

Pension Investment Committee			
REPORT TITLE	Pension Investment Committee Pensions update		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Head of Corporate Resources		
CLASS	Part 1	Date:	09 February 2016

1. PURPOSE

- 1.1. This paper provides members with an update on Pension related matters in the last period.

2. RECOMMENDATIONS

- 2.1. Members are asked to note this report.
- 2.2. Members are recommended to confirm their commitment to the London CIV as their preferred route to joining one of six proposed regional funds for the LGPS and endorse the work of the London CIV to date in this regard.

3. BACKGROUND

- 3.1. This briefing will provide a summary of current topics and follows up on action requested in previous meetings.

4. CURRENT CONSIDERATIONS

Pension Board

- 4.1. The Pension Board has not met since its formation in 2015. The Board members will be asked to update on progress with their self-training using the Pension Regulator's toolkit and the meetings for 2016 planned. Once confirmed, the PIC dates for 2016/17 will be notified to the Board inviting them to attend as observers should they wish to.

Actions arising from previous Pension Investment Committee:

- 4.3 The representative bodies invited to observe the Pension Investment Committee (PIC) will be contacted ahead of the 2016/17 municipal year by the Head of Corporate Resources, inviting them to identify a

representative to attend future PIC meetings. The meeting dates to be confirmed at the Council's March AGM.

- 4.4 The annual report was completed with the revisions agreed at the previous meeting and submitted to and reviewed by the auditor. No further action required and copies of the final report are available on request.
- 4.5 Training and the Triennial review are updated on separately in this report – see below.

Collective Investment Vehicle (CIV)

- 4.6 The Joint Committee continue to meet, with the Chair of PIC attending. Following receipt of regulatory approval the CIV has begun trading and Lewisham Pension Fund have paid in the agreed regulatory capital.
- 4.7 Prospectus for transitioning funds from individual local authority mandates to pooled funds in the CIV are being issued. The CIV have procured eight mandates – a mix of active and passive mandates. There is overlap with one part of one of Lewisham's current passive mandates, the work to prepare transition of which is expected to kick off with a workshop on the 25 February. After the workshop detailed proposals will be shared to enable individual authorities to complete their due diligence with appropriate independent advice.
- 4.8 Following the transition from participating authorities to these new mandates the CIV will continue the work to introduce other mandates to the fund to meet the needs of the participating Local Government Pension Scheme (LGPS) funds.

Procurement of multi asset mandate

- 4.9 The selection phase of this process is the main agenda item for the February meeting of the PIC.

Triennial fund valuation in 2016

- 4.10 As previously noted, the fund will be valued by our actuaries at the 31 March 2016.
- 4.11 The PIC agreed to include a briefing on this for the next PIC agenda to explain the principles, assumptions, mechanics and outputs from the valuation. Unfortunately, given the procurement process underway, there is not time to do this at the PIC meeting.
- 4.12 The action, carried over from the previous meeting, is for the Head of Corporate Resources to arrange this as soon as possible.

Government policy changes

- 4.13 As noted at the last PIC, the government continues to progress with proposals for LGPS investment activities to merge into six regional funds and adopt certain sovereign wealth fund characteristics. In particular investments in infrastructure schemes. The timetable for this is for administering authorities to outline how they would approach joining a regional fund in February 2016, with the expectation that firm plans would then be drawn up by July 2016, and funds start moving before 2018.
- 4.14 In London the majority of LGPS administering authorities have, for two years now, been working on the establishment of the London CIV. It is expected that this would meet the government's requirements for a regional fund with at least £25 billion invested. As Lewisham is a founding shareholder in the CIV, in response to the February consultation it is proposed to confirm the PIC's support for the London CIV to become on the proposed regional funds for LGPS investments.

Team changes and training

- 4.15 The post of Pensions and Treasury manager remains open at this time. The Head of Corporate Resources is working to successfully complete this recruitment as soon as possible.
- 4.16 Members' training continues to be an important part of the annual PIC programme. A number of members were involved in the short listing of managers for the multi-asset mandate currently being purchased and a number attended a session run by Blackrock in January. Should members have identified other training they would like to attend please can they keep the governance team or David Austin informed.

5. LEGAL IMPLICATIONS

- 5.1. There are no legal implications arising directly from this report.

6. FINANCIAL IMPLICATIONS

- 6.1. There are no financial implications arising directly from this report.

7. CRIME AND DISORDER IMPLICATIONS

- 7.1. There are no crime and disorder implications directly arising from this report.

8. EQUALITIES IMPLICATIONS

- 8.1. The Equality Act 2010 became law in October 2010. The Act aims to streamline all previous anti-discrimination laws within a Single Act. The new public sector Equality Duty, which is part of the Equality Act 2010, came into effect on the 5 April 2011.
- 8.2. The Council's Comprehensive Equality Scheme for 2012-16 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010. No direct equalities implications have been identified, in terms of adverse impact, with respect to the Council's obligations under the Equality Act 2010.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1. There are no environmental implications directly arising from this report.

10. BACKGROUND DOCUMENTS

- 10.1. None

For further information on this report please contact:

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