

#### **4 Performance Assessment**

Arrangements should be in place for the formal measurement of the performance of investments, investment managers and advisers. Administering authorities should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.

#### Fund compliance – Partial

- In addition to overall Fund performance, the Committee considers the performance of individual investment managers against their benchmarks on a quarterly basis; matters of poor performance are addressed through meetings with fund managers and, if necessary, the termination of contracts.
- An independent performance measurement company provides quarterly and annual reports detailing the performance of the Fund and its managers and identifying the achievements resulting from asset allocation and manager performance.
- The Committee also receives, annually, data measuring its performance against that of other administering authorities but in reviewing this is conscious of the need to set its own investment strategy based on its own Fund liabilities and other local conditions.
- The performance of actuaries and advisers is informally assessed on an ongoing basis.
- The performance of the Fund is reported annually to all scheme members and is included in the Annual report; the Committee will be considering ways of improving their accountability, particularly in the context of the imminent establishment of the local pension board.

#### **5 Responsible Ownership**

Administering authorities should:

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.
- Include a statement of their policy on responsible ownership in the Statement of Investment Principles.
- Report periodically to members on the discharge of such responsibilities.

### Fund compliance – Partial

- The Fund's policy on the extent to which its investment managers take account of social, environmental and ethical considerations is stated in the Statement of Investment Principles.
- The Fund expects its managers to engage positively and seek to influence companies in which the Fund invests to take account of key social, environmental and ethical considerations.
- Where applicable, the Fund expects its managers to have adopted the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.
- Whilst the Fund's equity holdings are wholly invested through pooled funds in which voting and engagement decisions are made by fund managers the Council encourages its managers to vote and engage with investee companies worldwide to ensure they comply with best practice in corporate governance in each locality. The fund managers provide reports on their voting and engagement activities.

## **6 Transparency and Reporting**

Administering authorities should:

- Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Provide regular communication to members in the form they consider most appropriate.

### Fund compliance – Full

- The Fund publishes a Communications Policy Statement detailing its policy and detailed strategy for communicating information to members, prospective members and their employers, union representatives, elected Members, tax payers and other interested parties. The Fund makes available a range of documents including:
  - Annual Report including Statement of Accounts.
  - Governance Compliance Statement which includes level of compliance.
  - Communications Policy Statement.
  - Statement of Investment Principles.
  - Funding Strategy Statement.
  - Triennial Actuarial Valuation.
  - Agenda and Minutes of Pension Fund Committee.
  - Annual Statement of Benefits to all active and deferred members.
  - Newsletter to pensioners once a year.
  - Newsletters to active members at least once a year.
- The Communications Policy Statement details the methods of communication available for each "target" group which include:
  - The Council's website
  - Hard copy
  - Annual employers meeting
  - Quarterly employers focus groups
  - DVD

**REPORT FOR: Pension Fund Committee**

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**Date of Meeting:** 26 November 2014

**Subject:** Information Report - Update Report

**Responsible Officer:** Simon George, Director of Finance and Assurance

**Exempt:** No.

**Wards affected:** All

**Enclosures:** Appendix 1: Pension Board – Draft Terms of Reference; Report to Council of 13 November 2014  
Appendix 2 : Pension Board Draft Terms of Reference

**Section 1 – Summary**

This report sets out an update of actions taken and other developments since the last meeting of the Committee.

**FOR INFORMATION**

## **Section 2 – Report**

### **Lead Member roles**

1. At their meeting on 18 September 2013 the Committee agreed that they would appoint Lead Members for specific topics within the purview of the Committee who would lead the debate when the topic was discussed.
2. The Committee agreed that the specific topics would be as follows:
  - Committee Governance – Membership and remit
  - Regulation
  - Training
  - Monitoring and feedback for advisers and officers
  - Business plans, objectives, risk management and meeting agenda
  - Actuarial and Member / Employer related issues.
  - Strategy
  - Manager appointments and monitoring (could be split between equity, bond, property and alternatives).
  - Ethical investing and voting
3. Officers were asked to canvass all Members and Reserve Members of the Committee on the topics for which they would like to be considered as Lead Member with officers suggesting a “best fit” for the Committee to consider.
4. On 25 November 2013 Lead Members were allocated to each of the topics.
5. On 29 July 2014 the Committee were advised that with the major changes which had taken place in the Committee’s membership officers would canvass all Members and Reserve Members of the Committee as to their preferences and report the results to the next meeting of the Committee. In view of other priorities over the last few months this canvass has not yet taken place but it will be carried out by the time of the Committee’s next meeting.

### **Establishment of Pension Board**

6. At their meeting on 23 September the Committee received a report on the establishment of a Pension Board. Members expressed concern that the purpose, role and functions of the proposed Pension Board were unclear, and they could see no obvious benefit in the creation or workings of such a body. They also believed it would be difficult to find suitably qualified people to serve on the Pension Board. They asked that their views and concerns be added to those being put forward by industry groups and interested parties.
7. In view of the possible implications for the Council’s Constitution the report and draft terms of reference attached as appendices 1 and 2 were reported to the Council on 13 November and Council agreed:

- the terms of reference
  - to delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to make any changes to the terms of reference required following the latest DCLG consultation
  - to delegate to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the Constitution if changes are made to the terms of reference as a result of the DCLG's current consultation exercise
8. Officers will implement the Council decisions and report back to the Committee at their next meeting.

## **London Pensions Collective Investment Vehicle**

9. At its meeting on 29 July the Committee recommended to the Council that it resolves to:
- (a) become a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the "ACS Operator") of the Collective Investment Vehicle;
  - (b) contribute £1 to the ACS Operator as initial capital;
  - (c) delegate to the Chairman of the Pension Fund Committee authority to act for the Council in exercising its rights as a shareholder of the ACS Operator and to authorise the Deputy Chairman of the Pension Fund Committee to act in his absence and;
  - (d) agree to join the London Boroughs' "Pensions CIV Joint Committee" to be formed under Section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.
10. Subject to the Council agreeing the above recommendations the Committee also agreed:
- that the Director of Finance and Assurance be authorised to consider any requests for additional capital and, if he assesses that a capital commitment is likely to be beneficial to the Pension Fund, to seek agreement from the Committee
  - to contribute £25,000 to be used to commission specialist expert professional advice associated with the development of the proposed CIV.
11. At their meeting on 13 November Council agreed to the Committee's recommendations and, so far as is currently applicable, officers have implemented them.

## **Alternatives to Traditional Fixed Income Investments**

12. At their last meeting the Committee asked Aon Hewitt to provide some generic papers covering alternatives to traditional fixed income investments.
13. In Part II of the agenda are some papers which the Committee are invited to receive in preparation for their consideration of the BlackRock mandate at their next meeting.

## **Strategic Currency Hedging**

14. At their last meeting the Committee asked Aon Hewitt to provide a paper on strategic currency hedging. The paper is included in Part II of the agenda.
15. With the change in the Committee's equities mandates, consideration needs to be given to the strategic concept of currency hedging and the specific mandate of Record Currency Management.

## **Financial Implications**

16. Financial implications are contained in the body of this report.

## **Risk Management Implications**

17. Risk in connection with the Pension Fund is included on the Directorate Risk Register
18. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

## **Equalities implications**

19. Was an Equality Impact Assessment carried out? No
20. There are no direct equalities implications arising from this report.

## **Council Priorities**

21. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.



### Section 3 - Statutory Officer Clearance

Name Simon George



Director of Finance and Assurance

Date: 14 November 2014

Name: Caroline Eccles



on behalf of the Monitoring Officer

Date: 14 November 2014

**Ward Councillors notified:**

**NO**

### Section 4 - Contact Details and Background Papers

**Contact:** Ian Talbot, Treasury and Pension Fund Manager  
0208 424 1450

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## APPENDIX I

### REPORT FOR: COUNCIL

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<b>Date of Meeting:</b>	13 November 2014
<b>Subject:</b>	Pension Board – Draft Terms of Reference
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Pension Board – Draft Terms of Reference

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### Section 1 – Summary and Recommendations

This report sets out draft Terms of Reference for the Pension Board which must be established by 1 April 2015.

#### Recommendations:

Council is asked to:

- agree to the terms of reference
- delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to make any changes to the terms of reference required following the latest DCLG consultation
- delegate to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the Constitution if changes are made to the terms of reference as a result of the DCLG's current consultation exercise

## **Section 2 – Report**

### **Background**

1. Under the Public Service Pensions Act 2013 the Council is required to set up a Pension Board with responsibility for assisting it in relation to the following:
  - securing compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS;
  - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
  - such other matters as the LGPS regulations may specify.
2. A key aim of the reform is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.
3. Draft regulations on the establishment of the Pension Board were issued by the Department for Communities and Local Government (DCLG) with a consultation deadline of 15 August. On 10 October, DCLG issued a second consultation document, the closing date for which is 21 November 2014. This includes consultation on the right of elected Councillors to be members of the Pension Board, providing that they are not members of the Pension Fund Committee.
4. It is still unclear whether the Pension Board will be a committee of the Council under section 101 Local Government Act 1972 or not.
5. The attached terms of reference have taken into account the proposals within both the consultation documents. However, there is a strong possibility that the final regulations and the requirements of the Pensions Regulator will necessitate changes.
6. The Public Services Pension Act 2013 requires that the Board comprises an equal number of employer and member representatives. It is proposed that these be drawn from the local authority and the scheduled and admitted bodies on the employer side and from active and retired members on the member side.
7. Given the current requirement for the Pension Board to become operational by 1 April 2015 and the potential lengthy appointment process to the Board, Council is asked to approve the terms of reference and to make appropriate delegations to officers.
8. Council is asked to delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to amend the terms of reference in light of any changes made to the statutory regulations as a result of the second consultation.

9. Council is also asked to delegate authority to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the constitution, if required.

### **Financial Implications**

10. The additional direct costs arising from the establishment of the Pension Board are unlikely to exceed £10,000 pa and will be met from the Pension Fund.

### **Risk Management Implications**

11. Risk in connection with the Pension Fund is included on Directorate risk register.
12. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

### **Legal Implications**

13. Section 5 Public Services Pension Act 2013 requires the local authority to establish a pension board to assist the Administering Authority ie the Council as set out in paragraph 1 of this report.

### **Equalities Implications**

14. Was an Equality Impact Assessment carried out? No
15. The report concerns the establishment of the Pension Board and any person with the relevant qualifications can seek to be a member. Therefore there is no potential impact on the Protected Characteristics.

### **Council Priorities**

16. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn affects the resources available for the Council's priorities there are no impacts arising directly from this report.

### **Section 3 - Statutory Officer Clearance**

Name: Simon George	Director of Finance and Assurance
Date: 3 November 2014	
Name: Linda Cohen	on behalf of the Monitoring Officer
Date: 3 November 2014	

<b>Ward Councillors notified:</b>	<b>NO</b>
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### **Section 4 - Contact Details and Background Papers**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager,  
0208 424 1450.

**LONDON BOROUGH OF HARROW PENSION FUND**  
**PENSION BOARD**  
**DRAFT TERMS OF REFERENCE**

**1) Introduction**

The purpose of this document is to set out the Terms of Reference for the Pension Board (the Board) of the London Borough Harrow Pension Fund (the Fund).

**2) Responsibility of the Board**

The responsibility of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of LGPS including:

- securing compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters the LGPS regulations may specify.

The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.

In its role, The Board will have oversight of the administration of the fund including:

- a) The effectiveness of the decision making process
- b) The direction of the Fund and its overall objectives
- c) The level of transparency in the conduct of the Fund's activities
- d) The administration of benefits and contributions

### **3) Membership**

The Board shall consist of 5 voting members and be constituted as follows:

- (i) 2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [ie organisations other than the Administering Authority who, under the regulations, can participate in the LGPS] (1);
- (ii) 2 Scheme Member representatives – active members (1), pensioners (1); and
- (iii) 1 independent member

Each member of the Board will serve or a period of three years. subject to compliance with conditions of appointment.

The Chair of the Board will be elected by the Board at its first meeting and will serve for a period of three years.

The Board may, with the approval of the Administering Authority, co-opt persons to advice and support them. Co-optees are not Board members and do not have voting rights..

### **4) Appointment of Board members**

All Board members will be appointed by Full Council. It is a statutory requirement that the Administering Authority must be satisfied that a person to be appointed as an employer or scheme member representative has the relevant experience and capacity to represent employers or scheme members (as appropriate)

- Administering Authority to nominate one Employer representative
  - The second Employer representative to be nominated by the scheduled and admitted bodies. If more than one is nominated, Council will determine who is to be appointed.
- (i) Scheme member representatives to be selected through a process administered by the Administering Authority with a recommendation to Council
  - (ii) Independent member – applications to be invited by public advertisement with a recommendation by the s151 Officer to Council.

### **4) Meetings**

The Board shall meet twice a year.

An extraordinary meeting will be called when the Chair considers this necessary and/or in circumstances where the Chair receives a request in writing by 50% of the voting membership of the Board



## **5) Quorum**

A quorum will comprise 3 of the 5 members of which at least one shall be an Employer representative and one a scheme member representative.

## **6) Decision making**

Each member of the Board will have an individual voting right but it is expected that the Board will, as far as possible, reach a consensus. The Chair of the Board will have the final deciding vote which will be reported to the Administering Authority.

## **7) Standards of conduct and conflicts of interest**

All members of the Board are expected to act in accordance with the Code of Conduct for Councillors where applicable. In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice them in carrying out their Board duties. This does not include a financial or other interest arising merely by virtue of member of the LGPS.

## **8) Knowledge and Skills**

Following appointment each member of the Board should be conversant with:

- The legislation and associated guidance of the LGPS
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund

The Administering Authority will provide a training programme which all Board members will be required to attend.

## **9) Accountability**

The Board will refer all relevant recommendations and decisions to the Pension Fund Committee of the Administering Authority and, where appropriate to Full Council. It will present a report on its work to the Full Council once a year.

## **10) Publication of Pension Board Information**

The Administering Authority will publish up to date information on the Council's website including:

- The names of the Board member
- The Board's terms of reference
- Papers, agendas and minutes of Board meetings.

## **11) Expense Reimbursement**

Each member of the Board and any co-opted persons, excluding elected Councillors of the London Borough of Harrow and Council Officers will be reimbursed at a rate of £445 per annum (exclusive of VAT if payable) . All members of the Board and any co-opted persons will be paid “out-of-pocket” expenses when carrying out the functions of the Board including approved training.

**REPORT FOR: Pension Fund Committee**

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**Date of Meeting:** 26 November 2014

**Subject:** Work Programme for 2014-15 and 2015-16

**Responsible Officer:** Simon George, Director of Finance and Assurance

**Exempt:** No.

**Wards affected:** All

**Enclosures:**

**Section 1 – Summary and Recommendations**

**Summary**

This Report presents a draft work programme for the period to March 2016 on which the Committee's comments and agreement are requested.

**Recommendation**

That, subject to any comments the Committee wish to make, the work programme for the period up to March 2016 be agreed.

## **Section 2 – Report**

1. Below is a draft for the Committee to consider as its programme of work for the remainder of this financial year and the next financial year.

### **25 March 2015**

Performance of fund managers for quarter ended 31 December 2014 and manager monitoring  
Risk Register  
Monitoring of operational controls at managers  
Lead Member roles  
External Audit Plan  
Training programme  
Review of bonds mandate including meeting with BlackRock  
Review of currency hedging mandate including meeting with Record

### **June 2015**

Performance of fund managers for quarter ended 31 March 2015 and manager monitoring  
Issues raised by Pension Board  
London Pension Fund Collaboration (CIV)  
Performance Review 2014-15 by The WM Company  
Investment management expenses  
Long term funding  
Review of Investment Adviser contract  
Private Equity – presentation by Pantheon

### **September 2015**

Performance of fund managers for quarter ended 30 June 2015 and manager monitoring  
Annual Report and Financial Statements 2014-15  
Statement of Investment Principles  
Equities mandate – presentation by Longview  
Equities mandate – presentation by GMO

### **November 2015**

Performance of fund managers for quarter ended 31 September 2015 and manager monitoring  
Issues raised by Pension Board  
Responsible Investing  
Programme for 2015-16 and 2016-17  
Investment management expenses  
Equities mandate – presentation by Oldfields  
Property mandate – presentation by Aviva

## **March 2016**

Performance of fund managers for quarter ended 31 December 2015 and manager monitoring

Monitoring of operational controls at managers

External Audit Plan

London Pension Fund Collaboration (CIV)

Infrastructure and local investing

Diversified Growth Fund mandate – presentation by Standard Life

Diversified Growth Fund mandate – presentation by manager to be appointed

2. The Committee will have the opportunity to update this programme at every meeting but are invited to comment on the draft programme above and agree it at this stage.

## **Financial Implications**

3. There are no financial implications arising from this report.

## **Risk Management Implications**

4. Risk in connection with the Pension Fund is included on the Directorate Risk Register
5. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report. The draft programme above includes consideration of a separate Risk Register for the Fund.

## **Equalities implications**

6. Was an Equality Impact Assessment carried out? No
7. There are no direct equalities implications arising from this report.

## **Council Priorities**

8. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

### Section 3 - Statutory Officer Clearance

Name Simon George



Director of Finance and Assurance

Date: 17 November 2014

Name: Caroline Eccles



on behalf of the Monitoring Officer

Date: 17 November 2014

**Ward Councillors notified:**

**NO**

### Section 4 - Contact Details and Background Papers

**Contact:** Ian Talbot, Treasury and Pension Fund Manager 0208 424 1450

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