

**REPORT FOR: PENSION FUND  
COMMITTEE**

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**Date of Meeting:** 25 March 2015

**Subject:** London Pensions Collective Investment Vehicle

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

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix 1- Pensions CIV Sectoral Joint Committee: Background and Progress Update Report 17 December 2014

**Section 1 – Summary and Recommendations**

**Summary**

The report provides an update on the establishment of the London Pensions Collective Investment Vehicle. It also seeks the Committee's agreement to the payment of £50,000 (making £75,000 in total) as the Council's contribution towards the legal and other costs necessary to establish the CIV and to the Director of Finance and Assurance, in consultation with the Chairman of the Committee, being given delegated authority to make further payments of up to £25,000 in total.

## **Recommendations**

The Committee are asked to agree:

- to the payment of £50,000 (£25,000 paid in January 2015 and £25,000 to be paid in 2015-16) in respect of legal and other costs necessary to establish the London Pensions Collective Investment Vehicle;
- that where any further payment is needed urgently and a meeting of the Committee is not imminent delegated authority be given to the Director of Finance and Assurance, in consultation with the Chairman of the Committee, to make payments of up to £25,000 in total and to advise the Committee subsequently.

## **Section 2 – Report**

1. At its meeting on 29 July 2014 the Committee resolved to recommend to the Council that the Council:
  - (1) 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;
  - (2) contribute £1 to the ACS Operator as initial capital;
  - (3) 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 Vice Chairman of the Pension Fund Committee to act in his absence and;
  - (4) 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.
2. The Committee also resolved that, subject to the Council agreeing the above recommendations:
  - (1) 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;

- (2) £25,000 be contributed to be used to commission specialist expert professional advice associated with the development of the proposed CIV.
3. On 13 November 2014 the Council agreed the Committee's recommendations.
  4. On the basis of the decision taken by the Committee on 29 July the initial sum of £25,000 was paid to London Councils on 1 December 2014.
  5. On 17 December 2014 the Pensions CIV Sectoral Joint Committee met and received the "Background and Progress Update" report attached as Appendix 1. In paragraphs 37 to 42 the project budget is discussed with the commitments required from the participating boroughs as follows:

Initial contribution on joining - £25,000

Second contribution requested in January 2015 - £25,000

Third contribution at the beginning of 2015-16 - £25,000

6. An invoice for the second payment of £25,000 was paid on 22 January 2015.
7. In view of the Committee's previous decision their agreement to this second payment and to the further payment of £25,000 is now sought.
8. The Committee are asked to agree that, where a payment is needed urgently and a meeting of the Committee is not imminent, delegated authority be given to the Director of Finance and Assurance, in consultation with the Chairman of the Committee, to make single payments of up to £25,000 and to advise the Committee subsequently.

### **Financial Implications**

9. A reduction in administration and investment management costs would be a contributory factor to the overall wellbeing of the Pension Fund.

### **Risk Management Implications**

10. Risk in connection with the Pension Fund is included on the Directorate Risk Register.
11. Additionally, a separate risk register for the Fund is being considered elsewhere on the agenda.

### **Equalities Implications**

12. There are no direct equalities implications arising from this report.

### **Council Priorities**

13. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution and which, in turn, affects the resources available for the Council's priorities.

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

Name Simon George	<input checked="" type="checkbox"/>	Director of Finance and Assurance
Date: 11 March 2015		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 16 March 2015		

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

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

**Background Papers - None**