

**UNRESTRICTED MINUTES OF THE PENSIONS COMMITTEE  
THURSDAY, 15 APRIL 2010**

Councillors C. Harris (Chair), Mallett and Winskill

Apologies Councillors Beacham, Jones and Whyte

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

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>PRPP151</b>	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were received from Councillor Beacham, Councillor Jones and Councillor Whyte.</p>	
<b>PRPP152</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no new items of urgent business.</p>	
<b>PRPP153</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Cllr Winskill 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>Cllr Mallett declared a personal interest as a contributing member of the Haringey Pension Scheme.</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>PRPP154</b>	<p><b>MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That, subject to the correction of two typographic errors under Declarations of Interest, the unrestricted minutes of the meeting held on 28 January 2010 be approved and signed by the Chair.</p>	
<b>PRPP155</b>	<p><b>FUND ADMINISTRATION UPDATE</b></p> <p>Steve Davies, Head of Human Resources, presented the Fund Administration update.</p> <p>Members were advised that regulations now permitted members with a nominated co-habiting partner to purchase pre April 1988 membership to</p>	

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increase a survivors pension. The Committee was asked to approve the recommendation that the medical declaration required to purchase added membership under Regulation 14 of the LGPS (Benefit Membership and Contributions) Regulations 2007 (as amended) be extended to payment of Additional Survivor Benefit Contributions under Regulation 14A of those regulations. In response to a question from the Committee regarding whether everyone was required to provide a report from a medical practitioner, it was reported that this was required from those who had been seen by a medical practitioner within the previous 12 months. The Committee suggested that it would be fairer to require that everyone applying to purchase additional membership provide a medical report.

In response to a question from the Committee regarding whether the proposed approach was compliant with the Disability Discrimination Act, Mr Davies advised that the Council was required to make reasonable adjustments for any person with a disability, and that people would not necessarily be precluded from purchasing additional membership. It was suggested that the policy wording be revised for clarification of what would happen in the event that someone were to declare a pre-existing medical condition, and the criteria on which any decision regarding the acceptance or refusal of an application would be based. Mr Davies agreed that the wording of the policy could be reviewed for clarification regarding this issue.

The Committee asked whether there might be any wider implications for members of the scheme as a result of making a medical declaration as part of their application. It was reported that this would depend on the nature of the declaration, however all such information would be subject to medical privilege.

In response to a question from the Committee regarding whether there would be a time limit for when an investigation would be carried out in the event that a member died after purchasing additional membership, it was reported that this would depend on the circumstances. Each case would be assessed on its own merits as to whether an investigation was necessary.

**RESOLVED**

i) That the Administration Report be noted.

ii) That the medical declaration required to purchase added membership under Regulation 14 of the LGPS (Benefit Membership and Contributions) Regulations 2007 (as amended) be extended to payment of Additional Survivor Benefit Contributions under Regulation 14A of those regulations, with a report from a medical professional to confirm the content of the medical declaration being required from all those applying to purchase added membership.

iii) That the wording of the policy be revised for clarity as to what would happen in the event of a pre-existing medical condition being disclosed

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	<p>by an applicant, and the criteria on which any decision to refuse or accept an application would be made in the event of a pre-existing medical condition being disclosed.</p>	
<p><b>PRPP156</b></p>	<p><b>FUND PERFORMANCE UPDATE</b></p> <p>The Committee considered the report on Fund Performance.</p> <p>The Committee asked how the information that annualised performance of the Fund had declined in absolute terms up to December 2009 tallied with the statement that markets had risen significantly in the past period. It was reported that the decline in performance related to the performance of the Fund since its inception, whereas the rise in the markets only related to the previous quarter.</p> <p>In response to a question from the Committee regarding comparison of the Haringey Fund performance with other London boroughs, it was reported that generally Haringey fell within the 70<sup>th</sup> percentile but that the performance statistics did not reflect like for like comparison. It was emphasised that while there could be volatility in the short term, it was necessary to focus on long term Fund performance.</p> <p>The Chair advised that issues around costs and fees would be looked at as part of the forthcoming strategic investment review and that it was important to acknowledge that these represented calls on the Fund.</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the Fund performance position as at end of December 2009 be noted.</li> <li>ii) That responsible investments information provided be noted.</li> <li>iii) That the budget management position to the end of February 2010 (period 11) be noted.</li> </ul>	
<p><b>PRPP157</b></p>	<p><b>ATTENDANCE BY FUND MANAGER</b></p> <p>The Committee received a presentation from the Fund Manager Capital, as follows:</p> <p><b>CAPITAL</b></p> <p>Fund performance for the equity mandate was 0.14% above the benchmark and 0.36% below the target in the previous quarter, and 1.6% below the benchmark and 3.6% below the target in annualised terms in the 33 month period to the end of December 2009.</p> <p>Fund performance for the fixed income mandate was 0.43% above the benchmark and 0.18% above the target in the previous quarter, and 0.75% below the benchmark and 1.75% below the target in annualised terms in the 33 month period to the end of December 2009.</p>	

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	<p>Capital explained the reasons for current performance and answered questions from Trustees. In response to a question from the Committee regarding the fees charged by Capital, it was agreed that this information would be provided to officers for circulation to all members of the Committee.</p> <p><b>RESOLVED</b></p> <p>That the presentation and answers to questions given by Capital be noted.</p>	
<p><b>PRPP158.</b></p>	<p><b>QUARTERLY ASSET ALLOCATION REPORT</b></p> <p>Roger Melling left the meeting at 20:30hrs.</p> <p>Emily McGuire of Hewitt presented the report on the fund's asset allocation position. The aim of the quarterly review was to identify areas where small changes could be made to the fund's asset allocation position in order to maximise the value of the fund between three-yearly strategic investment reviews.</p> <p>The report anticipated that there would be a decline in the value of fixed income assets, and advised a reduction in gilts and corporate bonds, to be held in cash in the short term, until the time of the strategic investment review. The report also recommended an increase in property, although it was recognised that the property manager would need to identify suitable opportunities for investment in order to implement this.</p> <p>In response to questions from the Committee regarding inflation and interest rates, it was reported that Hewitt expected that interest rates would rise in the second half of the year and that there were concerns regarding inflation.</p> <p>Ms McGuire advised that the adjustment proposed was intended to protect the fund's capital from any further shock to the financial market. In relation to the strategic investment review, it was reported that Hewitt would look for capital protection and real returns as outcomes. The strategic investment review would also provide an opportunity to review the structure of the fund's investments, and it was suggested that there would be benefit in providing fund managers with increased flexibility.</p> <p>In response to a question from the independent investment advisor, Howard Jones, Ms McGuire confirmed that Hewitt would recommend the reduction in gilts and corporate bonds whether or not any opportunities for investment in property arose. It was proposed that the amount reduced be held in cash in anticipation of opportunities for investment in property, although it was acknowledged that the fund's property manager may not be in a position to call down funds for investment as quickly as hoped.</p>	

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	<p>The Committee asked on what basis Hewitt were recommending that property offered good value, in response to which it was reported that capital values in commercial properties had decreased to a low level and that, where investments could be identified with secured tenancy, these could offer good value opportunities for investment. It was reported that property was an asset class that was performing well and that, if the fund were to remain significantly underweight in this asset class, overall fund performance would be affected negatively.</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That gilts be reduced by 2.0%, index-linked gilts by 0.3% and corporate bonds by 2.4%, to be held in cash for the short term.</li> <li>ii) That the underweight position in property be closed once opportunities are identified by the property manager for investment, up to the benchmark weighting.</li> </ul>	
<p><b>PRPP159.</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>PRPP160.</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>PRPP161.</b></p>	<p><b>EXEMPT MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the exempt minutes of the meeting held on 28 January 2010 be approved and signed by the Chair.</p>	
<p><b>PRPP162.</b></p>	<p><b>PRIVATE EQUITY - UNDERLYING INVESTMENTS</b></p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
<p><b>PRPP163.</b></p>	<p><b>NEW ITEMS OF EXEMPT URGENT BUSINESS</b></p> <p>There were no new items of exempt urgent business.</p> <p>The meeting closed at 21:20hrs.</p>	