

Council
8 April 2014

REPORT OF THE HEAD OF GOVERNANCE

1. COLLECTIVE INVESTMENT VEHICLE FOR LONDON PENSION FUNDS

BACKGROUND

At its meeting on 18 March 2014, the Pension Fund Committee considered a report on proposals to move towards setting up a Collective Investment Vehicle (CIV) for London Local Authority Pension Funds and endorsed the business case and proposals to set up a vehicle. This vehicle will be in the form of a UK based, Financial Conduct Authority (FCA) approved, Authorised Contractual Scheme (ACS). The Collective Investment Vehicle will enable Pension Funds across London to appoint fund managers at lower cost due to the size of the collective funds across London, and will enable greater flexibility in moving between asset classes. It is important to note that this decision has no impact on the ability of the Barnet Pension Fund Committee in setting investment and funding strategy which remains unchanged. This decision also does not have any impact on the current mandates with Newton and Schroder's, any decision to move funds would be subject to a separate decision of the Pension Fund Committee.

Based on the savings assumptions set out in the report to Leaders Committee, £5 billion under investment would result in net annual savings of £20.850 million. While precise details have not been worked out based on initial projections, if the Pension Fund invested £40 million, then the apportioned net annual saving would be up to £169,000. All costs will be met from the Pension Fund.

RECOMMENDATIONS - That Council:

- (a) Agree that the Council become a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the ACS Operator) of the Common Investment Vehicle;**
- (b) Contribute £1 to the ACS Operator as initial capital;**
- (c) Agree to join the London Boroughs "Pensions CIV Joint Committee", to be formed under section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.**

2. CHANGE TO HR REGULATIONS

Following its meeting on the 25 March 2014 the Remuneration Committee requested the following to be inserted within the HR Regulations:

HR Regulations

Under section 2.2 of the HR regulations included within the Constitution titled “varying terms and conditions of employment” after the first paragraph to insert:

“Where an Individual Market Factor Supplement is to be included for a position on grades LBB1 to LBB7 The Head of Paid Service, Directors or Assistant Directors must consult with the Chairman of the Remuneration Committee and record the results of that consultation through a Delegated Powers Report”.

RECOMMEND - That Council note the change to section 2.2 of the HR Regulations as outlined above.