

Pensions CIV Sectoral Joint Committee

Item no: 7

Investment Advisory Committee

Report by: Hugh Grover **Job title:** Chief Executive, London LGPS CIV Ltd.

Date: 04 November 2015

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Summary	This report provides the Committee with revised Terms of Reference and list of membership for the Investment Advisory Committee.
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Recommendations	The committee is recommended to: <ul style="list-style-type: none">i. Note the contents of this report; andii. Consider and agree on the revised Terms of Reference for the IAC provided at Annex A.
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Investment Advisory Committee

Background

1. The Committee last considered the structure and remit of the Investment Advisory Committee (IAC) at its meeting of 25 March 2015. In response to Member guidance and in consultation with the Society of London Treasurers (SLT) further consideration has been given to the IAC and this report provides the Committee with the opportunity to review the current thinking and to agree the revised Terms of Reference provided at Annex A.

Discussion

2. The Committee will recall that the IAC is proposed to be constituted of borough officers, and will sit alongside the Pensions CIV Sectoral Joint Committee, providing elected Members with advice and recommendations about how the CIV operator (London LGPS CIV Ltd.) might be steered to develop the fund; as such it is a key conduit for borough input.
3. Following the Committee's 25 March meeting it was thought that the draft ToR needed further review and redrafting. Input to this process has been received from the SLT, which included a particular recommendation that the IAC membership should include a number of borough Treasurers one of which should be the Chair. The attached redrafted ToR reflects that input.
4. To ensure continued progress in establishing the governance structures the SLT has been through a selection process for membership of the IAC and the following officers are proposed to be appointed:
 - Treasurers:
 - Chris Buss, LB Wandsworth (Chair);
 - Ian Williams, LB Hackney (Deputy Chair);
 - Jonathan Bunt, LB Barking and Dagenham;
 - Mike Curtis, LB Islington;
 - Richard Simpson, LB Croydon.
 - Pension fund managers:
 - Jill Davys, LB Hackney (Secretary);
 - Bob Claxton, LB Wandsworth;
 - Debbie Drew, LB Waltham Forest;
 - Andrien Meyers, LB Lambeth;
 - Roy Nolan, LB Newham;
 - Jeremy Randall, RB Kingston;
 - Paul Reddaway, LB Enfield;
 - Bola Tobun, LB Tower Hamlets;
 - Bridget Uku, LB Ealing.

5. This membership exceeds the numbers set out in the ToR but it was considered that the IAC could benefit from additional members to provide sufficient resource to work with officers of London CIV in the research and selection of Fund Managers to develop the CIV fund in its early stages.

Recommendations

6. The committee is recommended to:
 - i. Note the contents of this report; and
 - ii. Consider and comment on the revised Terms of Reference for the IAC provided at Annex A.

Financial implications

7. There are no financial implications for London Councils.

Legal implications

8. There are no legal implications for London Councils.

Equalities implications

9. There are no equalities implications for London Councils.

Annexes

Annex A: Investment Advisory Committee, revised Terms of Reference

Background papers

25 March 2015 Committee meeting: Item 5 - Structuring the Investment Advisory Committee

<http://www.londoncouncils.gov.uk/node/25952>

Investment Advisory Committee

Terms of Reference

The Terms of Reference for the IAC have been agreed by the London Councils' Pensions CIV Sectoral Joint committee (PCSJC) and the Society of London Treasurers (SLT) and are as shown below.

Objectives

The objective of the Investment Advisory Committee is twofold:

- a. To support the London Councils' Pensions CIV Sectoral Joint Committee in defining how the committee might wish the London CIV Fund to be developed;
- b. To act as a liaison between London CIV and Shareholders/investors in helping to interpret their investment needs, including potential new investment mandates, and how they might be reflected in London CIV's Fund.

Scope

The IAC will be involved in the following activities;

1. Review the needs of the London local authority Pension Funds in terms of investment strategies and mandates and liaise with London CIV to consider how these needs might be fulfilled through London CIV's Fund;
2. As appropriate, assist London CIV in the selection of new mandates and any advisory or other relevant contracts;
3. Review fund managers in the CIV on behalf of London local authorities;
4. The IAC will receive and review the annual investment plan, including; the selection of fund managers, investment strategy and sub-fund product structure and performance benchmark;
5. Review regular reports and information from the ACS Operator on behalf of London local authorities (at least quarterly, unless particular circumstances indicated otherwise). These reports can include performance information, transactions reports and fund manager investment operations SLA's;
6. Contribute to the discussion on the future requirements of the London local authorities so that London CIV can continue to meet their needs;
7. The IAC will liaise with their peers in the other London local authorities to ensure their needs are being considered;
8. Where requested by the CIV, provide input in respect of prospective new investment mandates and strategies together with any advisory or other relevant contracts with the Fund Operator. The IAC will liaise with other Local Authorities to consider investment options where these might present opportunities for the CIV;
9. The IAC will keep under review opportunities for additional investment in existing asset classes in the CIV and for opportunities in new asset classes;
10. The IAC will review annually the effectiveness of the Investment Advisory Committee including:
 - i. The extent to which the Committee has discharged all the responsibilities detailed in its Terms of Reference.

- ii. The extent to which these responsibilities and the operation of the Committee have been effectively executed.

Membership

Membership of the committee shall be comprised of three (3) members drawn from the SLT (to include the lead member(s) for LGPS policy) and nine (9) borough Pension Fund Managers (or their equivalent), or such number as seems appropriate to the committee Chair from time to time.

SLT members shall be self-nominated, and if more nominations are received than vacancies exist the SLT shall run an appropriate selection process.

Borough Pension Fund Managers shall be nominated by their borough Treasurer, and if more nominations are received than vacancies exist the SLT shall run an appropriate selection process.

Nominations for membership shall be sought in May of each year and reported to the July meeting of the SLT, with the new committee being in place by September each year.

Chair, Deputy Chair and Secretary

The Chair shall be the SLT member with lead responsibility for LGPS policy.

The Deputy Chair shall be nominated and elected by the members of the IAC from those amongst those members that are also members of the SLT.

A secretary shall be nominated and elected from within the IAC membership.

Work Programme

The committee will develop an annual work programme in consultation with officers of London CIV, which will be reported to the PCSJC for agreement.

Meetings

The committee shall have eight (8) meetings per annum timed to be sufficiently ahead of PCSJC meetings to consider reports being put to that committee and shortly after to consider input and guidance coming from the PCSJC.