

Pensions CIV Sectoral Joint Committee

Terms of Reference and Notification of Membership

Item no 5

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Summary The Pensions CIV Sectoral Joint Committee has been established in accordance with recommendations made to London Councils' Leaders' Committee on 11 February 2014 and decisions taken by participating London boroughs and the City of London Corporation in accordance with those recommendations.

This report presents the committee with its current Terms of Reference as agreed, in principle, by London Councils Leaders' Committee at its meeting of 11 March 2014.

Recommendations The committee is recommended to:

- i. Note the contents of this report; and
 - ii. Note the provisional Terms of Reference at Annex
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Terms of Reference and Notification of Membership

1. The Pensions CIV Sectoral Joint Committee has been established in accordance with recommendations made to London Councils' Leaders' Committee on 11 February 2014 and decisions taken by participating London boroughs and the City of London Corporation in accordance with those recommendations.
2. The committee will take decisions in accordance with the functions which have been delegated to it by the participating local authorities. The committee will collectively act as the shareholder of the ACS Operator and each shareholder (i.e. the participating local authorities) will nominate a representative to the Pensions CIV Joint Committee to act for it.
3. The committee will operate under London Councils governance arrangements¹ and in practice will fulfil two roles:
 - i. To act as the shareholder body for general meetings of the ACS Operator for those London local authorities that have chosen to take a shareholding in the Authorised Contractual Scheme (ACS) Operator company established for the purposes of a London Pensions Collective Investment Vehicle (CIV). This would relate to usual shareholder powers such as appointing the directors (subject to FCA approval of the appointees) and auditors of the ACS Operator, changing the articles of association of the ACS Operator, and the ability to wind up the ACS Operator; and
 - ii. To act as a forum for the participating authorities to consider and provide guidance on the direction and performance of the CIV as an investment vehicle.
4. The committee will be guided by a set of Terms of Reference (ToR). Attached at Annex A are the current ToR as agreed, in principle, by Leaders' Committee at its meeting of 11 March 2014. These were agreed in anticipation of sufficient boroughs agreeing the recommendations of 11 February, and the incorporation of the ACS operating company (London LGPS CIV Ltd.), which would predicate the need for the establishment of this committee.
5. This set of ToR are subject to revision in the light of on-going work to settle the detail of the CIV's governance arrangements, revision of the 'model' Articles of Association that have been adopted by the company on incorporation, the drafting of a shareholder

¹ The London Councils' Governing Agreement dated 13 December 2001 (as amended), London Councils' Standing Orders, Financial Regulations and other policies and procedures as relevant.

agreement, and in light of changes made to London Councils' Standing Orders. A revised ToR will be brought to a future meeting of the committee for approval before going to Leaders' Committee for agreement.

6. The committee will note that the current nominated members of the committee are set out in section 3 of the ToR at Annex A.

Recommendations

7. The committee is recommended to note the contents of this report.

Legal implications

8. As noted above, the committee will have two different reasons for convening, one as shareholders in a Private Limited Company and the other as members with a common interest in the pensions issues and the operation of the CIV. Annex B provides some clarity about the legal distinction.

Financial implications

9. The administration costs of running the PSJC will be met by the participating authorities. The board of the ACS operator company is considering suitable models for recovering the costs of running the CIV which will include the costs of the PSJC.

Equalities implications

10. There are no equalities implications for London Councils

Attachments

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| Annex A | Pensions CIV Joint Committee Terms of Reference |
| Annex B | Brief guidance note on the dual role of the committee |

1. Pensions CIV Joint Committee

Constitution

- 1.a.1 The Pensions CIV Joint Committee is a sectoral joint committee operating under the London Councils governance arrangements.²
- 1.a.2 Each London local authority participating in the arrangements shall appoint a representative to the Pensions CIV Joint Committee being either the Leader of the local authority or the elected mayor as applicable or a deputy appointed for these purposes.³
- 1.a.3 The Pensions CIV Joint Committee shall appoint a Chair and Vice-Chair.
- 1.a.4 The Pensions CIV Joint Committee shall meet at least once each year to act as a forum for the participating authorities to consider and provide guidance on the direction and performance of the CIV, In addition, members of the Pensions CIV Joint Committee shall meet at least once each year at an Annual General Meeting of the ACS Operator in their capacity as representing shareholders of the ACS Operator.
- 1.a.5 Subject to Clause 1.1.4 above, meetings of the Pensions CIV Joint Committee shall be called in accordance with London Councils' Standing Orders and the procedure to be adopted at such meetings shall be determined in accordance with those Standing Orders.
- 1.a.6 If the Pensions CIV Joint Committee is required to make decisions on specialist matters in which the members of the Pensions CIV Joint Committee do not have expertise the Pensions CIV Joint Committee shall arrange for an adviser(s) to attend the relevant meeting to provide specialist advice to members of the Pensions CIV Joint Committee.

Quorum

- 1.a.7 The requirements of the Standing Orders of London Councils regarding quorum and voting shall apply to meetings of the Pensions CIV Joint Committee.

² The London Councils' Governing Agreement dated 13 December 2001 (as amended), London Councils' Standing Orders, Financial Regulations and other policies and procedures as relevant.

³ Clause 4.5 of the London Councils' Governing Agreement dated 13 December 2001 (as amended).

Membership

Borough	Representative	Party
City of London	Mark Boleat	-
Barking & Dagenham	Dominic Twomey	Labour
Barnet	Mark Shooter	Conservative
Bexley	John Waters	Conservative
Brent	Shafique Choudhary	Labour
Camden	Peter Brayshaw	Labour
Croydon	Simon Hall	Labour
Ealing	Yvonne Johnson	Labour
Enfield	Toby Simon	Labour
Greenwich	Don Austen	Labour
Hackney	Robert Chapman	Labour
Hammersmith & Fulham	Iain Cassidy	Labour
Haringey	Jason Arthur	Labour
Harrow	Keith Ferry	Labour
Hounslow	Mukesh Malhotra	Labour
Islington	Richard Greening	Labour
Kensington & Chelsea	Quentin Marshall	Conservative
Kingston upon Thames	Eric Humphrey	Conservative
Lambeth	Adrian Garden	Labour
Lewisham	Mark Ingleby	Labour
Merton	Imran Uddin	Labour
Newham	Forhad Hussain	Labour
Redbridge	Elaine Norman	Labour
Richmond upon Thames	Thomas O'Malley	Conservative
Southwark	Fiona Colley	Labour
Sutton	Sunita Gordon	Liberal Democrat
Tower Hamlets	Clare Harrison	Labour
Waltham Forest	Simon Miller	Labour
Wandsworth	Maurice Heaster	Conservative
Westminster	Suhail Rahuja	Conservative

Terms of Reference

- 1.a.8 To act as a representative body for those London local authorities that have chosen to take a shareholding in the Authorised Contractual Scheme (ACS) Operator company established for the purposes of a London Pensions Common Investment Vehicle (CIV).
- 1.a.9 To exercise functions of the participating London local authorities involving the exercise of sections 1 and 4 of the Localism Act 2011 where that relates to the actions of the participating London local authorities as shareholders of the ACS Operator company.

To act as a forum for the participating authorities to consider and provide guidance on the direction and performance of the CIV and, in particular,

to receive and consider reports and information from the ACS Operator particularly performance information and to provide comment and guidance in response (in so far as required and permitted by Companies Act 2006 requirements and FCA regulations).

1.a.10 In addition, members of the Pensions CIV Joint Committee will meet at least once each year at an Annual General Meeting of the ACS Operator to take decisions on behalf of the participating London local authorities in their capacity as shareholders exercising the shareholder rights in relation to the Pensions CIV Authorised Contractual Scheme operator (as provided in the Companies Act 2006 and the Articles of Association of the ACS Operator company) and to communicate these decisions to the Board of the ACS Operator company. These include:

- 1.a.10.1 the appointment of directors to the ACS Operator board of directors;
- 1.a.10.2 the appointment and removal of auditors of the company;
- 1.a.10.3 agreeing the Articles of Association of the company and consenting to any amendments to these;
- 1.a.10.4 receiving the Accounts and Annual Report of the company;
- 1.a.10.5 exercising rights to require the directors of the ACS Operator company to call a general meeting of the company;

Guidance note on the dual role of the committee

1. Overview

The Pensions CIV Joint Committee will in practice be fulfilling two roles:

- a) To consider and provide guidance on the direction and performance of the CIV (“**Joint Committee Meetings**”). Decisions can be taken at the committee relating to the operation and business of the ACS Operator but they will not be formal decisions of the ACS Operator unless either a general meeting of the ACS Operator (and not the committee) has been formally convened or a Board meeting of the ACS operator adopts the recommendations of the Joint Committee
- b) The formal shareholder meetings of the ACS Operator to take decisions on behalf of the participating London local authorities in their capacity as shareholders exercising the shareholder rights in relation to the ACS Operator (“**Shareholder Meetings**”).

There are various differences between the Committee meetings and the Shareholder Meetings, both in terms of how they are convened and who can attend. These differences are summarised below. In practice, the best way to conduct business is for a meeting of shareholders to be convened at the rising of the Joint Committee so that shareholders business can be transacted including any necessary formalising of any business of the joint committee:

2. Committee Meetings

The conduct of London Councils committee meetings are governed by London Councils’ Standing Orders which are contained in Schedule 6 of the Leaders’ Committee Governing Agreement.

3. Shareholder Meetings

The Shareholder Meetings are private meetings of the shareholders of the ACS Operator and only shareholders or their appointed representative may attend.

The conduct of the shareholder meetings will also be governed by London Councils’ Standing Orders as far as these are compatible with company law, or by company law where the requirements are different e.g. notice periods are longer under company law and there are rules around proxies which must be followed.