



# AGENDA

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## PENSIONS INVESTMENT COMMITTEE

**Date: THURSDAY, 14 FEBRUARY 2019 at 7.00 pm**

**Committee Rooms 4  
Civic Suite  
Catford Road  
London SE6 4RU**

**Enquiries to: Sarah Assibey  
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### COUNCILLORS

### Observers

Councillor Chris Best  
Councillor Mark Ingleby (Chair)  
Councillor Paul Maslin  
Councillor John Muldoon  
Councillor Patrick Codd  
Councillor Alex Feis-Bryce  
Councillor Louise Krupski  
Councillor Sakina Sheikh

**Members are summoned to attend this meeting**

**Janet Senior  
Acting Chief Executive  
Lewisham Town Hall  
Catford  
London SE6 4RU  
Date: Tuesday, 5 February 2019**



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

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INVESTOR IN PEOPLE

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# Agenda Item 1

PENSIONS INVESTMENT COMMITTEE		
Report Title	DECLARATIONS OF INTERESTS	
Key Decision	No	Item No. 1
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 14 February 2019

## Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

## Personal interests

There are two types of personal interest :-

- (a) an interest which you must enter in the Register of Members' Interests\*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

\*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party) where they hold a position of general management or control,

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

## Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter .

### **Sensitive information**

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

### **Prejudicial interests**

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

### **Categories exempt from being prejudicial interest**

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

### **Effect of having a prejudicial interest**

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

### **Exception**

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they

have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

### **Prejudicial interests and overview and scrutiny**

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub-committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

# Agenda Item 2

<b>PENSIONS INVESTMENT COMMITTEE</b>		
<b>Report Title</b>	MINUTES	
<b>Key Decision</b>	No	<b>Item No. 2</b>
<b>Ward</b>	All	
<b>Contributors</b>	CHIEF EXECUTIVE	
<b>Class</b>	Part 1	<b>Date: 14 February 2019</b>

## **Recommendation**

That the Minutes of the meeting of the Committee, held on 20 November 2018 be confirmed and signed.

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<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Schroders Presentation		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This report is a presentation from Schroders on their Lewisham Pension Fund mandate. Schroders will be bringing their presentation to the meeting.

## 2. RECOMMENDATIONS

- 2.1. The Committee is recommended to note the contents of the report.

## 3. SUMMARY

- 3.1. The contents of this report include slides on the following:

- Business and market overview;
- Portfolio and strategy updates;
- New opportunities

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

- 5.1. In line with the Council's Constitution and the Committee's Terms of Reference within, as the administering authority for the Fund, the Council must review the performance of the Fund's investments at regular intervals and review the investments made by Fund Managers quarterly.

- 5.2. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisers in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council's financial affairs, including the administration of the Pension Fund.

## 6. CRIME AND DISORDER IMPLICATIONS

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

## 7. EQUALITIES IMPLICATIONS

7.1. There are no equalities implications directly arising from this report.

## **8. ENVIRONMENTAL IMPLICATIONS**

8.1. There are no environmental implications directly arising from this report.

### **APPENDICES**

The full report will be brought to the meeting. Commentary will be provided at the meeting by representatives from the Council's appointed Fund Manager Schroders.

### **FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact:

David Austin, Acting Chief Finance Officer on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	BlackRock Presentation		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This report is a presentation from BlackRock on their Lewisham Pension Fund mandate – see the attached report for Members which will be presented by representatives from the BlackRock team.

## 2. RECOMMENDATIONS

- 2.1. The Committee is recommended to note the contents of the report.

## 3. SUMMARY

- 3.1. The contents of this report include slides on the following:
- BlackRock portfolio and performance;
  - BlackRock ACS World Low Carbon Equity Tracker Fund;
  - Global Energy Power III;
  - LCIV Update

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

- 5.1. In line with the Council’s Constitution and the Committee’s Terms of Reference within, as the administering authority for the Fund, the Council must review the performance of the Fund’s investments at regular intervals and review the investments made by Fund Managers quarterly.
- 5.2. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisers in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council’s financial affairs, including the administration of the Pension Fund.

## 6. CRIME AND DISORDER IMPLICATIONS

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

## **7. EQUALITIES IMPLICATIONS**

7.1. There are no equalities implications directly arising from this report.

## **8. ENVIRONMENTAL IMPLICATIONS**

8.1. There are no environmental implications directly arising from this report.

### **APPENDICES**

The full report is attached for Members only. Commentary will be provided at the meeting by representatives from the Council's appointed Fund Manager BlackRock.

### **FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact:

David Austin, Acting Chief Finance Officer on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

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# Agenda Item 5

<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Asset Pooling Update		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This paper presents the recently published MHCLG draft statutory guidance on asset pooling and outlines key points raised by the guidance, whilst also presenting a timetable from the Fund's advisors on the recommended priorities for mapping the Fund's existing assets to the London CIV.

## 2. RECOMMENDATIONS

- 2.1. Members are asked note the contents of the report, and agree to the following recommendations:
  - 2.1.1. In regards to the MHCLG guidance document, provide any feedback to officers before the 28 March deadline, as per Section 3.
  - 2.1.2. In regards to the proposed timetable for transition of assets to the LCIV, discuss the timeline put forward and agree on the priorities outlined.

## 3. MHCLG CONSULTATION

- 3.1. In January 2019 the MHCLG published its draft statutory guidance on LGPS asset pooling, inviting views through an informal consultation with interested parties until 28 March 2019.
- 3.2. The draft guidance is attached at Appendix 1 for Members' consideration.
- 3.3. Hymans Robertson have provided a factual summary of the points raised in the guidance, which is attached at Appendix 2.
- 3.4. Some key points to highlight from the guidance (with reference to the relevant paragraphs) are as follows:
  - Pool members should transition assets into the pool as quickly and cost effectively as possible (5.1);
  - Inter-authority payments may be desirable to share transition costs equitably between pool members (5.2);

- In exceptional cases, some existing investments may be retained by pool members on a temporary basis to maturity if the cost of moving the existing investment to a pool vehicle exceeds the benefits of doing so (5.4);
- Pool members should normally make all new investments through the pool company to maximise benefits of scale. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances (6.1);
- A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member. These assets should not normally exceed an aggregate 5% of the pool member's assets at the point of investment (6.2);
- Pool members may invest through pool vehicles in a pool other than their own where collaboration across pools or specialisation can deliver improved net returns. (6.3);
- There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area (7.2);
- All residential property is included in the official CIPFA definition of infrastructure assets (7.5);
- New extensive reporting requirements for pool members come into force with effect from the 2018/19 annual report, with a requirement to report on the costs and performance of pooled assets, the progress of any transition plans and a rationale for all assets that continue to be held outside the pool, including a planned transition date and a comparison of costs to any comparable pool vehicle (8.1 onwards);
- The definition of pooled assets excludes passive investment in life policies held directly by pool members, or any asset where a pool member retains the day to day management or responsibility for selecting or reappointing an external manager (8.4).

3.5. Members are asked to consider the guidance attached and provide any feedback to officers ahead of the 28 March deadline; officers will coordinate responses and respond to MHCLG on behalf of the Committee.

#### **4. TIMETABLE FOR LCIV INVESTMENT CONSIDERATION**

4.1. Hymans Robertson, following discussion with Members at previous meetings, have put together a suggested timetable and list of priorities for discussing and planning the transition of the Fund's existing assets or mandates to the LCIV. The report attached at Appendix 3 outlines the proposed actions for consideration

4.2. Officers recommend that the Committee discuss the proposed timeline and provide feedback to the Fund's advisors for incorporating transition plans into the business plan for the year ahead.

#### **5. FINANCIAL IMPLICATIONS**

5.1. There are no financial implications arising directly from this report.

## **6. LEGAL IMPLICATIONS**

6.1. The MHCLG guidance builds on previous Ministerial communications and guidance on investment strategies, taking account of the current state of progress on pooling. It is made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations). Administering authorities are required to act in accordance with it.

6.2. The guidance replaces the section at pages 7 to 8 of Part 2 of *Guidance for Preparing and Maintaining an Investment Strategy*, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces *Local Government Pension Scheme: Investment Reform Criteria and Guidance*, issued in November 2015.

6.3. In considering the future strategy of the Fund following the 2019 valuation, and the transition of assets to LCIV, the 2016 Regulations require that the administering authority must take proper advice from a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters.

## **7. CRIME AND DISORDER IMPLICATIONS**

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

## **8. EQUALITIES IMPLICATIONS**

8.1. There are no equalities implications directly arising from this report.

## **9. ENVIRONMENTAL IMPLICATIONS**

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

## **APPENDICES**

**Appendix 1** – MHCLG Consultation Paper

**Appendix 2** – Hymans Robertson Consultation Summary

**Appendix 3** – Hymans Robertson Asset Pooling Draft Timeline

## **FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact either:

David Austin, Acting Chief Finance Officer on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

**APPENDIX 1 – MHCLG CONSULTATION PAPER**

**Local Government Pension Scheme**

**Statutory guidance on asset pooling**

## **Contents**

### **Foreword**

- 1 Introduction**
- 2 Definitions**
- 3 Structure and scale**
- 4 Governance**
- 5 Transition of assets to the pool**
- 6 Making new investments outside the pool**
- 7 Infrastructure investment**
- 8 Reporting**

## **Foreword**

The reform of investment management in the Local Government Pension Scheme (LGPS) for England and Wales began in 2015 with the publication of criteria and guidance on pooling of LGPS assets, following extensive consultation with the sector. LGPS administering authorities responded by coming together in groups of their own choosing to form eight asset pools.

Through the hard work and commitment of people across the scheme, those eight pools are now operational. Their scale makes them significant players at European or global level, and significant annual savings have already been delivered, with the pools forecasting savings of up to £2bn by 2033. Along the way many lessons have been learnt and great progress has been made in developing expertise and capacity, including in private markets and infrastructure investment.

This is a considerable achievement in itself, but there is still a long way to go to complete the transition of assets and to deliver the full benefits of scale. In the light of experience to date with pooling and the challenges ahead, authorities have requested guidance on a range of issues. The time is now right for new guidance to support further progress.

## 1 Introduction

1.1 This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets, building on previous Ministerial communications and guidance on investment strategies, and taking account of the current state of progress on pooling. It is made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations). Administering authorities are required to act in accordance with it.

1.2 This guidance replaces the section at pages 7 to 8 of Part 2 of *Guidance for Preparing and Maintaining an Investment Strategy*, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces *Local Government Pension Scheme: Investment Reform Criteria and Guidance*, issued in November 2015.

## 2 Definitions

2.1 This guidance introduces a set of definitions for use in this and future guidance, as follows:

**'Pool'** the entity comprising all elements of a Local Government Pension Scheme (LGPS) asset pool

**'Pool member'** an LGPS administering authority which has committed to invest in an LGPS pool and participates in its governance

**'Pool governance body'** the body used by pool members to oversee the operation of the pool and ensure that the democratic link to pool members is maintained (for example, Joint Committees and officer committees)

**'Pool company'** the Financial Conduct Authority (FCA) regulated company which undertakes selection, appointment, dismissal and variation of terms of investment managers, and provides and operates pool vehicles for pool members

**'Pool fund'** a regulated unitised fund structure operated by a regulated pool company, such as an Authorised Contractual Scheme (ACS)

**'Pool vehicle'** an investment vehicle (including pool funds) made available to pool members by a regulated pool company

**'Pooled asset'** an investment for which the selection, appointment, dismissal and variation of terms for the investment manager is delegated to a regulated pool company, or an investment held in a pool vehicle

**'Retained asset'** an existing investment retained by a pool member during the transition period

**'Local asset'** a new investment by a pool member which is not a pooled asset

## 3 Structure and scale

3.1 All administering authorities must pool their assets in order to deliver the benefits of scale and collaboration. These include:

- reduced investment costs without affecting gross risk-adjusted returns
- reduced costs for services such as custody, and for procurement
- strengthened governance and stewardship and dissemination of good practice
- greater investment management capacity and capability in the pool companies, including in private markets
- increased transparency on total investment management costs
- diversification of risk through providing access to a wider range of asset classes, including infrastructure investments

3.2 In order to maximise the benefits of scale, pool members must appoint a pool company or companies to implement their investment strategies. This includes:

- the selection, appointment, dismissal and variation of terms of investment managers, whether internal or external

- the management of internally managed investments
- the provision and management of pool vehicles including pool funds

It is for the pool companies to decide which investment managers to use for pool vehicles, including whether to use in-house or external management. Pool members may continue to decide if they wish to invest via in-house or externally managed vehicles.

3.3 Pool companies may be wholly owned by pool members as shareholders or may be procured and appointed by the pool members as clients.

3.4 A pool company must be a company regulated by the Financial Conduct Authority (FCA) with appropriate FCA permissions for regulated activities. This helps ensure the pools comply with financial services legislation, and provides additional assurance to scheme members and employers. Depending on the structure of the pool, appropriate permissions may include permissions for execution, acting as agent, provision of advice, or such other permissions as required by the FCA. Where regulated funds (e.g. in an ACS) are operated by the pool company it should comply with relevant UK legislation.

#### *Regular review of services and procurement*

3.5 Pool governance bodies, working with the pool company, should regularly review the provision of services to the pool, and the process of procurement, to ensure value for money and cost transparency. Where services are procured or shared by pool members, pool members should regularly review the rationale and cost-effectiveness of such arrangements, compared to procurement and management through the pool company. Pool members and pool companies should consider using the national LGPS procurement frameworks ([www.nationallgpsframeworks.org](http://www.nationallgpsframeworks.org)) where appropriate.

#### *Regular review of active and passive management*

3.6 Pool members, working with the pool company, should regularly review the balance between active and passive management in the light of performance net of total costs. They should consider moving from active to passive management where active management has not generated better net performance over a reasonable period. Pool members should also seek to ensure performance by asset class net of total costs is at least comparable with market performance for similar risk profiles.

## **4 Governance**

4.1 Pool members must establish and maintain a pool governance body in order to set the direction of the pool and to hold the pool company to account. Pool governance bodies should be appropriately democratic and sufficiently resourced to provide for effective decision making and oversight.

4.2 Pool members, through their internal governance structures, are responsible for effective governance and for holding pool companies and other service providers to account. Strategic asset allocation remains the responsibility of pool members, recognising their authority's specific liability and cash-flow forecasts.

4.3 Members of Pension Committees are elected representatives with duties both to LGPS employers and members, and to local taxpayers. Those who serve on Pension Committees and equivalent governance bodies in LGPS administering authorities are, in many ways, required to act in the same way as trustees in terms of their duty of care to scheme employers and members, but are subject to a different legal framework, which derives from public law. In particular while they have legal responsibilities for the prudent and effective stewardship of LGPS funds, LGPS benefits are not dependent on their stewardship but are established and paid under statute in force at the time.

4.4 Those who serve on Pension Committees and equivalent governance bodies in pool members should therefore take a long term view of pooling implementation and costs. They should take account of the benefits across the pool and across the scheme as a whole, in the interests of scheme members, employers and local taxpayers, and should not seek simply to minimise costs in the short term.

4.5 Local Pension Boards of pool members have a key role in pool governance, given their responsibilities under the LGPS Regulations 2013 (regulation 106 (1)) for assisting authorities in securing compliance with legislation, and ensuring effective and efficient governance and administration of the LGPS. They can provide additional scrutiny and challenge to strengthen pool governance and reporting, and improve transparency and accountability for both members and employers.

4.6 Local Pension Boards may also provide a group of knowledgeable and experienced people from which observers may be drawn if pool members wish to include observers on pool governance bodies.

#### *Strategic and tactical asset allocation*

4.7 Pool members are responsible for deciding their investment strategy and asset allocation, and remain the beneficial owners of their assets, in accordance with *Guidance for Preparing and Maintaining an Investment Strategy*.

4.8 Pool members collectively through their pool governance bodies should decide the pool's policy on which aspects of asset allocation are strategic and should remain with the administering authority, and which are tactical and best undertaken by the pool company. Pool governance bodies, when determining where such decisions lie, should be mindful of the trade-off between greater choice and lower costs and should involve the pool company to ensure the debate is fully informed on the opportunities and efficiencies available through greater scale.

4.9 Providing pool members with asset allocation choices through an excessively wide range of pool vehicles or investment managers will restrict the pool company's ability to use scale to drive up value. On the other hand maximising scale by significantly limiting asset allocation options may not provide all pool members with the diversification needed to meet their particular liability profile and cash flow requirements. Pool members should set out in their Funding Strategy Statement and Investment Strategy Statement how they, through the pool governance body, have balanced these considerations and how they will keep this under regular review.

4.10 Where necessary to deliver the asset allocation required by pool members, pool companies may provide a range of pool vehicles and in addition arrange and manage segregated mandates or access to external specialist funds. Pool governance bodies should ensure that their regulated pool companies have in place the necessary permissions to enable pool vehicles to be made available where appropriate.

4.11 Determining where asset allocation decisions lie will not be a one-off decision as pool member requirements will change over time. Pool governance bodies should ensure that a regular review process, which involves both pool members and pool companies, is in place.

## **5 Transition of assets to the pool**

5.1 Pool members should transition existing assets into the pool as quickly and cost effectively as possible. Transition of listed assets should take place over a relatively short period.

5.2 Pool governance bodies, working with pool companies and, where appointed, external transition managers, should seek to minimise transition costs to pool members while effectively balancing speed, cost and timing, taking into account exit or penalty costs and opportunities for crossing trades.

5.2 The transition process will incur direct or indirect costs which may fall unevenly across pool members. For example, where the selected managers are used by some pool members but not others. In such cases pool members who are already using the selected manager may incur significantly lower (if any) transition costs than those who do not.

5.3 Inter-authority payments (or other transfers of value) may be desirable in order to share these costs equitably between pool members. The Government's view is that such payments are investment costs within Regulation 4(5) of the 2016 Regulations, and payments made by a pool member to meet its agreed share of costs may be charged to the fund of that pool member, whether the payments are made to other pool members, the pool company, or another body by agreement.

#### *Temporary retention of existing assets*

5.4 In exceptional cases, some existing investments may be retained by pool members on a temporary basis. If the cost of moving the existing investment to a pool vehicle exceeds the benefits of doing so, it may be appropriate to continue to hold and manage the existing investment to maturity before reinvesting the funds through a pool vehicle.

5.5 In many cases there will be benefits in such retained assets being managed by the pool company in the interim. However pool members may retain the management of existing long term investment contracts where the penalty for early exit or transfer of management would be significant. These may include life insurance contracts ('life funds') accessed by pool members for the purpose of passive equity investment, and some infrastructure investments. Pool members may also retain existing direct property assets where these may be more effectively managed by pool members.

#### *Regular review of retained assets*

5.6 Pool members, working with the pool company, should undertake regular reviews (at least every three years) of retained assets and the rationale for keeping these assets outside the pool. They should review whether management by the pool company would deliver benefits. Pool members should consider the long term costs and benefits across the pool, taking account of the guidance on cost-sharing, and the presumption should be in favour of transition to pool vehicles or moving such assets to the management of the pool company.

## **6 Making new investments outside the pool**

6.1 Pool members should normally make all new investments through the pool company in order to maximise the benefits of scale. Following the 2019 valuation, pool members will review their investment strategies and put revised strategies in place from 2020. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances.

6.2 A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member. Local assets should:

- Not normally exceed an aggregate 5% of the value of the pool member's assets at the point of investment.
- Be subject to a similar assessment of risk, return and fit with investment strategy as any other investment.

6.3 Pool members may invest through pool vehicles in a pool other than their own where collaboration across pools or specialisation by pools can deliver improved net returns.

6.4 During the period of transition, while pool governance bodies and pool companies work together to determine and put in place the agreed range of pool vehicles, a pool member may make new investments outside the pool, if following consultation with the pool company, they consider this is essential to deliver their investment strategy. This exemption only applies until the pool vehicles needed to provide the agreed asset allocation are in place.

## 7 Infrastructure investment

7.1 Infrastructure investment has the potential to provide secure long term returns with a good fit to pension liabilities, and form part of investment strategies of authorities. The establishment of the pools was intended to provide the scale needed for cost-effective investment in infrastructure, and to increase capacity and capability to invest in infrastructure.

7.2 There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area. Pool companies may provide pool vehicles for investment in UK assets, or overseas assets, or both, as required to provide the risk and return profile to meet pool member investment strategies. However the Government expects pool companies to provide the capability and capacity for pools over time to move towards levels of infrastructure investment similar to overseas pension funds of comparable aggregate size.

7.3 Pool companies may provide pool vehicles for investment in existing (brownfield) or new (greenfield) infrastructure, based on an assessment of the benefits and risks in relation to pool member liabilities, and non-financial factors where relevant. Pool members may invest in their own geographic areas but the asset selection and allocation decisions should normally be taken by the pool company in order to manage any potential conflicts of interest effectively, maintain propriety, and ensure robust evaluation of the case for investment.

7.4 For the purpose of producing annual reports, infrastructure assets are defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance *Preparing the Annual Report* as follows:

*Infrastructure assets are the facilities and structures needed for the functioning of communities and to support economic development. When considered as an investment asset class, infrastructure investments are normally expected to have most of the following characteristics:*

- *Substantially backed by durable physical assets;*
- *Long life and low risk of obsolescence;*
- *Identifiable and reliable cash flow, preferably either explicitly or implicitly inflation-linked;*
- *Revenues largely isolated from the business cycle and competition, for example, through long term contracts, regulated monopolies or high barriers to entry;*
- *Returns to show limited correlation to other asset classes.*

*Key sectors for infrastructure include transportation networks, power generation, energy distribution and storage, water supply and distribution, communications networks, health and education facilities, social accommodation and private sector housing.*

*Conventional commercial property is not normally included, but where it forms part of a broader infrastructure asset, helps urban regeneration or serves societal needs it may be.*

7.5 All residential property is included in this definition of infrastructure. It is not restricted to social accommodation or private sector housing.

7.6 A variety of platforms may be required to implement the infrastructure investment strategies of pool members. Pool companies are expected to provide access to a range of options over time including direct and co-investment opportunities.

## 8 Reporting

8.1 Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance *Preparing the Annual Report*, with effect from the 2018-19 report.

8.2 In summary, pool member annual reports should include:

- opening and closing value and proportion of pooled assets by asset class
- opening and closing value and proportion of local assets by asset class
- net and gross performance of pooled assets by asset class
- total costs of pooled assets by asset class
- for actively managed listed assets, net performance by asset class net of total costs compared to appropriate passive indices over a one, three and five year period
- net and gross performance of local assets by asset class
- total costs of local assets by asset class
  - asset transition during the reporting year
  - transition plans for local assets
  - pool set-up and transition costs, presented alongside in-year and cumulative savings from pooling
  - ongoing investment management costs by type, with a breakdown between pooled assets and local assets

8.3 Investments should be classed as pool assets on the basis of the definition in the CIPFA guidance *Preparing the Annual Report*.

*For the purpose of defining those assets which are classed as being within an asset pool, 'pooled assets' are those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund's control.*

8.4 Any investment where a pool member retains the day to day management, or the responsibility for selecting or reappointing an external manager, is not a pool asset.

8.5 Pool members should provide a rationale for all assets continuing to be held outside the pool, including the planned end date and performance net of costs including a comparison which costs of any comparable pool vehicles. They should also set out a high level plan for transition of assets.

8.6 The SAB will publish an annual report on the pools based on aggregated data from the pool member annual reports, in the Scheme Annual Report. Pool members should comply with all reasonable requests for any additional data and information from the SAB to enable it to publish a comprehensive report.

8.7 Pool members should ensure that pool companies report in line with the SAB Code of Cost Transparency. They should also ensure that pool companies require their internal and external investment managers to do so.

8.8 Pool members should also ensure that the annual report of the pool company is broadly consistent with the reports of pool members, and with the Scheme Annual Report, in so far as it relates to their investments, and that the report includes a narrative to explain differences. These may arise for example from reporting periods of pool companies which differ from that of the pool member.

8.9 Pool members are required to report any change which results in failure to meet the requirements of this guidance to the LGPS Scheme Advisory Board (SAB) and to MHCLG.

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<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Responsible Investment and Climate Risk – Report by Hymans		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This paper follows up from discussions from November’s meeting on the Committee’s Statement of Investment Beliefs, specifically on the issue of responsible investment, climate risk, and an agreed approach to managing both in the context of the Committee’s wider fiduciary duties and the setting of the Fund’s Investment Strategy Statement.

## 2. RECOMMENDATIONS

- 2.1. Members are asked to note and discuss the contents of the report and agree on the next steps forward for developing the Fund’s RI approach.

## 3. BACKGROUND

- 3.1. Responsible Investment (RI) and Environmental, Social and Governance (ESG) factors form key components of this Committee’s investment beliefs, and the Fund’s investment managers are expected to integrate such factors into their investment decision making, as well as acting responsibly and engaging with investment companies on ESG issues to positively influence behaviour.
- 3.2. Discussions at the November 2018 Committee meeting raised the issue of divestment versus tilting and engagement as alternative approaches to managing climate risk as part of the Committee’s wider approach to RI, and this paper from the Fund’s advisors seeks to clarify the Committee’s current approach to RI in the context of current LGPS guidance, and aims to fully explain each option for managing climate risk in order to develop a specific belief going forward.
- 3.3. The full report from Hymans is appended to this report. Members are recommended to discuss the report and consider the next steps for developing the Fund’s RI approach as outlined by Hymans.

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

- 5.1. An administering authority must, after taking proper advice, formulate an Investment Strategy Statement which must be compliant with the relevant

Regulations (Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016/329 Regulation 7). The statement must be published and reviewed at least every three years.

- 5.2. In considering the proposed Statement of Investment Beliefs, this Committee must have regard to matters including the need to ensure the adequacy of the Pension Fund and for diversification of investment fund monies, and the suitability of any investment proposed having obtained proper advice. It must act prudently with regard to risk whilst obtaining the best return on the fund investments, and comply with the fiduciary duty. That duty requires consideration of matters such as the need to invest the scheme assets in the best interests of scheme members and beneficiaries; the weighing of returns against risks including long-term risks taking into account factors which are financially material to the performance of investments; and not taking decisions for “improper purposes”.
- 5.3. In accordance with Regulation 7(2)(e) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and the associated *Guidance for Preparing and Maintaining an Investment Strategy*, an administering authority must explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments, and must also explain their approach to social investments.

## **6. CRIME AND DISORDER IMPLICATIONS**

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

## **7. EQUALITIES IMPLICATIONS**

- 7.1. There are no equalities implications directly arising from this report.

## **8. ENVIRONMENTAL IMPLICATIONS**

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

## **APPENDICES**

The full report is attached for Members only. Commentary will be provided at the meeting by the Council’s appointed advisors from Hymans Robertson.

## **FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact either:

David Austin, Acting Chief Finance Officer on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

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<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Investment Performance for the Quarter End December 2018		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This report sets out the quarterly performance of the Pension Fund investment portfolio – see attached report as presented by the Council’s advisors, Hymans Robertson.

## 2. RECOMMENDATIONS

- 2.1. The Committee is asked to note the contents of the report.

## 3. SUMMARY

- 3.1. The report covers:

- The value of the Fund's assets and movements over the quarter to 31 December 2018;
- A performance summary of each manager over the quarter;
- An assessment of the fund managers and any recommendations for the next quarter.

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

- 5.1. In line with the Council’s Constitution and the Committee’s Terms of Reference within, as the administering authority for the Fund, the Council must review the performance of the Fund’s investments at regular intervals and review the investments made by Fund Managers quarterly.

- 5.2. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisors in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council’s financial affairs, including the administration of the Pension Fund.

## 6. CRIME AND DISORDER IMPLICATIONS

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

**7. EQUALITIES IMPLICATIONS**

7.1. There are no equalities implications directly arising from this report.

**8. ENVIRONMENTAL IMPLICATIONS**

8.1. There are no environmental implications directly arising from this report.

**APPENDICES**

The full report is attached for Members only. Commentary will be provided at the meeting by the Council's appointed advisors from Hymans Robertson.

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact:

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Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

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# Agenda Item 8

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## **LGPS Investment Code of Transparency (“the Code”)**

**Date of Publication: 18<sup>th</sup> May 2017**

### **Definitions**

For the purpose of this Code the following definitions shall apply:

<b>Administering Authority</b>	means the administering authority of a pension fund within the LGPS. For the purposes of the Code only this term shall also apply to the operator of any LGPS investment pool
<b>Board</b>	means the Local Government Pension Scheme Advisory Board, England and Wales
<b>Investment Manager</b>	means an investment manager, who has been or wishes to be, appointed by an Administering Authority in accordance with the Investment Regulations
<b>Investment Regulations</b>	means The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 (as from time to time amended or replaced)
<b>LGPS</b>	means the Local Government Pension Schemes both for England and Wales and for Scotland
<b>Template</b>	means the template information form for the relevant investment types provided by the Board as updated from time to time and made available on the Board’s website

### **A Introduction**

1. The Board is a body established under the Local Government Pension Scheme Regulations 2013. The function of the Board is to provide advice to the Secretary of State on the desirability of making changes to the LGPS. The Board also has the function of providing advice to Administering Authorities and local pension boards in relation to the effective and efficient administration and management of the LGPS and their pension funds. The Board has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
2. The Board views the move toward investment cost transparency and consistency as an important factor in the LGPS being perceived as a value-led and innovative pension scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and is included in the government’s investment reform guidance and criteria for LGPS pooling.
3. To assist LGPS administering authorities in obtaining the more detailed investment fee data they require, the Board has worked with key stakeholders including investment managers, CIPFA and LGPS administering authorities to develop the Code.
4. The Administering Authority and the Board recognise their obligations pursuant to the Freedom of Information Act and the Section 45 FoIA Code of Practice and will engage with Investment Managers appropriately in that respect.

### **B Application of the Code**

5. The Code is a voluntary code and covers the provision of transparent and consistent investment cost and fee information between Investment Managers and Administering Authorities.
6. An Investment Manager may sign up to the Code in writing in the form agreed by the Board. By doing so the Investment Manager is demonstrating its commitment to the transparent reporting of LGPS investment costs and fees to administering authorities.
7. An Investment Manager who signs up to the Code in respect of the investment types covered by the Code agrees that within a period of twelve months of signing up to the Code (or such longer period as the Board may in its discretion agree) it will put in place the systems necessary to allow the completion and automatic (i.e. without the client having to make a request) submission of the Template(s) to each Administering Authority that the Investment Manager is appointed by (whether at the time of signing up to the Code or in the future).
- 7A. Where an asset class is not covered by the template(s) available under the Code, an investment manager may sign up on the understanding that within a period of 12 months (or such longer period as the Board may in its discretion agree) it will put in place the systems necessary to allow the completion and automatic (i.e. without the client having to make a request) submission of cost data substantially similar in scope and detail to that covered by existing templates. The exact format of that cost data is to be agreed with each Administering Authority that the Investment Manager is appointed by (whether at the time of signing up to the Code or in the future). Managers who sign up to the Code under this provision must adopt and make use of relevant Code templates as they become available.
8. Where an asset class is not covered by the template(s) available under the Code, an investment manager may sign up on the understanding that within a period of 12 months (or such longer period as the Board may in its discretion agree) it will put in place the systems necessary to allow the completion and automatic (i.e. without the client having to make a request) submission of cost data substantially similar in scope and detail to that covered by existing templates. The exact format of that cost data is to be agreed with each Administering Authority that the Investment Manager is appointed by (whether at the time of signing up to the Code or in the future). Managers who sign up to the Code under this provision must adopt and make use of relevant Code templates as they become available.
9. The Template(s) must be submitted automatically (i.e. without the client having to make a request) each year to each Administering Authority (if required by the Administering Authority) and to any independent third party appointed by the Board in accordance with paragraph 12. Administering Authorities may also request such submissions on a quarterly basis.
10. There are separate Templates for segregated portfolio management and for pooled funds. Where an Investment Manager operating a segregated mandate invests in a pooled fund as part of that mandate, the reporting will be done via the Investment Manager's own Template.
11. The Investment Manager will not vary the Templates except with the written agreement of the Board and the relevant Administering Authority.
12. The current Templates only apply in relation to listed asset classes. Templates for unlisted asset classes such as private equity will be developed in due course. It is envisaged that the Templates will develop over time to encompass other more challenging areas of cost transparency and will remain flexible to enable changes to meet the rapidly developing market for investment products. The listed asset Template may be amended from time to time to keep in line with the Investment Association's Disclosure Code and/or the outcome of the FCA's Institutional Disclosure Working Group, IDWG.
13. The Board may appoint an independent third party to audit Templates provided in accordance with the Code and general compliance of the Code by Investment Managers. The third party may also be asked by the Board to collate, analyse and publish generic, non-attributable information obtained from the Templates at a national level. The Investment Manager shall co-operate with the Board and/or appointed third party and

provide such information and explanations as the third party may reasonably require within a reasonable period of request.

14. The third party shall report the findings of any audit direct to the Board, including any recommended actions or improvements. The Investment Manager shall co-operate and work with the Board to address and implement any recommended actions or improvements.
15. The Investment Manager may, subject to any overarching legal or reporting requirements, require an Administering Authority to sign up to a reasonable confidentiality agreement not to disclose the information contained in the Template to any third parties (excluding any third party appointed by the Board).
16. The Board agrees that when an Investment Manager signs up to the Code in the agreed form it will, as soon as reasonably practicable, list the Investment Manager on its website and allow the Investment Manager to use the Code's logo on its marketing literature in accordance with the Code Logo Use and Guidance (available from the Board website and amended from time to time). The Code Logo Use and Guidance can be downloaded from the Board website.
17. The Board owns the Code logo and will retain all intellectual property rights and any other rights in the Code logo. An Investment Manager will not acquire any rights, title or interest in the Code logo and will not use the Code logo except as expressly specified in the Code and the Code Logo Use and Guidelines.
18. An Investment Manager will be permitted to use the Code logo on a non-exclusive basis to communicate their compliance with the Code. The Code logo will convey to stakeholders that the Investment Manager is compliant with the Code and committed to the transparent reporting of LGPS investment costs and fees.
19. An Investment Manager will not use the Code logo for any other purpose nor for the benefit of any other person and will not alter or change the Code logo in any way – ownership of any modifications in the Code logo will vest in the Board.
20. The Board may revoke use of the Code logo and remove an Investment Manager from the list on its website at any time if an Investment Manager is reported by an Administering Authority to be in breach of the Code.

## APPENDIX 5 – Events Programme 2019 Quarters 1-2

Date	Conference/Event	Organiser	Venue	Cost & Additional Information
26/02/2019	Aon's Pension Conference	Aon	London (specifics unknown)	09:50 – 16:00 Cost unknown If of interest, please contact the Principal Accountant to make enquiries ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
26/02/2019	Investment in Focus Breakfast Seminar: Equity Protection Strategies	Schroders	1 London Wall Place, London, EC2Y 5AU	08:30 – 10:00 Registration Free. If of interest, please contact the Principal Accountant to register your place ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
28/02/2019	Global Equity Core, Inflation Plus, & Private Debt Presentation	London CIV	Fourth Floor, 22 Lavington Street, London, SE1 0NZ	Further Details TBC. Contact Alison Hebdon for further details including itinerary ( <a href="mailto:Alison.Hebdon@londonciv.org.uk">Alison.Hebdon@londonciv.org.uk</a> )
01/03/2019	Trustee Training Part 1 – Pension Management	Schroders	1 London Wall Place, London, EC2Y 5AU	09:00 – 13:00 Registration Free; further details available online. If of interest, please contact the Principal Accountant to register your place ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
05/03/2019	FT Briefing: Integrating ESG	Financial Times Live	London Stock Exchange, 10 Paternoster Square, London EC4M 7LS	13:15 – 17:30 Agenda available at <a href="https://live.ft.com/Events/2019/FT-Briefing-Integrating-ESG">https://live.ft.com/Events/2019/FT-Briefing-Integrating-ESG</a> Apply online for complimentary place. If of interest, please contact the Principal Accountant to register your place ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
13/03/2019	Local Authority Pension Fund Investment Issues	SPS Conferences	Le Meridien Piccadilly Hotel, 21 Piccadilly, London, W1 0BH	2 Free Places Day Event Enquiries via Website
14/03/2019	Risk Reduction Forum 2019	Professional Pensions	Radisson Blu Bloomsbury, 9-13 Bloomsbury Street, London, WC1B 3QD	08:45 – 15:35 Cost not advertised. Agenda available at <a href="http://events.professionalpensions.com/riskreduction">http://events.professionalpensions.com/riskreduction</a> . If of interest, please contact the Principal Accountant to make enquiries on your behalf ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
22/03/2019	Trustee Training Part 2 – Pension Scheme	Schroders	1 London Wall Place, London, EC2Y 5AU	09:00 – 13:00 Registration Free; further details available online.

	Investment Strategy			If of interest, please contact the Principal Accountant to register your place ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
27/03/2019	Investment in Focus Breakfast Seminar: Junior Infrastructure Loans	Schroders	1 London Wall Place, London, EC2Y 5AU	08:30 – 10:00 Registration Free. If of interest, please contact the Principal Accountant to register your place ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
27/03/2019	Valuation Models – What is the Appropriate Discount Rate?	Pension Investment Academy	Cass Business School, London, EC1A 4HD	17:00 – 21:00 By invitation – invites can be requested online; if of interest, please contact the Principal Accountant to make enquiries on your behalf ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
10/04/2019	Fiduciary Management & Investment Governance for Pension Funds	SPS Conferences	Le Meridien Piccadilly Hotel, 21 Piccadilly, London, W1 0BH	2 Free Places Day Event Enquiries via Website
08/05/2019	Introduction to Trusteeship – Part 1: The Theory	PLSA	Cheapside House, London, EC2V	£505 Day Event Enquiries via Website
09/05/2019	ESG & Sustainable Investment Strategies for Pension Funds	SPS Conferences	Le Meridien Piccadilly Hotel, 21 Piccadilly, London, W1 0BH	2 Free Places Day Event Enquiries via Website
29/05/2019	Long Term Journey Plans – Does it make sense to hold Index Linked Gilts at current yields?	Pension Investment Academy	Cass Business School, London, EC1A 4HD	17:00 – 21:00 By invitation – invites can be requested online; if of interest, please contact the Principal Accountant to make enquiries on your behalf ( <a href="mailto:Robert.Browning@lewisham.gov.uk">Robert.Browning@lewisham.gov.uk</a> )
11/06/2019	Introduction to Trusteeship – Part 2: The Practice	PLSA	Cheapside House, London, EC2V	£505 Day Event Enquiries via Website
18/06/2019	Infrastructure & Real Asset Investment Strategies for Pension Funds	SPS Conferences	Le Meridien Piccadilly Hotel, 21 Piccadilly, London, W1 0BH	2 Free Places Day Event Enquiries via Website

# Agenda Item 9

<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Brexit Update – Report by Hymans Robertson		
<b>KEY DECISION</b>	No	<b>Item No:</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Acting Chief Finance Officer		
<b>CLASS</b>	Part 1	<b>Date:</b>	February 2019

## 1. PURPOSE

- 1.1. This paper presents an update from the Fund’s advisors Hymans Robertson offering its latest view of the market and operational implications of Brexit, and in particular a ‘no deal’ Brexit.

## 2. RECOMMENDATIONS

- 2.1. Members are asked to note the contents of the report.

## 3. SUMMARY

- 3.1. The following paper is addressed for Members attention:
  - 3.1.1. “Market and Operational Implications of Brexit”.

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

- 5.1. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisors in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council’s financial affairs, including the administration of the Pension Fund.

## 6. CRIME AND DISORDER IMPLICATIONS

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

## 7. EQUALITIES IMPLICATIONS

- 7.1. There are no equalities implications directly arising from this report.

## 8. ENVIRONMENTAL IMPLICATIONS

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

## **APPENDICES**

The report is attached for Members only. Commentary will be provided at the meeting by the Council's appointed advisors from Hymans Robertson.

## **FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact either:

David Austin, Acting Chief Finance Officer on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)

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