



Report for:	Pensions Committee 18 th September 2014	Item number	
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Title:	Pension Fund – Work Plan 2014-15
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Report authorised by :	Assistant Director – Finance (CFO)
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Lead Officer:	George Bruce, Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 8621
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

- 1.1 The purpose of the paper is to identify topics that will come to the attention of the Committee in the next nine months and to seek Members input into futures agenda's.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Committee is invited to identify additional issues for inclusion within the work plan.

4. Other options considered

- 4.1 None.

5. Background information

- 5.1 It is best practice for a Pension Fund to prepare a work plan. This plan sets out the key activities anticipated in the coming municipal year in the areas of governance, members / employers, investment and accounting.



6. Comments of the Chief Finance Officer & financial implications

6.1 There are no financial implications arising from this report.

7. Assistant Director of Corporate Governance comments and Legal Implications

7.1 The Assistant Director of Governance has been consulted on the content of this report. There are no specific legal implications arising from this report

8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

Appendix 1- future agenda's

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Governance Issues

Member Training

13.1 Pension's is a specialist area involving the use of terminology that may be unfamiliar to new committee members. Training on all aspects of pensions is vital before Members are asked to consider technical issues.

13.2 An introduction to pension's session, presented by officers and the independent advisor, was held on 19th June. A further session considering engagement with investee companies and assets classes & strategy was held on 8th September. A further training session on assets classes and portfolio construction was hosted by Schrodgers prior to this Committee meeting.

13.3 It is proposed that a rolling programme of training is provided prior to each Committee meeting on both general topics and issues specific to the meeting agenda. This training will mainly be provided by the independent advisor and officers, with involvement from advisors, fund managers and the custodian.



This programme of training cover areas of knowledge and skills identified in the CIPFA Pensions Knowledge and Skills Framework plus such other issues as are desirable for members of the Pensions Committee to have an understanding of.

Regulations

- 13.4 The Public Service Pensions Act 2013 will be fully implemented By April 2015. This will drastically change the governance framework under which pensions matters are managed and monitored. Due to the significance of the proposed changes, a consultation on their implications will commence mid June with final regulations in place by September 2014.
- 13.5 In addition to the regulations, the Pension Regulator, who has been given additional oversight responsibilities for LGPS administrative (but not investment) issues, will issue best practice guidance this summer relating to the controls and reporting that should be in place.
- 13.6 It is anticipated that a large proportion of the Committee's time in the next 6-9 months will be devoted to considering the options around the implementation of the regulations and code of practice.

14. Investment Strategy and Fund Managers

- 14.1 A detailed strategy review was completed in 2013-14 and it is not planned to repeat this exercise in the next twelve months, although the continued appropriateness of the strategy should be monitored. Material changes in the value of the assets, the pension liabilities, prevailing investment returns or interest rates will all impact on the continued appropriateness of the strategy.
- 14.2 The main item carried forward from the strategy review is the required level of inflation protection and whether this can be enhanced through the use of leverage index linked funds.
- 14.3 Other matters arising from the strategy that will feature on future agenda's are:
- The make up of the passive equity portfolio, in particular alternatives to market capitalisation based benchmarks.
 - Additional commitments to private equity to maintain the 5% allocation.
- 14.4 The investment strategy is designed to generate an improvement in the funding level (bring assets into line with the value of pension liabilities). Over the last year, the funding level has improved by 3% to 73%. Improvements in the funding level offer the opportunity to take less investment risk through increasing the linkage between changes in the value of investments and pension liabilities. When these changes take place and how they will be implemented should be documented to ensure that opportunities to lock in favourable movements are not missed. It is intended to develop a long term investment plan linked to liabilities during the next year.



15. Collective Investment Vehicle

15.1 The London Collective Investment Vehicle (CIV) is expected to be operational in Q1, 2015. Its role is to act on behalf of London LGPS to appoint and monitor fund managers, thereby generating fee savings, improving investment performance and increasing investment opportunities. Passive equity will be the first asset class for the CIV. Participation is voluntary and the Committee will be asked whether it wishes to switch the current BlackRock and Legal and General mandates to the CIV. Much will depend on the fee rates that the CIV is able to negotiate.

16 Routine Business

17.1 Other issues that will feature on agenda's include:

- Updates to statutory documents; the Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement and Communications Policy. Other policy documents, such as disputes resolution procedures should also be reviewed.
- The approach to responsible investment and ESG issues.
- The setting and monitoring of budgets.
- The review of the fund's annual financial statements.

17 Future Meeting Agenda

17.1 Attached is an outline of the likely agenda items for the next three meetings. Additional items will be added as determined by the Committee.



Pension Committee - Meeting Plan

	Sep-14	Dec-14	Mar-15	Jun-15
Governance	Accounts & Auditors report Work Plan Pension Board	Pensions Board developments Guidance from The Pensions Regulator Collective Investment Vehicle (developments)	Pensions Board developments Collective Investment Vehicle (developments)	Audit Plan Work Plan
Investment	Quarterly Report - val & perf	Quarterly Report - val & perf Private Equity Proposal Review of listed equity portfolio	Quarterly Report - val & perf Annual review of investment strategy Annual SIP & FSS review	Quarterly Report - val & perf Inflation Protection
Funding			Annual Valuation Update	
Training	Asset Allocation Corporate Engagement (BlackRock)	Actuarial Valuation like for like comparison Corporate Engagement (LAPFF)		Corporate Engagement (L&G)