

**MINUTES OF THE PENSIONS COMMITTEE  
THURSDAY, 28 JANUARY 2010**

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

Apologies Councillors Beacham and Cooke

Also Present: David Corran, Howard Jones, Roger Melling and Earl Ramharacksingh

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>PRPP141.</b>	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were received from Cllrs Beacham and Cooke.</p>	
<b>PRPP142.</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no new items of urgent business.</p>	
<b>PRPP143.</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Cllr Mallett declared a personal interest as a contributing member of the Haringey Pension Scheme.</p> <p>David Corran declared a personal interest as a pensioner member of the Haringey Pension Scheme.</p> <p>Roger Melling declared a personal interest as a pensioner member of the Haringey Pension Scheme.</p> <p>Cllr Winskill declared a personal interest as a contributing member of the Haringey Pension Scheme.</p> <p>Cllr Thompson declared a personal interest as a contributing member of the Haringey Pension Scheme and as having attended training events at which he had received hospitality from some of the Fund Managers.</p> <p>Cllr Harris declared a personal interest as a contributing member of the Haringey Pension Scheme and as having attended training events at which Fund Managers had been present.</p>	
<b>PRPP144.</b>	<p><b>MINUTES</b></p> <p>It was noted that, in response to a request by the Committee at the previous meeting, Pantheon had produced a report on companies in which they invested and legal clearance was awaited for this to be presented at the next meeting of the Committee.</p> <p>In response to a question from the Committee, the Chief Financial Officer reported that no urgent adjustments had been required to the</p>	

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	<p>corporate bond allocation since the previous meeting.</p> <p><b>RESOLVED</b></p> <p>That the unrestricted minutes of the meeting held on 1 December 2009 be approved and signed by the Chair.</p>	
<p><b>PRPP145.</b></p>	<p><b>GOVERNANCE OPTIONS REGARDING MONITORING OF FUND MANAGERS AND BUSINESS TIMETABLE FOR 2010/11</b></p> <p>The Chief Financial Officer presented a report on governance options regarding the monitoring of Fund Managers and a business timetable for 2010/11. An options report had been considered by the Committee in October 2008, and it had been felt at that time that a re-focusing of the existing Committee structure to enable more time to be spent on consideration of strategic issues would be the most appropriate model. As a result of the financial climate at the time, however, the Committee had felt it was important for the fund managers to attend the Committee on a regular basis in order for monitoring of fund performance. It was reported that as the economic situation was beginning to stabilise, it was appropriate to bring the options back to the Committee for further consideration.</p> <p>An appendix to the report gave an indication of the matters for consideration at Pensions Committee meetings throughout the year. It was proposed that fund managers attend two meetings per year, and that the Committee would have the ability to call in any of the fund managers to any meeting if there were issues of concern for discussion. The Chief Financial Officer confirmed that officers would continue to meet with each of the fund managers on a quarterly basis, and advised that Hewitt's quarterly asset allocation report would provide Members with an opportunity to discuss general market issues.</p> <p>The Committee requested that all fund managers be required to address the Committee in jargon-free, plain English and also that the paperwork supplied to the Committee by fund managers be reviewed, with a view to the information being simplified. In response to a question from the Committee, it was confirmed that fund managers were provided with a template to produce the grids, and that they then supplied additional information in the form of brochures. It was suggested that the fund managers could be asked to supply no more than four pages of information, specifically relating to the Haringey portfolio, in addition to the grids, rather than the full brochures. The Chief Financial Officer agreed that the fund managers could be asked whether they could provide less information, and in a simplified format.</p> <p>Cllr Thompson suggested that the Committee seriously consider the option of establishing a sub-committee to monitor fund manager performance. In response to a question from the Committee regarding what the role of a sub committee would be, the Chief Financial Officer reported that they would meet with the fund managers on a quarterly basis, along with officers, and would then produce a report to the full Committee.</p>	

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	<p>A vote on the options presented in the report was moved and on a vote of three for option 1, refocusing of the existing structure and one for option 2, the introduction of a sub-committee, it was:</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the option of a refocus of the existing structure be adopted and that the proposed business timetable for 2010/11 be agreed.</li> <li>ii) That fund managers be asked to provide less general documentation for the Committee and that the information provided pertain directly to the Haringey portfolio and that fund managers be asked to address the Committee in jargon-free, plain English.</li> <li>iii) That the changes agreed above would enable the Committee to focus on a more strategic view of the Fund and to fulfil their fiduciary duties as Trustees.</li> </ul> <p>Howard Jones, Independent Investment Advisor to Trustees, stated that strategic asset allocation accounted for more than 90% of fund performance, and that less than 10% of fund performance was as a result of individual stock selection by managers. It was noted that the Committee at present spent more time considering individual manager performance than asset allocation, and Mr Jones agreed that the Committee should spend less time seeing fund managers and should use this additional time for consideration of strategic issues. It was felt that the quarterly reports by Hewitt on asset allocation were a move in the right direction and that the Committee should do more of this kind of work, and should also consider seeking advice from other financial experts in order to inform their decisions on asset allocation issues. Howard also suggested that consideration should be given in the future to move more funds into passive management, the active management fees saved as a result be used to seek the advice of other investment experts.</p> <p>The Chief Financial Officer noted that while small adjustments to the investment strategy were being considered by the Committee on a quarterly basis, it would soon be necessary to review the investment strategy as a whole and to consider other investment strategy models.</p>	
<p><b>PRPP146.</b></p>	<p><b>SECURITIES LENDING</b></p> <p>The Chief Financial Officer presented a report on the introduction of a securities lending programme in order to mitigate the overall costs associated with the provision of custodial services. At the previous meeting of the Committee, Members had discussed a proposal by Hewitt that stock lending be introduced and had asked for a further report on this issue from officers. As requested by the Committee, this report considered the benefits and risks associated with stock lending, how the</p>	

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	<p>risks could be mitigated and the number of other local authorities who were participating in stock lending. It was reported that 7 of the 33 London Boroughs participated in stock lending.</p> <p>The report found that stock lending could potentially benefit the Fund by around £80k. Significant mitigation of the associated risk was possible, but that it was not possible to eliminate all of the risk to the capital lent. Concerns were also raised regarding the issue of voting rights. The report concluded that stock lending not be entered into at this time.</p> <p>In response to a question from the Committee, Colin Duck, Corporate Finance, gave an explanation of market liquidity. Members expressed concern that the Committee would have no control over the nature of any collateral received as part of stock lending. It was reported that to minimise risk, the Fund would seek only government paper stocks as collateral but that as a result it would not be possible to obtain more than 105%; this would make the Fund vulnerable to any falls in value of more than 5%.</p> <p><b>RESOLVED</b></p> <p>That a securities lending programme would not be introduced as a means of mitigating the overall costs of custody provision.</p>	
<p><b>PRPP147.</b></p>	<p><b>NEW ITEMS OF UNRESTRICTED URGENT BUSINESS</b></p> <p>There were no new items of unrestricted urgent business.</p>	
<p><b>PRPP148.</b></p>	<p><b>EXCLUSION OF PRESS AND PUBLIC</b></p> <p><b>RESOLVED</b></p> <p>That the press and public be excluded.</p>	
<p><b>PRPP149.</b></p>	<p><b>EXEMPT MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the exempt minutes of the meeting held on 1 December 2010 be approved and signed by the Chair, subject to the Chair being added to the list of apologies.</p> <p>The Committee discussed matters arising from the minutes and it was:</p> <p><b>RESOLVED</b></p> <p>That declarations of interest and contextual information be obtained in relation to all advice provided to the Committee, that all advisers attending Committee meetings be briefed in advance by officers in respect of the requirements to provide declarations of interest and that these be recorded in the minutes of the meetings.</p>	

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<b>PRPP150.</b>	<b>NEW EXEMPT ITEMS OF URGENT BUSINESS</b>  There were no new exempt items of urgent business.  The meeting closed at 19:55hrs.	
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COUNCILLOR CATHERINE HARRIS

Chair