

**MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 23 JULY 2009**

Councillors C. Harris (Chair), Thompson (Vice-Chair), Beacham, Mallett and Winskill

Apologies Councillors Cooke and Khan

Also Present: Gerald Almeroth (LB Haringey Chief Financial Officer), Stuart Young (Assistant Chief Executive People and Organisational Development)

And approximately 100 stakeholders

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP01.	<p>WELCOME BY COUNCILLOR CATHERINE HARRIS, CHAIR OF PENSIONS COMMITTEE The Chair, Councillor Catherine Harris, welcomed those in attendance.</p>	
PRPP02.	<p>GUEST SPEAKER - TERRY CROSSLEY, HEAD OF PENSIONS DCLG</p> <p>The Pension Fund Annual General Meeting (AGM) received a Powerpoint presentation from Terry Crossley (from the Workforce, Pay and Pensions Division of Communities and Local Government (CLG)) introducing the new Local Government Pension Scheme (LGPS) which began on 1st April 2008 and enforced viability, affordability and fairness.</p> <p>Mr Crossley assured members that despite the current economic climate the pension fund was secure and guaranteed by a parliamentary act and LGPS investments were expected to improve next year.</p> <p>The AGM noted that employer costs were fixed until 2010 but may rise in 2011. A valuation exercise would be conducted and there were plans to informally consult with ministers, local authorities and trade unions about how the scheme would be managed over the long term. This could include consideration of whether a final salary scheme was right for local government, whether pension fund authorities should be larger and whether pension payments should be delivered on a sub-regional basis.</p> <p>In response to questions from stakeholders Mr Crossley emphasised that there were currently no specific plans to change any part of the LGPS but there would be open discussions with partners and trade unions about the possible options.</p> <p>In response to stakeholders concerns about the potential loss of the final salary scheme Mr Crossley explained that any changes made to the scheme would not affect the current entitlements of scheme members.</p>	
PRPP03.	<p>APOLOGIES FOR ABSENCE</p>	

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	Apologies for absence were received from Councillors Cooke and Khan.	
PRPP04.	<p>START OF FORMAL BUSINESS BY CLLR CATHERINE HARRIS, CHAIR OF PENSIONS COMMITTEE</p> <p>The Chair expressed thanks to Councillor Rahman Khan who chaired the Pensions Committee for many years and David Fishman for sitting on the Pensions Committee last year.</p>	
PRPP05.	<p>DECLARATIONS OF INTEREST</p> <p>Councillors C.Harris, Mallett, Thompson and Winskill all declared personal interests as they were members of the Local Government Pension Scheme.</p>	
PRPP06.	<p>MINUTES OF THE LAST AGM</p> <p>RESOLVED that the minutes of the AGM held on 24th July 2008 be confirmed as an accurate record of the proceedings and signed by the Chair subject to the following amendment:</p> <p>Minute no. PRPP 24 – Report on the fund valuation at 31 March 2007</p> <p>The first line of the penultimate paragraph be amended to read:</p> <p>“Mr Almeroth was asked how the current sub-prime mortgage situation in USA was likely to affect the investment portfolio...”</p>	
PRPP07.	<p>THE ANNUAL REPORT</p> <p>The Annual Report was presented and was approved by the meeting.</p>	
PRPP08.	<p>REPORT ON THE PENSION FUND ACCOUNTS FOR YEAR END 31ST MARCH 2009</p> <p>Gerald Almeroth, Chief Financial Officer, presented the Pension Fund Accounts for the year ending 31 March 2009 and the interim Fund valuation at 31 March 2009.</p> <p>Mr Almeroth informed attendees that the value of the Fund had significantly decreased to £488 million and funds managed by Fund Managers had decreased by 21.6% in the last year. The Committee noted that Bernstein had ceased to be a Fund Manager in June 2009 due to low performance and had been replaced by L&G on a temporary passive basis.</p> <p>Mr Almeroth assured the Committee that it was not unusual for pension funds to decrease in the current economic climate and emphasised the need to view investments over the long term.</p> <p>A large proportion of the Fund’s investments were in the UK and some overseas, however, the Council was not taking undue risks by investing in volatile countries. An interim evaluation showed the funding level to be reduced to 53% in March 2009 but had risen to 58% by May 2009.</p>	

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	<p>The Council would consider the need for any changes in the employer contribution rate after the next 3-year actuarial evaluation in March 2010.</p> <p>The Chair invited questions from members of the Pension Fund.</p> <p>In response to a question from an attendee Mr Almeroth explained that whilst the Council had cash deposits in Icelandic Banks (90% of which was expected to be returned) none of this money was part of the Pensions Fund.</p> <p>In response to a question as to why there had been £32 million of cash investments, Mr Almeroth explained that investing the cash into banks with a 2% interest rate was a temporary measure prior to investment. While stock markets had been falling, this was not an issue for the fund.</p> <p>An attendee asked what say Pension Fund Members had about the potential rise of employee contributions. Mr Almeroth stated that employee contributions were set in legislation and applied to everyone, therefore members were not able to influence the decision.</p> <p>In response to a question about the Fund Manager who recently ceased to work for the Pension Fund, Mr Almeroth explained that the contract did not entitle the Fund Manager to any compensation. The Pension Fund operated on a one-week notice period for Fund Managers.</p> <p>Mr Almeroth was asked what the Investment Strategy Review involved. Mr Almeroth explained that the Council reviewed the Investment Strategy every three years in order to be clear about the risks and to discuss the global situation and the balance between shares, bonds and property, the number of fund managers required and to see if the Strategy should be changed to improve the chances of a better return. The next review and actuarial valuation would take place in 2010.</p> <p>In response to a question from Councillor Thompson, Mr Almeroth explained that the Pensions Committee had signed-up to the UN Principals of Responsible Investment and Fund Managers were encouraged to use the policy when reviewing investments. Environmental impact on investments was also monitored and often meant a better share value.</p> <p>In response to a question from Councillor Mallett, Mr Almeroth explained that the difference between the Bernstein and L&G Fund Managers was that Bernstein was part of active management funds (that actively tried to beat the market) whereas a Passive Manager, such as L&G, moved shares around to mirror the market for short periods of time. Officers would look to move back to employing active Fund Managers next year.</p>	
<p>PRPP09.</p>	<p>BALLOT FOR PENSIONER MEMBER REPRESENTATIVE</p> <p>David Corran the new pensioner member representative was introduced and pension scheme members could contact him about any issues</p>	

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	<p>concerning the pension scheme.</p> <p>The Committee expressed thanks to David Fishman for his contribution to the Pensions Committee in the past year.</p>	
PRPP10.	<p>CLOSE</p> <p>The Chair thanked Councillors, officers and more than 100 members of the Pension Fund for attending.</p> <p>The meeting closed at 18:45 hrs.</p>	

COUNCILLOR CATHERINE HARRIS
CHAIR