



Haringey Council

NOTICE OF MEETING

Pension Fund AGM 2009

THURSDAY, 23RD JULY, 2009 at 17:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors C. Harris (Chair), Thompson (Vice-Chair), Beacham, B. Harris, Mallett, Wilson and Winskill

IN ATTENDANCE: David Fishman, Howard Jones, Roger Melling and Earl Ramharacksingh

AGENDA

1. **WELCOME BY CLLR CATHERINE HARRIS, CHAIR OF PENSIONS COMMITTEE**
2. **GUEST SPEAKER - TERRY CROSSLEY, HEAD OF PENSIONS DCLG**
3. **START OF FORMAL BUSINESS BY CLLR CATHERINE HARRIS, CHAIR OF PENSIONS COMMITTEE**
4. **APOLOGIES FOR ABSENCE**

To note apologies for absence.

5. 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.

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

To consider the minutes of the previous Pension Fund AGM, held on 24 July 2008, for approval and signing.

7. THE ANNUAL REPORT (PAGES 7 - 10)

Presented by Cllr Catherine Harris, Chair of Pensions Committee.

8. REPORT ON THE PENSION FUND ACCOUNTS FOR YEAR END 31ST MARCH 2009

Presentation by Gerald Almeroth, Chief Financial Officer.

9. BALLOT FOR PENSIONER MEMBER REPRESENTATIVE

10. CLOSE

Yuniea Semambo
Head of Local Democracy and Member Services
5th Floor
River Park House
225 High Road
Wood Green
London N22 8HQ

Helen Jones
Principal Committee Coordinator
Tel: 020 8489 2615
Fax: 020 8489 2660
Email: Helen.jones@haringey.gov.uk

Wednesday, 15 July 2009

MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 24 JULY 2008

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

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 Committee during 2007/08, including the approval of the Statement of</p>	

MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 24 JULY 2008

	<p>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>	
PRPP21.	<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>	
PRPP22.	<p>THE PENSION FUND ANNUAL REPORT 2008</p> <p>The Annual Report was presented and was approved by the meeting.</p>	
PRPP23.	<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>	

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

	<ul style="list-style-type: none"> • 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; <p>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.</p> <p>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.</p> <p>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.</p>	
<p>PRPP24.</p>	<p>REPORT ON THE FUND VALUATION AT 31 MARCH 2007</p> <p>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.</p> <p>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.</p> <p>The Chair invited questions from members of the Pension Fund.</p> <p>Mr Almeroth was asked whether it was proposed to invest in China, as this was a potential growth market. Mr Almeroth responded that the global investment strategy had been reviewed, and that 6% was</p>	

MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 24 JULY 2008

	<p>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 mortgage situation 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> <p>On behalf of the members and trustees, the Chair thanked Ms Pocock for her valuable presentation.</p>	

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

<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> <p>NOTED</p>	

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

COUNCILLOR GMMH RAHMAN KHAN

Chair

Annual Report

2009

Introduction from the Chair of Pensions Committee, Cllr Catherine Harris

I have recently been elected as Chair of Pensions Committee from the start of the 2009/10 Municipal Year and look forward to meeting the challenges ahead. I would like to thank Cllr Gmmh Rahman Khan for his hard work over many years as the previous Chair of the Committee.



In the year ending 31 March 2009 the council continued to improve the administration and management of Haringey's Pension Fund.

Unfortunately we saw a decrease in the market value of Fund investments in absolute terms over the year ending 31 March 2009 by 21.6 per cent (approximately 2.3 per cent below benchmark).

There has been much volatility in the market due to credit issues that have arisen and are linked to the sub prime mortgage market in the USA leading to an impact on the financial sector and stock markets globally. This has impacted upon the performance of the Fund's portfolio. The council are monitoring the position carefully.

Pensions Committee on 30 April 2009 agreed to cease using one of the council's Fund Managers, Alliance Bernstein, due to under-performance and to move the UK and Global equities managed to the new passive manager, Legal and General (L&G), pending completion of a tendering exercise to appoint a new active Fund Manager. Transfer of assets to L&G is taking place in the second half of June 2009.

The level of funding as a whole for the fund was 77.7 per cent as at end of March 2007 at the last triennial actuarial valuation. The level of funding is determined as part of independent actuarial valuations of the fund. The interim actuarial valuation as at 31 March 2009 shows that the funding level has reduced to 53 per cent (58 per cent as at 8 May 2009). This decrease is largely due to investment performance being lower than expectations due to stock market volatility.

Pensions Committee continues to monitor the performance and administration of the Fund closely with the advice of the external adviser and the

independent advisor, subject to the overall advice of the council's Chief Financial Officer.

As part of the Pension Fund's governance arrangements, a pensioner representative was elected to attend Pensions Committee at last years AGM and it is anticipated that a new representative will be agreed for the forthcoming year at the next AGM on 23 July 2009. In addition a representative for Admitted and Scheduled Bodies was also agreed last year with annual nominations by the bodies.

Pensions Committee continued to closely monitor the Fund's approved investment strategy and performance of Fund Managers during the year. Trustees have recently introduced an active asset allocation rebalancing strategy on a quarterly basis in between the full reviews of investment strategy every three years. The next full review of investment strategy is as at March 2010.

Pensions Committee undertook a tendering exercise to market test the actuarial and investment advisors last year. The outcomes were that Hymans Robertson continue to provide actuarial services and Hewitt's were appointed as the Fund's new investment advisors from 1 August 2008. The council are reviewing custody fees from April 2009 with the objective of further reducing average administration costs per scheme member.

The new Municipal Year starts with four new Trustees on the Committee. The council are committed to further improve pensions administration where possible.

The New Look Pension Scheme has been in place since April 2008, and a revised scheme booklet was issued to all members in June 2008. Members also received Pensions Bulletin 17 which outlined the new three tier ill-health retirement rules.

Finally I wish to thank Trustees, Officers and Stakeholders for their input to date in the management of the Fund

Cllr Catherine Harris

Pensions Committee**Members as at 31/3/09**

Cllr Gmmh Rahman Khan (Chair)

Cllr Sheikh G I Thompson

Cllr C Adje

Cllr D Basu

Cllr T Mallett (until 19 May 2008)

Cllr R Aitken (until 19 May 2008)

Cllr D Beacham

Cllr E Butcher

Cllr R Wilson

D Fishman (Pensioner representative)

R Melling (Employee representative)

E Ramharacksing (Admitted & Scheduled Bodies representative)

Fund Managers

Alliance Bernstein

Capital International

Fidelity

ING

Pantheon

Master Custodian

Northern Trust

Actuary

Hymans Robertson

Investment consultants

Hymans Robertson (until 31 July 2008)

Hewitts (From 1 August 2008)

Bankers

Royal Bank of Scotland

AVC Providers

Equitable Life Assurance Society

Prudential Assurance

Clerical and Medical

Legal Advisors

John Suddaby

Head of Legal Services

Scheme Administrator

Gerald Almeroth

Chief Financial Officer

Independent Auditors

Grant Thornton UK LLP

**FOR A LARGE BRAILLE OR
TRANSLATED COPY OF THIS REPORT
PLEASE RING 020 8489 5916**

Pension Fund Account Summary

	2008/09 (£M)	2007/08 (£M)
Employee contributions	10.258	8.788
Employer contributions	33.981	32.544
Transfer values received (where staff change employers)	2.562	5.418
Investment income	18.142	17.772
Other Income	-	0.005
Total income	64.943	64.527
Pensions and other benefits	28.846	26.696
Transfer values paid	6.603	4.471
Investment management expenses	3.541	2.605
Other expenses	0.682	0.608
Total expenditure	39.672	34.380
Surplus for investment	25.271	30.147
Movement of funds		
Opening net assets	605.103	620.039
Surplus for investment	25.271	30.147
Increase/decrease (-) in value of assets	(142.861)	(45.083)
Closing net assets	487.513	605.103

Where Fund is invested

	%
United Kingdom	58.8
Europe	14.4
USA and Canada	13.9
Japan	6.1
Other	6.8

Fund Membership

	31/3/08	31/3/09
Actives	6,954	6,820
Pensioners	4,670	4,770
Dependants	987	1,001
Deferred	5,487	6,122

Top Ten Shares

Security	Percentage of Equities	Market Value £'000
1. Shell	3.1	8,733
2. BP	3.1	8,654
3. Vodafone	2.7	7,206
4. Glaxosmithkline	2.0	5,680
5. HSBC	1.7	4,676
6. Astrazeneca	1.4	3,959
7. BHP Billiton	0.9	2,625
8. Roche Holdings	0.9	2,482
9. Tesco	0.9	2,371
10. Aviva	0.8	2,307

Market Value of Investments as at 31.03.2009

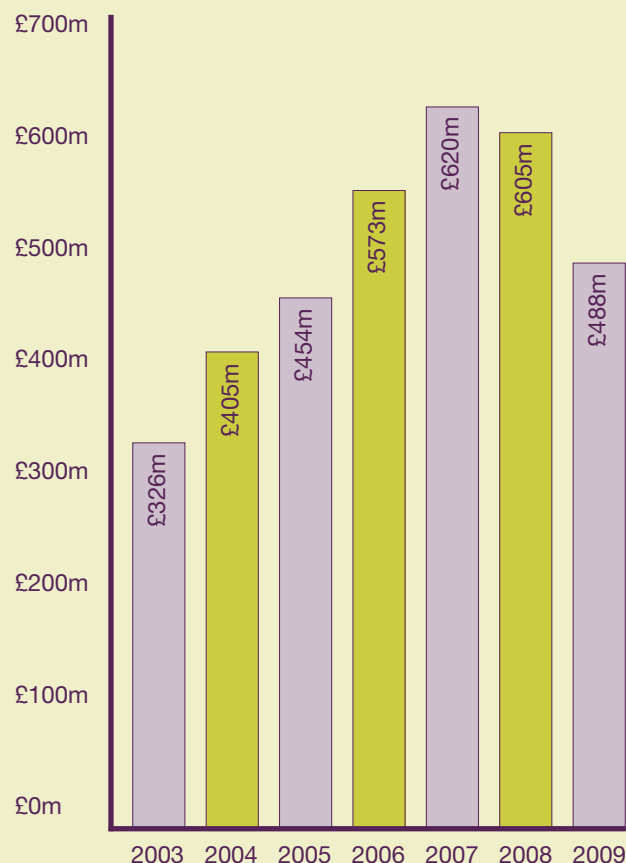
	Percentage of Fund	Market Value £'000
U.K. Equities	18.2	87,800
Overseas Equities	17.3	83,366
OEIC's	33.7	162,561
Fixed Interest Securities	3.9	18,665
Pooled Investments	16.8	80,952
Index Linked Securities	3.0	14,273
Cash	6.6	31,852
Other	0.5	2,822
Totals	100	482,291

Performance Indicators 2008/09

Retirement Benefits	Target met
Target (5 Days)	96.50%
Death Benefits	
Target (5 days)	90.86%
Starters	
Target (10 days)	88.79%
Transfers In and Out	
Target (15 days)	94.23%

Employing Bodies

Alexandra Palace Trading Company
 College of North East London
 Enterprise Ltd
 Fortismere School
 Greig City Academy
 Haringey Age Concern
 Haringey Citizens Advice Bureau
 Haringey Council
 Homes for Haringey
 John Loughborough School
 Mittie Ltd
 One Complete Solution Ltd
 RM Education Ltd
 TLC Ltd
 Urban Futures (London) Ltd

Movement of Fund**Net assets of Fund**

Sustaining The LGPS The Cost Sharing Mechanism

Public Sector pensions schemes are under attack in the press and on television.

The burden falling on the taxpayer with reports of mounting costs are at the heart of this debate. This is contrasted with the closing of final salary schemes in the private sector and the loss of pension rights for staff.

In response to these concerns and recognising the changes in life expectancy and work patterns within the workforce, the government responded by introducing a new set of rules for the LGPS which came into effect in April 2008.

The changes in the New Look LGPS have been widely publicised and active members who joined the scheme before July 2008 were issued with an updated scheme booklet.

One of the recent changes introduced is the Cost Sharing Mechanism which allows increases in pension fund costs to be shared between the scheme members and the employers.

The guest speaker at this years AGM is Terry Crossley who is the top advisor to government ministers on public sector pensions. This is therefore an opportunity to hear first hand how cost sharing will work and how the LGPS can be sustained in the years ahead.

Additional Voluntary Contributions (AVCs)

The LGPS provides for an in-house AVC scheme which Haringey Council administers through Prudential Assurance and Clerical & Medical. In the coming months you will be receiving information about the in-house AVC scheme. We are working with the Prudential and with Clerical & Medical to raise the profile of the scheme. For more information about in-house AVCs log onto www.lgps.org.uk or contact the Pensions Team. (see contact details below)

New Legislation 2008/09

Summary details of new scheme regulations are published on the Pensions web page (and on the Pensions page of Harinet (see below).

Early retirement age changes from 50 to 55 from 31st March 2010

From 31st March 2010 the earliest age from which retirement benefits can be put into payment rises from 50 to 55. This does not apply to active members retired on medical grounds or to members who left with deferred benefits before 6th April 2006.

AGM Agenda

- Welcome by Chair of Pensions Committee
- Guest Speaker Terry Crossley
Sustaining the Local Government Pension Scheme. How will Sharing Pension Costs Affect Your Pension?
- Minutes of the last AGM (approval and signing).
- The Annual Report (Chair of Pensions Committee)
- Report on the Pension Fund Accounts for year 2008/09 by Gerald Almeroth, Chief Financial Officer
- Ballot for Pensioner Member Representative
- Close by Chair of Pensions Committee Start 5:30pm
A sandwich buffet will be available on arrival (from 5:00pm)
Civic Centre, Council Chamber N22 8LE
Date 23 July 2009

Pension Officers will be in attendance from 4:30pm and for half an hour after the meeting ends to deal with LGPS pension queries that you may have.

Contact:

Phone: Pension Team 020 8489 5916

Office: Write to Pensions Team, Alexandra House, 10 Station Road, London N22 7TR

Email: Pensions.mailbox@haringey.gov.uk

Web Page: www.haringey.gov.uk/pensionfund

Harinet: Personnel > Pay and Pensions > Local Government Pension Scheme