



<b>PENSIONS COMMITTEE</b> 30 April 2013	

<b>Subject Heading:</b>	<b>Consultation on Collective Pensions Investment Fund</b>
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<b>Policy context:</b>	Pensions Investment strategy
<b>Financial summary:</b>	There are no direct implications arising from the consultation

**The subject matter of this report deals with the following Council Objectives**

- Clean, safe and green borough
- Excellence in education and learning
- Opportunities for all through economic, social and cultural activity
- Value and enhance the life of every individual
- High customer satisfaction and a stable council tax

## SUMMARY

To advise the Committee of the proposals for a Collective Pensions Investment Fund across London

**RECOMMENDATIONS**

The Committee is asked to consider the SLT proposals and indicate that either:

- They would be very interested in participating in a Collective Investment Fund; or
- They would need to learn more about a Collective Investment Fund before expressing a definite interest; or
- In principle, it is unlikely that they would be interested in participation; or
- That they have reservations about how such a Fund could work

Responses will be forwarded to SLT

**REPORT DETAIL**

The Society of London Treasurers recently considered a report from PricewaterhouseCoopers (PWC) regarding increased co-operation across the London Boroughs on pensions and in particular on pensions Investments.

The PWC Report sets out a proposed structure whereby each of the participating Boroughs would retain autonomy in asset allocation and funding strategy. There would be a central entity, or Oversight Agent, working within new governance arrangements, that establishes a choice of funds within each asset class, selects fund managers and negotiates and monitors fee and service levels. The participating boroughs would set their asset allocation, choosing between wide ranges of Investment Funds offered by the fund.

However, for this model to work is a need for the boroughs to be willing to consider a collective fund and SLT were asked to see what the appetite there was amongst there respective funds before considering further work.

The key advantages of Collective Investment Funds as identified by SLT are as follows:-

- It preserves individual boroughs' decisions on funding strategy and asset allocation;

- It enables the boroughs with lower performance access to better performing fund managers;
- It will provide an investment platform where the boroughs can aggregate investment options making it more attractive for fund managers, hopefully reducing fees;
- It will provide a range of not only asset classes but also different styles of managers to meet requirements of boroughs;
- It would demonstrate that Funds are capable of working together

SLT have identified some possible down sides

- It requires a number of Funds to be prepared to join and ideally some of the better performers;
- There will be the normal cost of changing fund managers, but hopefully less than a number of Boroughs changing individually;

SLT are seeking an expression of interest in the principle of developing this model or if the Committee has any reservations. Responses should be made direct to SLT.

## **IMPLICATIONS AND RISKS**

### **Financial Implications and risks:**

There are no immediate financial implications arising from responding to the questionnaire. No commitment arises from the Council's response to it.

In the event that further developments take place it may be necessary for the Committee to consider further reports on the cost of feasibility studies or development work and the benefits or otherwise of any firm proposals that arise from those developments.

For information, the Pension Fund's total investment management expenses as reported in the 2011/12 accounts amounted to £1.138 million.

### **Legal Implications and risks:**

None arising directly from the consultation.

**Human Resources Implications and risks:**

None arising directly from the consultation.

**Equalities implications and risks:**

None arising directly from the consultation.

**BACKGROUND PAPERS**