

**REPORT FOR: Pension Fund Committee  
(Special)**

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**Date of Meeting:** 5 November 2015

**Subject:** London Pensions Collective Investment Vehicle

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix I: Shareholders' Agreement  
Appendix II: Articles of Association  
Appendix III: Written Resolution for Articles of Association  
Appendix IV: Deed of Adherence  
Appendix V: Shares Application Letter

## **Section 1 – Summary and Recommendations**

### **Summary**

This report advises the Committee of the need to review the delegation arrangements in connection with the establishment of London LGPS CIV Limited and seeks agreement to various urgent actions.

### **Recommendations**

The Committee are asked to agree:

1. That the S151 Officer arranges for the sealing of the Shareholders' Agreement with London LGPS CIV Limited.
2. That the S151 Officer signs the written resolutions approving the Articles of Association of London LGPS CIV Limited and the reclassification of shares as described in the resolution.

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| <ol style="list-style-type: none"><li>3. That the S151 Officer arranges for the sealing of the Deed of Adherence to allow London Borough of Havering to be admitted to London LGPS CIV Limited and in consultation with the Chair of the Committee to seal any subsequent such deeds.</li><li>4. The investment of £150,000 for the purchase of 150,000 B shares of £1 each in London LGPS CIV Limited.</li></ol> |
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## **Section 2 – Report**

1. At its meeting on 29 July 2014 the Committee agreed as follows:

***Resolved to RECOMMEND:*** (to Council)

*That the Council:*

*(1) becomes 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. At its meeting on 13 November 2014 Council agreed the recommendations.
3. On 25 March 2015 the Committee agreed to various payments in respect of establishment of London LGPS CIV Limited (the Company).
4. At its meeting on 25 November the Committee will receive a report providing them with a full update on the development of the Company but the Council has been advised that to comply with regulatory requirements various decisions need to be taken as a matter of urgency. This Special Meeting of the Committee has therefore been called to ensure that the Committee has the opportunity to take these decisions and to authorise an officer of the Council to implement them.
5. The decisions which the Committee are invited to take are discussed in paragraphs 6-9 below.

6. Shareholders' Agreement

Attached as Appendix I is the final draft of the Agreement to be entered into by each Shareholder and the Company. This is a contractual arrangement between the Shareholders and the Company governing their relationship and the management of the Company.

It is proposed that authorisation to sign the Shareholders' Agreement and to seal any subsequent deeds of agreement be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

7. Articles of Association of London LGPS CIV Ltd

Attached as Appendix II is the final draft of the Articles of Association of the Company to be adopted by the Shareholders by way of written resolution. The Articles will be the constitutional governing document of the Company and will underpin the matters set out in the Shareholders' Agreement.

The written resolution is attached as Appendix III

It is proposed that the authorisation to sign the Articles of Association be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

8. Deed of Adherence between Existing Shareholders and London Borough of Havering

The London Borough of Havering has recently applied to become a Shareholder in the Company. It is for existing Shareholders to agree to this through a Deed of Adherence (Appendix IV) executed as a deed with seal affixed.

It is proposed that authorisation to seal the Deed of Adherence be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

9. Purchase of 150,000 B Shares

At various meetings over the last year the Committee has agreed an initial investment of £75,000 towards the cost of establishing the Company. In order that the Company can obtain regulatory approval from the Financial Conduct Authority (FCA) there is a requirement for it to have available substantial regulatory share capital. The amount considered necessary was estimated at £150,000 per borough.

Whilst FCA authorisation was received on 15 October in order to play its full part in the development of the Company, it would be appropriate for the Council to make the investment requested on the basis of the draft letter attached as Appendix V.

Unlike the sum of £75,000 contributed for set-up costs this sum would be held for regulatory purposes and would be recognised as such in the Pension Fund Accounts.

## Financial Implications

10. Most of the financial implications of the Company arrangements have been considered in earlier reports and the only additional one arising from this report is the purchase of 150,000 shares in the Company at the cost of £150,000. This expenditure will be met from the Pension Fund.

## Risk Management Implications

11. The risk management implications of the CIV arrangements have been considered in earlier reports and the only additional one arising from this report relates to the investment of £150,000 in the Company. This investment will be considered alongside all other investments in the regular monitoring activity carried out by the Committee.

## Equalities implications

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

## Legal Implications

13. Under s101 Local Government Act 1972, the Council can only delegate a function to another local authority, a Committee or to an officer the Council. At present, the delegations of the s151 Officer do not cover her ability to implement the proposals made by the Pensions CIV Joint Committee.

## Council Priorities

14. The impact on the Council's priorities of the CIV arrangements have been considered in earlier reports and none arise from this report.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 27 October 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 October 2015		

**Ward Councillors notified:**

**Not applicable**

## **Section 4 - Contact Details**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager

**Tel:** 020 8424 1450

**Background Papers:** None.