

REPORT FOR: Pension Fund Committee

Date of Meeting: 27 June 2018

Subject: Information Report – London CIV
Revised Governance Arrangements

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures:

Appendix 1: New governance arrangements for London LGPS CIV Limited (London CIV) 13 June 2018

Appendix 2: LCIV Shareholder Committee Terms of Reference

Section 1 – Summary and Recommendation

Summary

The Committee are asked to note the new governance arrangements for London LGPS CIV Limited (London CIV) as set out in the appendices. The Committee are invited to comment on the proposed terms of reference to be considered at the LCIV AGM on 12th July 2018.

FOR INFORMATION

Section 2 – Report

London CIV Consultation on Strategy

1. London CIV commissioned a governance review from Willis Towers Watson. This was presented at the December CIV Sectoral Joint Committee. The Review and feedback from shareholders showed that the London CIV needs to change its Governance Arrangements and clarify its purpose and future strategy.
2. Following on from the governance review LCIV consulted on the investment strategy and on proposals for revised governance arrangements.
3. The new governance arrangements as summarised in the letter to Chief Executive's dated 13 June 2018 will be presented to the LCIV AGM on 12th July 2018.
4. The key changes to the London LGPS CIV Limited governance framework are:
 - The composition and experience on the London CIV board will be enhanced by the appointment of two more Non-Executive Directors, representative of the shareholders (expected to be Leaders of London Local Authorities). The first nominations will be made via the London Councils collective political processes for ratification at the London CIV AGM on 12 July 2018, subject to formal appointment by the Board in accordance with the articles and FCA approval. The appointment is expected to be for a three year term. A Treasurer will be nominated as an Observer, but not a member of the London CIV Board.
 - The Shareholders will meet at two General Meetings of London CIV each year, one to approve the budget, and an AGM.
 - There will be a Shareholder Committee of the London CIV ("the Committee"), which will act on behalf of the Shareholders as a consultative body, including on the Company's business plans and financial performance, and topics such as Responsible Investment. There will be 12 Committee Members made up of 8 Local Authority Pension Committee Chairs (or Leaders of London Local Authorities) and 4 Local Authority Treasurers. The Chair of the Board of London CIV will also be a member of the Committee. The first nominations of elected members (Local Authority Pension Committee Chairs or Leaders) will be made via the London Councils collective political processes and the Society of London Treasurers in the case of Treasurers, for ratification at the London CIV AGM on 12 July 2018. A Trade Union Representative will be nominated as an Observer in consultation with London Councils and the Joint Secretaries (Greater London Provincial Council).

- These arrangements will replace the Pensions CIV Sectoral Joint Committee (“PCSJC”) which will be dissolved. Written notice is required to be given by participating London Local Authorities to London Councils revoking the delegation of the discharge of the relevant functions to the sectoral joint committee.
- To complement these new Shareholder governance arrangements there will be an improved framework for client services, informed by Shareholder consultation, including a Service Level Agreement and programme of events for clients collectively

Financial Implications

5. All costs relating to the London CIV are charged to the Pension Fund.

Risk Management Implications

6 Risks arising from the investment strategy are included in the Fund’s Risk Register.

Equalities implications

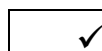
7. There are no direct equalities implications arising from this report.

Council Priorities

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

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Director of Finance

Date: 15 June 2018

Ward Councillors notified:

NO

Section 4 - Contact Details

Contact: Iain Millar, Treasury and Pension Fund Manager
0208 424 1432

Background Papers – None