

**MINUTES OF THE PENSIONS COMMITTEE
MONDAY, 1 DECEMBER 2008**

Councillors Rahman Khan (Chair), Adje, Beacham, Butcher and Thompson

Apologies Councillor Basu and Councillor Wilson

Also present David Fishman, Howard Jones, Roger Melling and Earl Ramharacksingh

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP51.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence had been received from Cllr Basu and Cllr Wilson.</p>	
PRPP52.	<p>URGENT BUSINESS</p> <p>The Chair advised members that minutes of the Pensions Committee meeting held on 20 October had been circulated subsequent to the distribution of the agenda, to replace the minutes of the 18 September which had been distributed in error.</p> <p>The Chair advised members that an updated version of Appendix 3 to agenda item 9, the Fund Performance Report, had been tabled.</p> <p>There were no new items of urgent business.</p>	
PRPP53.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Adje declared a personal interest as a contributing member of the Haringey Pension Scheme.</p> <p>Cllr Butcher declared a personal interest as a contributing member of the Haringey Pension Scheme.</p> <p>Cllr Rahman Khan declared a personal interest as a contributing member of the Haringey Pension Fund and also for attending various training events, conferences, seminars, etc, from time to time, at which some of the Fund Managers, the Custodian, investment adviser or actuary may have contributed directly or indirectly.</p> <p>Cllr Thompson declared a personal interest in respect of his membership of the Haringey Pension Scheme. He also declared a personal interest in respect of his attendance at training events and conferences, to which some of the Fund Managers may have directly contributed.</p>	

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<p>PRPP54.</p>	<p>MINUTES</p> <p>The minutes of the meeting held on 20 October were agreed and signed by the Chair.</p>	
<p>PRPP55.</p>	<p>EXCLUSION OF PUBLIC AND PRESS</p> <p>RESOLVED</p> <p>That the press and public be excluded from the meeting for consideration of item 12 as it contains exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); namely information relating to the business or financial affairs of any particular person (including the authority holding that information).</p>	
<p>PRPP56.</p>	<p>UPDATE ON AN ASSET ALLOCATION ISSUE</p> <p>Members considered the report, and the advice of the Fund's Investment Advisors, Hewitt. Members were advised that the report covered contractual issues, which was the reason for the classification of the report as exempt under Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985).</p> <p>RESOLVED</p> <p>That the recommendations of the report be agreed.</p>	
<p>PRPP57.</p>	<p>RE-INCLUSION OF PUBLIC AND PRESS</p> <p>RESOLVED</p> <p>That the Public and Press be invited to re-join the proceedings.</p>	
<p>PRPP58.</p>	<p>UPDATE ON THE INTRODUCTION OF ACTIVE CURRENCY</p> <p>Members considered this report, which provided an update on the introduction of active currency. The Committee was advised that, since the meeting of the Pensions Committee on 11 June 2007 at which the decision had been made to introduce active currency, substantial work had been undertaken to agree details and legal and contractual arrangements with each Fund Manager but these were yet to be finalised or signed. A further reason for active currency not yet being implemented was as a result of concerns around the market arising from the credit crunch and other issues. Hewitt, the Fund's Investment Advisors, were supportive of the introduction of active currency and the managers selected, but recommended that implementation be deferred until greater market stability had been achieved. At that time the products to be invested in would be reviewed to ensure that the best approach is implemented.</p>	

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	<p>In response to an enquiry from the Committee, the Chief Financial Officer explained that the decision to fund the active currency from the UK equity holding with Fidelity had been taken on the basis of Fund Managers' performance at that time.</p> <p>RESOLVED</p> <ul style="list-style-type: none">i) That active currency be implemented at the appropriate time when market conditions have improved and are less volatile.ii) That the Chief Financial Officer be given delegated powers, in consultation with the Chair of Pensions Committee, to finalise any other matters to implement the currency investment, in order to best deliver that strategy.	
<p>PRPP59.</p>	<p>FUND PERFORMANCE UPDATE</p> <p>John Hardy, Corporate Finance, presented this report on the latest performance data for the Pension Fund and each of the Fund's investment managers, responsible investments issues and budget management to the end of October 2008. Mr Hardy tabled an updated appendix 3 to the report, relating to responsible investment activity.</p> <p>Mr Hardy reported on the performance of the fund: for the period 1 April 2007 to 30 September 2008, the annualised performance of the combined Haringey fund had declined in absolute terms by 10.65%, underperformed the gross benchmark by 3.53% and underperformed the gross target by 5.17%. Mr Hardy also reported on performance for each of the Fund Managers' mandates. It was reported that Bernstein and Fidelity had signed side letters to incorporate the Fund's responsible investment requirements and that, subject to the finalisation of legal details, it was anticipated that a signed side letter would be obtained from Capital shortly. It was reported that the Fund's membership of LAPFF was due to expire on 5 December 2008, and members were invited to consider whether this membership should be extended. Budget management information was provided in the report, and Members were advised that in overall terms the budget was on target.</p> <p>In response to a question from the Committee regarding the liabilities of the Fund, it was reported that Hewitt had been asked to undertake a regular review of the Fund's liability position and that this was being actively monitored alongside the Fund performance. The need to take a long term view of the Fund valuation position was emphasised, and it was reported that the Cabinet would consider the position of the Fund as part the budget process. The Committee felt that more frequent interim Fund valuations were needed in the current economic climate.</p> <p>Members suggested that, as membership of LAPFF was felt to represent value for money, this should be renewed for a period of three years, rather than for a further year.</p>	

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	<p>RESOLVED</p> <ul style="list-style-type: none">i) That the Fund performance position as at end of September 2008 be noted.ii) That responsible investments information provided be noted.iii) That membership of LAPFF be extended for a period of a further three years.iv) That the budget management position to the end of October 2008 (period 7) be noted.v) That interim valuations of the Fund be made throughout the year, taking into account the positions of all stakeholders.	
<p>PRPP60.</p>	<p>FUND ADMINISTRATION UPDATE</p> <p>Ian Benson, Pensions Manager, presented the Fund administration update, which outlined the regulatory changes affecting the administration of the Local Government Pension Scheme together with relevant issues covered in circulars issued by the Local Government Pensions Committee and Communities and Local Government.</p> <p>Mr Benson reported on the responses received by DCLG on the Admission Agreement consultation and that, having regard to the responses, DCLG would be introducing minor legislative changes and guidance. In relation to Ill Health Monitoring, it was reported that the DCLG had published the Statutory Ill Health Guidance. Members were also provided with information on early retirements, appeals and compliance.</p> <p>The Chair confirmed that the Employees Side had been consulted on the content of the report. In response to a request from the Chair that, in line with best practice as recommended by the Fund's external auditors, the Committee be provided with confirmation of the receipt of payments from admitted bodies, Mr Benson reported that timescales meant that it had not been possible to incorporate the information into this report, but that this would be included in future reports.</p> <p>In response to a question from the Committee, it was reported that decisions related to early retirements are delegated to the Chief Financial Officer. Decisions on early retirements relating to pension arrangements for first and second tier officers are referred to the General Purposes Committee. Members asked for further details regarding the length of time taken to resolve appeals under the internal disputes resolution procedure; Mr Benson reported the general timeframes within which decisions were required to be made for different types of appeal, and agreed to circulate details of how long specific cases had taken to resolve to members outside the meeting.</p>	

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	<p>RESOLVED</p> <p>That the Administration Report update be noted.</p>	
<p>PRPP61.</p>	<p>CESSATION REPORT FOR OCS GROUP LTD</p> <p>Ian Benson, Pensions Manager, presented this report on the finding position attributable to OCS Group Ltd on their cessation as an admitted body to the Haringey Pension Fund at 31st August 2007. Having decided not to continue providing school meals catering services, the company had given notice that their contract with Northumberland Park Community School would terminate on 31st August 2007. The cessation report from Hymans Robertson indicated that OCS Group Ltd had accrued a £3,000 deficit on termination of the agreement, which had now be repaid into the Fund.</p> <p>In response to questions from the Committee, it was confirmed that any staff affected would be covered by a TUPE transfer.</p> <p>In response to a question from the Chair, the Chief Financial Officer confirmed that he had looked into the issue of the deficit, now repaid, described in paragraph 3.4 of the report.</p> <p>RESOLVED</p> <p>That the settlement of the £3,000 deficit attributed to OCS Group Ltd on the cessation of the admission agreement be noted.</p>	
<p>PRPP62.</p>	<p>ATTENDANCE BY FUND MANAGERS</p> <p>The Committee received presentations from three Fund Managers as follows:</p> <p>BERNSTEIN</p> <p>Fund performance for the global equities mandate was 12.63% below the target in annualised terms in the 18-month period to the end of September 2008.</p> <p>For the UK equities mandate, performance was 8.62% below the target in annualised terms in the 18-month period to the end of September 2008.</p> <p>Bernstein explained reasons for current performance and answered questions from trustees.</p> <p>In response to questions from the Chair, Bernstein confirmed that there had been no instances where stock selection had conflicted with the SRI and that there were no outstanding issues from their regular meetings with Council officers.</p> <p>The Chair thanked Bernstein for their presentation and, on behalf of the</p>	

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Committee, expressed the hope that performance would improve in the next quarter.

CAPITAL

Fund performance for the equities mandate was 5.05% below the target in annualised terms in the 18-month period to the end of September 2008.

Fund performance for the bonds mandate was 4.01% below the target in annualised terms for the 18-month period to the end of September 2008.

Capital explained the reasons for current performance and answered questions from Trustees.

In response to a question from the Chair, Capital explained their policy on information disclosure. On behalf of the Committee, the Chair requested a greater level of disclosure to the Fund's investment advisors, as proper understanding was essential for the Fund's advisors to provide accurate advice, enabling the Fund's Trustees to discharge their duties fully. The Chair enquired about the position in respect of the side letter, and Capital reported that this was being undertaken and should be completed shortly. There were no outstanding items from Capital's regular meetings with Council officers, however the Chair advised Capital that the Committee wanted to see improved performance from them in every respect as soon as possible, and that the Chief Financial Officer had been advised to monitor their performance very closely from now onward.

FIDELITY

Fund Performance for the equities mandate was 2.22% below the target in annualised terms for the 18-month period to the end of September 2008.

Fund performance for the bond mandate was 1.02% below the target in annualised terms for the 18-month period to the end of September 2008.

Fidelity explained the reasons for current performance and answered questions from Trustees. Members were provided with a document on Fidelity's Principles of Ownership, which included information on the company's Corporate Social Responsibility, and discussed CSR issues with Don Cassidy, Director of Corporate Governance at Fidelity. Members interested in discussing these issues further outside the meeting were encouraged to contact Don Cassidy directly.

In response to a question from the Chair, Fidelity confirmed that there were no outstanding issues from their regular meetings with Council officers.

The Committee noted the Fund Managers' reports and submissions at the meeting and asked the Council officers to monitor their performance

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	very closely and to be more vigilant in safeguarding the interest of the Fund, in view of the present economic crisis.	
PRPP63.	ANY UNRESTRICTED ITEMS OF URGENT BUSINESS There were no items of urgent business. As the last Pensions Committee meeting of the calendar year, the Chair wished the whole Committee, the officers and the advisers a merry Christmas and happy New Year.	

COUNCILLOR GMMH RAHMAN KHAN
Chair