

Committee: Pension Fund Advisory Committee

Date: 29 June 2016

Agenda item: 4

Wards: All

Subject: DRAFT PENSION FUND ADVISORY COMMITTEE WORK PROGRAMME 2016/17

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Imran Uddin

Forward Plan reference number: N/A

Contact officer: Paul Dale

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Recommendations:

- a) To consider the content of this report and agree the appended draft Work Programme for 2016/17, subject to amendments requested by the Committee.
 - b) To read this report in conjunction with the Draft Pension Fund Business Plan 2016/17.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Pension Fund Advisory Committee (PFAC) is responsible for the administration and investment arrangements for the Merton Pension Fund. The Committee meets four times a year to review, discuss and decide on matters relating to the management of the Fund.
- 1.2 At its meeting held on 3 December 2015, the Committee noted officers' proposal to submit a draft Work Programme for the PFAC for 2016/17 for consideration and approval at this meeting.
- 1.3 The draft Work Programme focuses on the key tasks implicit in the Committee's stewardship of the Pension Fund for the coming year.

2. DRAFT WORK PROGRAMME

- 2.1 The draft Work Programme is appended to this report. It is designed around the following key areas:
 - A. Governance
 - B. Administration
 - C. Investment
 - D. Finance

- E. Training; and
- F. Pension Board

- 2.2 The draft Work Programme will form the basis of the Committee's agendas for 2016/17 and provide the framework to monitor its own effectiveness.
- 2.3 The draft Work Programme is an Action Plan highlighting the suggested key priorities for PFAC in 2016/17. Members are asked to read this report and the draft Work Programme in conjunction with the Pension Fund Business Plan 2016/17, which is the subject of a separate report to this meeting.

3. CONSULTATION UNDERTAKEN OR PROPOSED

- 3.1 N/A

4. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 4.1 The investment strategy chosen will affect the return on the fund, its actuarial valuation and the cost to the Council.

5. LEGAL AND STATUTORY IMPLICATIONS

- 5.1 There are no legal implications other than those normally associated with these matters.

6. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 6.1 N/A

7. CRIME AND DISORDER IMPLICATIONS

- 7.1 N/A

8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 8.1 N/A

9. APPENDICES

- Draft PFAC Work Programme 2016/17

10. BACKGROUND PAPERS

- Draft Pension Fund Business Plan 2016/17 (Report of the Director of Corporate Services to PFAC on 8 March 2016)
- PFAC Work Programme (Report of the Director of Corporate Services to PFAC on 3 December 2015)

APPENDIX 1: DRAFT PENSION FUND ADVISORY COMMITTEE WORK PROGRAMME 2016/17

SUBJECT	REPORT OF	DECISION REQUESTED	CONTACT OFFICER(S)
PFAC 29 June 2016			
Pension Fund Performance for Quarter 1 Jan – 31 March 2016 and 2015/16. (State Street Presentation to PFAC)	Director of Corporate Services State Street (WM Performance Services)	To review the activity and results of the Pension Fund investment managers for the Quarter and the year to 31 March 2016.	Paul Dale Paul Audu
PFAC Member Training	Director of Corporate Services	To consider and approve the Training Plan to help PFAC members to gain the required knowledge and understanding.	Paul Dale Paul Audu
Draft Pension Fund Annual Report and Accounts 2015/16 and Auditor’s Report under current International Auditing Standards.	Director of Corporate Services	To consider/comment on the draft Pension Fund Annual Report and Accounts. Note: Final Pension Fund Annual Report and Accounts 2015/16 are going to GP Committee on 8 September 2016, so PFAC might need a special meeting before 28 September 2016 to approve the audited Final Report and Accounts ahead of GPC on 8 September.	Paul Dale Paul Audu
Review of the Pension Fund Investment Strategy	Director of Corporate Services	To consider and agree the scope and timing of the proposed investment strategy review and the role of the Investment Adviser.	Paul Dale Paul Audu
Merton Pension Board	Director of Corporate Services	To approve the annual budget and consider the Draft Work	Paul Dale Paul Audu

		Programme for the Local Pension Board.	
Update on the London CIV	Director of Corporate Services	To consider the potential transition of some assets to the London CIV in the context of the proposed review of the Pension Fund investment strategy, the CIV sub-funds and regulation on collaboration/pooling.	Paul Dale Paul Audu
Draft Response to the Local Government Pension Scheme: Investment Reform Criteria and Guidance (DCLG, November 2015)	Director of Corporate Services	To consider and approve the Authority's refined submission to DCLG Consultation prior to the 15 July 2016 deadline.	Paul Dale Paul Audu
Pension Fund Triennial Actuarial Valuation 2016.	Director of Corporate Services	To note the arrangement for the statutory triennial actuarial valuation of the pension fund as at 31 March 2016 including the timetable, process, issues, impact on the proposed review of the investment strategy and timing of the valuation results.	Paul Dale Paul Audu
Update on Pension Administration	Director of Corporate Services	To note the update and issues with respect to LGPS Regulations, Scheme members and employers and Pension Shared Service arrangement.	Paul Dale Paul Audu
Pension Fund Risk Register	Director of Corporate Services	To review the Pension Fund Risk Register by exception.	Paul Dale Paul Audu
Pension Fund Cashflow	Director of Corporate Services	To consider the Pension Fund cashflow statement.	Paul Dale Paul Audu
PFAC 28 September 2016			
Pension Fund Performance for	Director of Corporate Services	To review the activity and results	Paul Dale

Quarter 1 Apr – 30 June 2016 (UBS Presentation to PFAC)	UBS Asset Management	of the Pension Fund investment managers for the Quarter.	Paul Audu
Update on the Review of the Pension Fund Investment Strategy	Director of Corporate Services	To review progress and consider issues raised by officers and Investment Adviser.	Paul Dale Paul Audu
Update on the London CIV	Director of Corporate Services	To consider the potential transition of some assets to the London CIV in the context of the review of the Pension Fund investment strategy, the CIV sub-funds and regulation on collaboration/pooling.	Paul Dale Paul Audu
Merton Pension Board	Director of Corporate Services	To note/monitor the work of the Local Pension Board.	Paul Dale Paul Audu
Pension Fund Triennial Actuarial Valuation 2016.	Director of Corporate Services	To review progress (and initial results) on the Actuarial Valuation exercise.	Paul Dale Paul Audu
Review of the Statement of Investment Principles (SIP).	Director of Corporate Services	To consider and approve updated SIP in line with changes in the regulations, investment strategy review and actuarial valuation exercise.	Paul Dale Paul Audu
Update on Pension Administration and Triennial auto-enrolment	Director of Corporate Services	To review pension fund administration generally and consider progress on automatic re-enrolment of eligible staff into the LGPS.	Paul Dale Paul Audu
Pension Fund Risk Register	Director of Corporate Services	To consider the Risk Register by exception.	Paul Dale Paul Audu
Pension Fund Cashflow	Director of Corporate Services	To review the Pension Fund cashflow statement.	Paul Dale Paul Audu
PFAC 1 December 2016			

Pension Fund Performance for Quarter 1 Jul – 30 Sep 2016 (Aberdeen Asset Management Presentation to PFAC)	Director of Corporate Services Aberdeen Asset Management	To review the activity and results of the Pension Fund investment managers for the Quarter.	Paul Dale Paul Audu
Final Report on the Review of the Pension Fund Investment Strategy.	Investment Adviser Director of Corporate Services	To receive the Investment Adviser's Report and consider the recommendations.	Paul Dale Paul Audu
Actuary's Draft Report on the Actuarial Valuation	Pension Fund Actuary Director of Corporate Services	To receive the Actuary's Report and consider the valuation results.	Paul Dale Paul Audu
Review of the Funding Strategy Statement (FSS).	Director of Corporate Services	To review and approve the updated FSS.	Paul Dale Paul Audu
Update on the London CIV	Director of Corporate Services	Update of the developments in the London CIV and changes (if any) in the LGPS investment regulations and pooling.	Paul Dale Paul Audu
Merton Pension Board	Director of Corporate Services	To note/monitor the work of the Local Pension Board.	Paul Dale Paul Audu
Pension Fund Risk Register	Director of Corporate Services	To consider the Risk Register by exception.	Paul Dale Paul Audu
Pension Fund Cashflow	Director of Corporate Services	To review the Pension Fund cashflow statement.	Paul Dale Paul Audu
PFAC 8 March 2017			
Pension Fund Performance for Quarter 1 Oct – 31 Dec 2016	Director of Corporate Services	To review the activity and results of the Pension Fund investment managers for the Quarter.	Paul Dale Paul Audu
Implementation of the Agreed Investment Strategy.	Director of Corporate Services	To review/monitor actions taken by officers to implement the agreed investment strategy.	Paul Dale Paul Audu
Update on the London CIV	Director of Corporate Services	To consider the potential transition of some assets to the	Paul Dale Paul Audu

		London CIV in the context of the agreed investment strategy.	
Review of PFAC 2016/17 Work Programme and draft Work Programme for 2017/18.	Director of Corporate Services	To evaluate PFAC's activity and accomplishments and consider the draft Work Programme for the coming year.	Paul Dale Paul Audu
PFAC Member Training	Director of Corporate Services	To consider and approve the Training Plan to help PFAC members to gain the required knowledge and understanding.	Paul Dale Paul Audu
Merton Pension Board	Director of Corporate Services	To review the work of the Local Pension Board for the year and to consider/approve the annual budget and draft Work Programme for the Board for 2017/18.	Paul Dale Paul Audu
Annual Review of Pension Fund Investment Arrangement (Investment Managers' Annual Presentation to PFAC).	Director of Corporate Services <ul style="list-style-type: none"> • UBS Asset Management • Aberdeen Asset Management • BlackRock 	To conduct comprehensive evaluation of fund managers performance and assessment of portfolio results.	Paul Dale Paul Audu
Annual Review of the Pension Fund Custody Arrangement.	Director of Corporate Services	To review the activity and performance of the Pension Fund custodian.	Paul Dale Paul Audu
Pension Fund Risk Register	Director of Corporate Services	To consider the Risk Register by exception.	Paul Dale Paul Audu
Pension Fund Cashflow	Director of Corporate Services	To review the Pension Fund cashflow statement.	Paul Dale Paul Audu