



NOTICE OF MEETING

Pension Fund AGM 2008

THURSDAY, 24TH JULY, 2008 at 18:00 HRS - THE LONDESBOROUGH ROOM,
ALEXANDRA PALACE WAY, WOOD GREEN, LONDON N22.

MEMBERS: Councillors Rahman Khan (Chair), Adje, Beacham, Basu, Butcher,
Thompson (Vice-Chair) and Wilson

IN ATTENDANCE: Howard Jones and Roger Melling

AGENDA

1. APOLOGIES FOR ABSENCE

To note apologies for absence.

2. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgement of the public interest **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, license, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

3. INTRODUCTION BY COUNCILLOR GMMH RAHMAN KHAN, CHAIR OF THE PENSIONS COMMITTEE

4. MINUTES OF THE LAST AGM (PAGES 1 - 6)

To consider the minutes of the previous Pension Fund AGM, held on 2 July 2007, for approval and signing.

5. THE ANNUAL REPORT

Presented by Cllr Gmmh Rahman Khan, Chair of Pensions Committee.

6. REPORT ON THE PENSION FUND ACCOUNTS FOR YEAR END 31 MARCH 2008

Presentation by Gerald Almeroth, Chief Financial Officer.

7. REPORT ON THE FUND VALUATION AT 31 MARCH 2007

Presentation by Gerald Almeroth, Chief Financial Officer.

8. PRESENTATION BY AFFINITY CONNECT LTD

Presentation by Kim Pocock of Affinity Connect Ltd on: 'The Financial Markets: How do they work? How do they affect my finances?'

9. BALLOT FOR PENSIONER MEMBER REPRESENTATIVE

10. CLOSE

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16 July 2008

MINUTES OF THE PENSIONS COMMITTEE
MONDAY, 2 JULY 2007

PRESENT

Councillors Rahman Khan (Chair), Basu and Beacham

Apologies Councillor Mallett, Adje and Mughal

Councillors not present and no apologies given: Cllrs Butcher & Wilson

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP01.	<p>APOLOGIES FOR ABSENCE : (IF ANY)</p> <p>Apologies for absence were received from Councillors Adje and Mallett.</p>	
PRPP02.	<p>DECLARATIONS OF INTEREST :</p> <p>Councillors Basu & Khan, Chair, declared personal interests because of their membership of the Haringey Council Pension Fund.</p> <p>NOTED</p>	
PRPP03.	<p>INTRODUCTION BY COUNCILLOR GMMH RAHMAN KHAN:</p> <p>At 18:00hrs Councillor Khan advised the meeting that he had to wait for 15 minute to get another Trustee elected member to start the AGM; accordingly he started the meeting when Councillor Basu arrived at 18:04hrs.</p> <p>The Chair commenced the proceedings by saying that it was his greatest pleasure to mention that he was the first chair, in recent years of this Committee who started the AGM of the Fund six years ago, where each year now the fund members were getting a complete picture of the Funds' administration, as well as investments by external fund managers, being scrutinised by the trustees, in presence of the internal & external professionals.</p> <p>The Chair went on to report that he along with other trustee members had been able to serve the fund prudently, taking all reasonable measures, complying with the available CIPFA Guidance & Myners Principles, being assisted by the council officers, external advisers & independent adviser. He told the fund members present, that they were the best judge to decide about the trustee's performance. As regards the scrutiny process, where individual fund managers in the four quarterly meetings were scrutinised, being assisted by independent adviser, relating to respective investment portfolios and progress. These measures were in addition to our officers' scrutiny of the fund managers periodically. He further mentioned that the committee also scrutinised the council officers as to whether the fund members were getting due information or not.</p>	

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	<p>He further added that the Pensions Committee was now a full Committee, independent of any parent body, with its own terms of reference and reporting only to the Council, consisted of 8 elected members – all reasonably trained and with considerable experience; out of the 8 members , 4 Labour & four Liberal; two Executive members sitting on the Pensions Committee. The Committee ordinarily arrived at decisions by a consensus view as opposed to a majority vote. The Committee worked exceptionally hard to ensure that the fund benefited its Members, the fund itself, the tax payers of Haringey. As at 15 February 2007 the valuation showed a funding level increased to 80% although this figure could vary as at 31 March 2007.</p> <p>The Chair commented that in one respect he was not able to get an Advisory Committee to scrutinize the Pensions Committee from amongst the admitted bodies & pensioners, which he believed that those present at the meeting should take leading role to form one to scrutinise the performance of the Committee. The Chair also reported that there was structured good news, as the investment review, reported the previous year was concluded on 20 November 2006, and implemented on 16 March 2007. There were now 4 fund managers – Alliance, Capital, Fidelity, and Ing – with Wellington being sacked due to poor performance. A further 3 were appointed – Pantheon, and 2 currency managers – Investec & Record – to overcome currency risk. Two currency managers were appointed specifically to reduce the overall currency risk within the fund, while adding another diversifying source of performance. It became necessary as we increased overseas equity and property investments</p> <p>The Chair concluded that the best return of the fund was dependant upon the political and economic conditions around the World, despite trustee's hard work, being assisted by the Fund's advisers and collectively scrutinised by our officers, trustee members and you the fund members.</p> <p>At the end Chair mentioned that should there be anything remaining unanswered by the two professional speakers/council officers at the meeting he would sum up at the end. However one officer would stay longer at the end of the formal meeting to reply any personal queries.</p>	
<p>PRPP04.</p>	<p>MINUTES OF THE PREVIOUS AGM HELD ON 18TH JULY 2006</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 Pensions AGM held on 18 July 2006 be agreed as an accurate record of the proceedings and the Chair be authorised to sign them.</p>	

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PRPP05.	<p>THE PENSION FUND ANNUAL REPORT : 2007</p> <p>The Annual report, which contained informative and useful information was tabled and was approved by the meeting.</p>											
PRPP06.	<p>REPORT ON THE PENSION FUND ACCOUNTS FOR YEAR END 31ST MARCH 2007 - PRESENTATION BY GERALD ALMEROTH - ACTING DIRECTOR OF FINANCE</p> <p>With the aid of power point the Acting Director of Finance - Mr Almeroth gave the AGM a presentation in respect of the Pension Fund Accounts for the year ending 31 March 2007.</p> <p>In respect of the review of the investment strategy the Authority had just completed its full review of the Fund's Investment management strategy and the new structure was implemented on 16 March 2007. During the review process Trustees were advised by Mr Almeroth, section 151 officer, the Independent Advisor to the Trustees, and also by the external advisors – Hymans Robertson. The key changes of the review were</p> <ul style="list-style-type: none"> • the reduction of UK equities held from 43 to 30%; • an increase in overseas equities held from 27 to 35% • the introduction of a 5% global market cap mandate (incl. in above numbers) • the introduction of a 5% allocation to private equity • the introduction of an active currency overlay and passive currency hedging • an increase in property allocation from 6 to 10% • a reduction in bonds holdings from 22 to 20% <p>Mr Almeroth commented that the advice received stated that the changes would further improve the opportunities for growing the fund whilst taking due regard to risk. Also as advised by the Chair Wellington ceased to be a fund manager. Mr Almeroth commented that it would take time to increase holdings in property and to build holdings in private equity and currency.</p> <p>Mr Almeroth referred to the fund structure which was in place for most of the 2006/07 year until the new structure was introduced. The approx % of fund managed was –</p> <table data-bbox="347 1742 837 1937" style="margin-left: 40px;"> <tr> <td>• Bernstein</td> <td>21%</td> </tr> <tr> <td>• Capital International</td> <td>27%</td> </tr> <tr> <td>• Fidelity</td> <td>26%</td> </tr> <tr> <td>• ING</td> <td>6%</td> </tr> <tr> <td>• Wellington</td> <td>20%</td> </tr> </table> <p>The fund value had increased from £573 million as at 31 March 2006 to £620 million as at 31 March 2007, due to increased investment returns. The fund had increased by 6.11% over past year, which was just below the benchmark by 0.77% and below the target by 2.42%.</p>	• Bernstein	21%	• Capital International	27%	• Fidelity	26%	• ING	6%	• Wellington	20%	
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There had been some difficulty in measuring performance to 31 March 2007 due to the transition to the new structure on 16 March 2007 and it then took a further 10 days before some fund managers could make decisions to buy and sell equities and bonds, and further major changes to benchmarks were also made. As a result the performance was compared to the end of February 2007 for fund managers whose benchmarks changed, and for the other fund managers and the total fund the performance to the end of March 2007 was shown, but compared against the previous benchmark that was in place for most of that year.

There had been a mixed performance by the Fund Managers in meeting their benchmarks and targets, for investment returns over the past year. Performance targets had been set for each Fund Manager, with three Fund Managers having beaten their benchmark and one beat their target. Individual fund manager performance was rigorously monitored and Officers held quarterly review meetings with Fund Managers and Trustees held similar review meetings, although the Property portfolio justified less frequent review by Trustees, as this was a more long term investment. Over the past 4 years that our current Fund structure had been in place, three Fund Managers had beaten their benchmark. The top ten shares, the market value of the investments and where they were held, as at 31 March 2007, were all considered.

The last triennial actuarial valuation of the Fund, as at 31 March 2004, had taken place and the level of funding had been reduced to 69%. At the interim actuarial valuation of the Fund, as at March 2005, the level of funding had been maintained at 69%. At the interim actuarial valuation of the Fund, as at March 2006, the level of funding had been set at 76%, and March 2007 – 80%. This was explained by the strong returns from fund investments, offset by the reduction in bond yields since the 2004 valuation. It was mentioned that the Council's financial strategy allowed for stepped increases in the employer's contribution rates, and these were quoted as:

- 2005/06 ~ 19.6%
- 2006/07 ~ 21.2%
- 2007/08 ~ 22.9%

The next triennial actuarial valuation was as at March 2007 with results due by early 2008. Results may differ significantly from March 2007 interim valuation results.

A useful question and answer session then followed.

PRPP07. PENSIONS : IT'S A PRESENTATION OF TWO HALVES

With the aid of power point the Assistant Chief Executive – People and Organisational Development – Mr Young, and Mr Benson – Pensions Manager gave the AGM a succinct presentation in respect of the Pensions entitled 'It's a presentation of two halves'.

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	<p>It was commented that for both employers and employees pension issues had changed and for the employee especially their employment lifecycle was changing. It was a fact that people did not automatically remain in the position they may have originally commenced their employment in and redeployment was now part of the employment cycle. Mr Young advised that in the past year 17 people had been redeployed in Haringey in the last financial year which was a saving to the Council of £250K. In tandem with redeployment the Council's reskilling and retention process had improved and skills assessment, monthly life and career coaching, group support and investment for reskilling were now common in Haringey. This was coupled with better and more flexible retirement options for employees.</p> <p>Reference was made to the concept of flexible working. Whilst this was not a new venture the Council was looking to further the concept of home working, working compressed hours and varying the flexible working arrangements. Also there were proposals to introduce desk sharing, and mobile working, and with these additional concepts they contributed to greater organisational and technological advances to operate the processes. Already there was evidence of progress and improved work output. The better office layouts in both River Park House, and Alexandra House enhanced a better working environment.</p> <p>It was a fact that the current workforce was an ageing one with 15.5% aged 55 years or more, and a rise in the past 3 years of 30% in the 45-55 age group. It was the case that as the Council reviewed its package of employee benefits, pensions became a more central part of package offer, and with pension schemes receiving much more publicity in recent years people were far more aware of the value of a decent pension scheme. In terms of the pension scheme and who actually qualified – it was in the interest of all members that the fund was not overstrained and there was a continued need to review the pensions policy. In terms of flexible retirement and the rules surrounding this process it was a fact that there must not be a cost to the fund arising from this.</p> <p>Mr Benson and Mr Young went on to briefly outline:</p> <ul style="list-style-type: none"> • How the fund was protected when there was early release of benefits • How flexible retirement worked and the conditions that applied <p>Following the presentation a useful question and answer session then followed.</p>	
<p>PRPP08.</p>	<p>QUESTIONS AND ANSWERS</p> <p>Following a number of further questions and answers the Chair thanked those present for their attendance.</p>	

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PRPP09.	CLOSE BY CHAIR OF PENSIONS COMMITTEE At the end the Chair asked the fund members, whether they had any further questions or comments etc on the AGM proceedings. In the absence of any questions, comments, concerns etc, the chair thanked the attending council officers- Gerald Almeroth, Stuart Young, John Hardy & Ian Benson for their hard work, fund members, stakeholders and reiterated his earlier comments that he would be very pleased if the pensioners and admitted bodies were able to form in due course an Advisory Committee to advise and help to monitor the functions and performance of the Pensions Committee. The Chair also stated that should any member of the pensions fund have any questions or concerns at any time they could put it in writing directly to him or to the council officers and he would ensure that answer was forthcoming. There being no further questions the AGM closed at 19.27hrs. The Chair received a round of applause from those attending. NOTED	
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COUNCILLOR GMMH RAHMAN KHAN

Chair