

**MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 24 JULY 2008**

Councillors Rahman Khan (Chair), Adje, Thompson (Vice-Chair), Wilson and Melling

Also present Roger Melling

Apologies Councillor Basu, Councillor Beacham and Howard Jones

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP18.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Councillors Basu and Beacham.</p> <p>Apologies for lateness were received from Councillor Wilson.</p> <p>NOTED</p>	
PRPP19.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Khan declared an interest as a member of the Haringey Pension Fund.</p> <p>NOTED</p>	
PRPP20.	<p>INTRODUCTION BY COUNCILLOR GMMH RAHMAN KHAN, CHAIR OF THE PENSIONS COMMITTEE</p> <p>In his introductory speech, the Chair advised the meeting that the AGM could commence on an informal basis only, until a further trustee arrived to make the meeting quorate.</p> <p>On behalf of the trustees of the Pension Fund, Cllr Khan, Chair of the Pensions Committee, welcomed all those attending the 7th Pension Fund AGM. It was reported that, following the meeting of the Full Council on 14 July 2008, the number of trustees of the Pension Fund had reduced from eight to seven. At this point in proceedings the meeting became a quorate meeting with the arrival of a trustee member, Cllr Adje, within the admissible time limit at 18:15hrs. The Chair assured all members of the Fund that the Members, as well as the Council's officers, were closely monitoring the performance of the Fund Managers.</p> <p>The Chair reported that a Pensioner Representative had, for a considerable period of time, been sought to assist in the management of the Fund and would be appointed during the AGM.</p> <p>The Chair reported on some of the key actions taken by the Pensions</p>	

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	<p>Committee during 2007/08, including the approval of the Statement of Investment Principles and Communications Strategy, becoming a member of the Local Authority Pension Fund Forum and adopting the United Nations Principles for Responsible Investment. The Committee had also been working to ensure that the Fund's administrative and investment expenses were competitive and that best practice was being followed at all times. The meeting was advised that the Annual Report was in circulation, and that the Chief Financial Officer would be further explaining some of the information contained within the Annual Report during the course of the meeting.</p> <p>The Chair further reported that delays in passing the relevant legislation had led to delays in the implementation of the new Local Government Pension Scheme, and hoped that these issues would be resolved very soon.</p> <p>The most recent full actuarial valuation of the Fund, carried out every three years, was as at March 2007 and showed an increased funding level of 77.7 per cent compared with 69 per cent as at the previous triennial valuation as at March 2004. As a result of the present global economic climate, the Chair reported that an interim valuation in June 2008 had shown a decrease in the level of funding to 66 per cent.</p> <p>Closing his introductory speech, the Chair advised the meeting that Council officers would be available after the close of the meeting to discuss any specific points or queries that fund members might have.</p>	
<p>PRPP21.</p>	<p>MINUTES OF THE LAST AGM</p> <p>There being no comments or observations of accuracy the Chair moved and it was:</p> <p>RESOLVED</p> <p>That the minutes of the Pension Fund AGM held on 2 July 2007 be agreed as an accurate record of the proceedings and the Chair be authorised to sign them.</p>	
<p>PRPP22.</p>	<p>THE PENSION FUND ANNUAL REPORT 2008</p> <p>The Annual Report was presented and was approved by the meeting.</p>	
<p>PRPP23.</p>	<p>REPORT ON THE PENSION FUND ACCOUNTS FOR YEAR END 31 MARCH 2008</p> <p>The Chief Financial Officer, Gerald Almeroth, gave a presentation on the Pension Fund Accounts for the year ending 31 March 2008.</p> <p>Mr Almeroth reported that the Pension Fund Accounts had been reported to the Pensions Committee on 23 June 2008, and had been approved by the trustees. Responsibility for managing the fund's investments lay with five fund managers, as per the terms of their respective contracts of appointment:</p>	

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- Bernstein, with 2 mandates – global equities and UK equities;
- Capital, with 2 mandates – equities and bonds;
- Fidelity, with 2 mandates – equities and bonds;
- ING with a 100% property mandate;
- Pantheon manage private equity;

The value of the fund was reported as having decreased by £14.8 million overall in 2007/08, with a £45.1 million decrease in the market value of investments being offset by investment income of £15.3 million and non-investment income of £15 million. Mr Almeroth added that financial issues such as the sub prime mortgage situation in the USA had also affected the market.

Mr Almeroth reported that it was essential for the Pension Fund to take a long term view, and added that over the past five years there had been a strong upward trend. Fund managers were set rolling annual targets to outperform the rest of the market, and these targets differed according to each mandate. For 2007/08, it was reported that fund manager performance against targets had been mixed, and Mr Almeroth outlined the performance of each fund manager.

The meeting was advised that the fund was invested in a number of companies and spread across a range of different types of investment in order to minimise risk and maximise potential returns. The investment was also spread globally, with 61% invested in the UK market, 15% in Europe and the rest worldwide following the approval of a new investment strategy. It was reported that the current split of the fund was in line with the investment strategy, and that it would take time to invest fully in property and private equity.

PRPP24. REPORT ON THE FUND VALUATION AT 31 MARCH 2007

The Chief Financial Officer, Gerald Almeroth, gave a presentation on the fund valuation at 31 March 2007, when the most recent full actuarial valuation had been carried out. Since the previous full actuarial valuation of the fund in 2004, the level of funding had increased from 69% to 77.7%, although this was still below the 88% level of funding in 2001. The increase between 2004 and 2007 was the result of an improvement in investment earnings and value, as well as a planned increase in employer's contributions. An interim valuation carried out in June 2008, however, indicated that the level of funding had fallen to 66% since 2007, largely as a result of the recent volatility in the financial markets.

As it was necessary to take a long term view of the fund, it was not proposed to review contribution rates at this time, although the position of the fund would be monitored closely.

The Chair invited questions from members of the Pension Fund.

Mr Almeroth was asked whether it was proposed to invest in China, as

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	<p>this was a potential growth market. Mr Almeroth responded that the global investment strategy had been reviewed, and that 6% was currently invested in countries other than the UK, Europe and the United States. It was important to balance the potential level of returns against the level of risk in any investment, and the trustees would continue to monitor emerging markets and consider increasing investment in certain areas as markets matured.</p> <p>Mr Almeroth was asked how the current sub-prime mortgage situation in the USA was likely to affect the investment portfolio managed by ING and the Council's property portfolio. Mr Almeroth responded that there had been little immediate effect on property in the last quarter of 2007/08, and that there had been a much more immediate effect on equities and shares. Funds would only be requested by ING when they saw an opportunity for investment, and the impact at present was that there were few opportunities for investment available. The Chair confirmed that, in the current financial climate, the trustees had advised officers to exercise caution in any property investment.</p> <p>The Chair added that in addition to the triennial valuation there had been interim yearly valuations in order to ensure the prudent management of the fund.</p>	
<p>PRPP25.</p>	<p>PRESENTATION BY AFFINITY CONNECT LTD</p> <p>The Chair welcomed Kim Pocock of Affinity Connect Ltd to the meeting, to give a presentation on 'The Financial Markets: How do they work? How do they affect my finances?'</p> <p>By way of introduction, Ms Pocock outlined some of the different financial assets that were invested in, and the different pension products available. It was recommended that everyone request details of their National Insurance contributions to date in writing, to check that their contributions had been registered and that they would receive the state pension to which they were entitled.</p> <p>Ms Pocock advised that it was never too early to start planning for financial arrangements in retirement, and suggested that it was a valuable exercise for people to draw up a budget sheet in order to calculate whether their income in retirement would cover their outgoings. Fund members were also advised of additional pension and savings products available if a shortfall was calculated, and that consideration needed to be given to issues such as inflation and the impact this might have on their expenses in retirement.</p> <p>In conclusion, Ms Pocock noted that pension provision was becoming ever more important as life expectancy increased, and that in order to outperform the rate of inflation it was advised that people seek to spread their investments as widely as possible. Fund members were advised that Ms Pocock would be available after the meeting to answer any specific questions that anyone might have.</p>	

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	<p>On behalf of the members and trustees, the Chair thanked Ms Pocock for her valuable presentation.</p>	
<p>PRPP26.</p>	<p>BALLOT FOR PENSIONER MEMBER REPRESENTATIVE</p> <p>The Chair reported that a Pensioner Representative was sought to attend and contribute to meetings of the Pensions Committee, representing all pensioner members of the fund. The meeting was advised that only pensioner members would be eligible to vote for the Pensioner Representative.</p> <p>The applications received by officers for the position of Pensioner Representative were announced as follows:</p> <p>David Corran David Fishman</p> <p>Each candidate was given two minutes to address the meeting following which pensioner members were invited to vote by secret ballot.</p> <p>On the basis of the results of the ballot, the Chair announced the results of the election:</p> <p>David Fishman be elected as Pensioner Representative as the recipient of the highest number of votes.</p> <p>The Chair thanked both candidates, and congratulated David Fishman on his appointment.</p>	
<p>PRPP27.</p>	<p>CLOSE</p> <p>The Chair asked the meeting if there were any further questions or comments. In the absence of any questions or comments, fund members were reminded that the Council's officers would be available to answer specific questions and respond to any issues or concerns at the end of the meeting.</p> <p>The Chair reported that the trustees were taking expert advice from a number of sources and were working as hard as reasonable to manage the fund in a professional manner and to safeguard the interests of all stakeholders. Members were advised that the Pensions Committee sought consensus on decisions relating to the fund, rather than basing decisions on a majority view, and that the work of the Committee was as open as possible. The Committee welcomed any scrutiny of its performance in respect of discharging its duty to stakeholders, and aimed to perform to the highest standard possible.</p> <p>There being no further questions the AGM closed at 19.15hrs.</p> <p>The Chair received a round of applause from those attending.</p>	

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COUNCILLOR GMMH RAHMAN KHAN

Chair