



# Haverling

LONDON BOROUGH

## SPECIAL PENSIONS COMMITTEE AGENDA

|                |                                 |  |
|----------------|---------------------------------|--|
| <b>9.30 am</b> | <b>Monday<br/>12 March 2018</b> | <b>Committee Room 3B -<br/>Town Hall</b> |
|----------------|---------------------------------|--|

Members 7: Quorum 3

**COUNCILLORS:**

| <b>Conservative<br/>(3)</b>                                    | <b>Residents'<br/>(1)</b> | <b>East Haverling<br/>Residents'<br/>(1)</b> | <b>UKIP<br/>(1)</b>            |
|--|---------------------------|--|--------------------------------|
| John Crowder<br>(Chairman)<br>Melvin Wallace<br>Joshua Chapman | Stephanie Nunn            | Clarence Barrett                             | David Johnson (Vice-<br>Chair) |

**Trade Union Observers**

**(No Voting Rights) (2)**

John Giles, (Unison)  
Andy Hampshire, GMB

**Admitted/Scheduled Bodies  
Representative**

**(Voting Rights) (1)**

**For information about the meeting please contact:**

**Victoria Freeman 01708 433862  
victoria.freeman@onesource.co.uk**

## **Protocol for members of the public wishing to report on meetings of the London Borough of Havering**

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

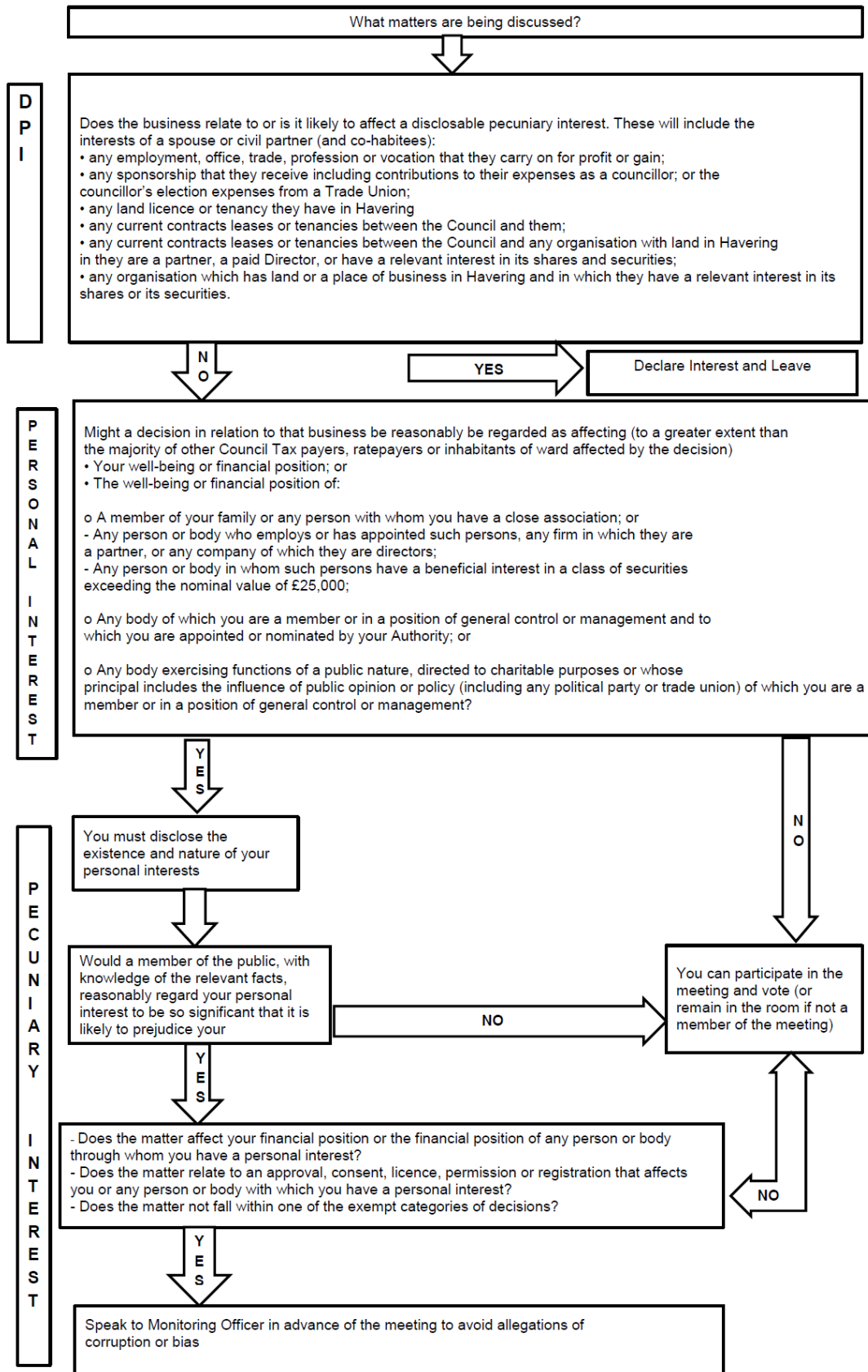
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

**DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF**



## **AGENDA ITEMS**

### **1 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### **2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

(if any) - receive

### **3 DISCLOSURE OF INTERESTS**

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

*Members may still disclose any interest in any item at any time prior to the consideration of the matter.*

### **4 EXCLUSION OF THE PUBLIC**

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

### **5 APPOINTMENT OF INVESTMENT MANAGER - REAL ASSET MANDATE (Pages 1 - 14)**

**Andrew Beesley**  
**Head of Democratic Services**

**PENSIONS (SPECIAL) COMMITTEE 12 MARCH 2018**

|   |   |
|---|---|
| <b>Subject Heading:</b>                   | <b>Appointment of Investment Manager - Real Asset Mandate</b>   |
| <b>CMT Lead:</b>                          | <b>Debbie Middleton</b>   |
| <b>Report Author and contact details:</b> | <i>Debbie Ford</i><br><i>Pension Fund Accountant</i><br><i>01708432569</i><br><a href="mailto:Debbie.ford@onesource.co.uk"><u>Debbie.ford@onesource.co.uk</u></a> |
| <b>Policy context:</b>                    | In line with Pension Fund's Investment Strategy dated November 2017   |
| <b>Financial summary:</b>                 | Contract value of £85m  |

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

|                               |     |
|-------------------------------|-----|
| Communities making Havering   | [X] |
| Places making Havering        | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering   | [X] |

**SUMMARY**

In line with progression of the Investment Strategy this report contains a paper produced by the Fund's Investment Advisor on the suitability of investment managers who have put forward offers to deliver the mandate specification for Real Assets.

Members will receive presentations from each of the shortlisted managers which they will score and evaluate and then give consideration as to the appointment of a manager/s to deliver the Real Asset mandate.

**RECOMMENDATIONS**

That the Committee:

1. Receive presentations from the shortlisted managers listed in Appendix A (exempt)
2. Give consideration as to whether to appoint a manager/s to implement the Real Asset mandate.

**REPORT DETAIL**

**Background**

1. At its meeting on the 19<sup>th</sup> September 2017 members were provided with an update on the progress of implementing the Investment Strategy and members agreed to undertake the search for a Real Asset Manager in collaboration with Newham, as the London CIV don't currently have any clear plans for the launch of Real asset products.
2. The Committee had agreed to increase the Fund's exposure to Real Assets to 17.5% over the long term. This comprises of the following:

| <b>Asset</b>                    | <b>Target allocation %</b> |
|---------------------------------|----------------------------|
| UK property (UBS)               | 6.0                        |
| Other Real Estate (unallocated) | 4.0                        |
| Infrastructure (unallocated)    | 7.5                        |
| <b>Total Real Assets</b>        | <b>17.5</b>                |

3. Following the search for Real Asset manager undertaken by bfinance, the Fund's Investment advisor, has produced a paper attached as Appendix A (Exempt) outlining the offers made by the shortlisted managers who are able to deliver the mandate specification.
4. The Committee will receive training prior to the meeting which will outline what the Real Asset mandate will consist of, the illiquid nature of the product and pricing structures and risk factors.
5. Presentations will be available on the day of the meeting. Members will be guided through each presentation by the Fund Manager.

6. The meeting will be facilitated by the Fund's Investment Advisor (Hymans) and guidance to the evaluation process and score sheets will also be made available at the meeting.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

The Real Asset target of 17.5% will require additional investments of 11.5% (6% already being delivered by UBS). This equates to a sum in the region of £85m.

This will be funded from reductions in the Multi Asset class allocations.

Implementation/ Transition costs - it is currently too early to provide any detail on what these may be. This will be reported at the meeting once further progress has been made. No costs are payable by the Council's Pension Fund to bfinance as they will pass their costs on to the successful Fund Manager and estimates for transition costs will be included in the overall summary produced by the Fund's Investment Advisor at the meeting.

Advisor fees which cover input/advice on the mandate specification and tender design, the review of long-list managers and advice on short-listing, training materials, attendance at shortlist meeting with Pensions Committee and liaison with bfinance throughout the process will be included in the overall summary produced by the Fund's Investment Advisor at the meeting.

Costs arising from the implementation of the investment strategy will be met from the Pension Fund.

### **Legal implications and risks:**

The Committee has been constituted by the Council to perform the role of administering authority to manage the London Borough of Havering Local Government Pension Scheme Fund (LGPS) and as such has legal authority to make the decisions sought by the recommendations.

Committee Members have a legal responsibility for the prudent and effective stewardship of LGPS funds, and in more general terms, have a fiduciary duty in the performance of their functions. Investments or pensions committee members are often referred to as quasi-trustees. LGPS quasi-trustees are responsible for the:

- oversight of the management and resourcing of all fund activities
- ensuring the best possible outcome for the fund, employers and members
- ensuring the fund is managed in accordance with legal and regulatory requirements

**Pensions Committee, 12 March 2018**

- taking decisions in accordance with the standing orders of the investments or pensions committee
- acting prudently and impartially on behalf of all the beneficiaries ensuring all decisions are for the benefit of the fund contributors and beneficiaries.

The Local Government Pension Scheme Regulations 2013 provide various powers and duties to the Administering Authority to manage the pension fund, choice of Investment managers and the investment and use of fund money including investment policy and principles

The procurement proposed is outside the Procurement Regulations 2015 by virtue of Regulation 10 which exempts certain investment contracts, although any award must comply with the requirements of openness and transparency.

However the Committee must comply with the Council's Contract Procedure rules and awards of this size must be competitively tendered with the involvement of procurement.

**Human Resources implications and risks:**

None arise from this report.

**Equalities implications and risks:**

There are no equality implications or risks as a result of this report.

**BACKGROUND PAPERS**

Background Papers List  
None



By virtue of paragraph(s) 1 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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