

**MINUTES OF THE PENSIONS COMMITTEE
THURSDAY, 29 JANUARY 2009**

Councillors Rahman Khan (Chair), Beacham, Basu, Butcher, Thompson, Wilson, Howard Jones and Melling

Apologies Councillor Adje, David Fishman and Earl Ramharacksingh

Also Present Howard Jones (Independent Financial Adviser) and Roger Melling.

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP64.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Councillor Adje, David Fishman and Earl Ramharacksingh.</p>	
PRPP65.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
PRPP66.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Basu declared a personal interest as a member of the Haringey Pension Scheme.</p> <p>Cllr Rahman Khan declared a personal interest, being a member of the Haringey Pension Scheme, as well as from time to time attending training events, conferences / seminars etc, at which some of the Fund Managers, the Custodian, investment adviser or actuary may have contributed directly or indirectly.</p> <p>Cllr Wilson declared a personal interest in respect of his employment by the National Association of Pension Funds.</p>	
PRPP67.	<p>UNRESTRICTED MINUTES</p> <p>RESOLVED</p> <p>That the unrestricted minutes of the meeting held on 1 December 2009 be agreed and signed by the Chair.</p>	
PRPP68.	<p>UPDATE ON ASSET ALLOCATION ISSUES</p> <p>By way of introduction, the Chair emphasised the importance for all Trustees of maintaining a long-term view of the Pension Fund but also of</p>	

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the need of being aware of fluctuations in the value of the assets in the shorter-term for taking immediate action, if any. It was noted that this was a complex task which required care and expertise.

The Committee received a report from the Chief Financial Officer, followed by a presentation by David Crum and David Hager of Hewitt on asset allocation, and the risks and benefits of the options available. Hewitt recommended that the Committee look further into the possibility of adopting an active asset allocation rebalancing strategy. This would help the Committee to discharge its duties, particularly in the current unprecedented market conditions.

In response to questions from the Committee about the mechanisms involved, it was reported that the current asset allocation position would be reported to the Committee on a quarterly basis and that all asset allocation decisions would be made by the Committee for implementation via the passive manager, with advice being provided by the investment advisers, independent adviser and officers.

The Committee asked about how the proposals for managing asset allocation would relate to the work of the Fund Managers. Hewitt reported that the Fund Managers focused on specific portfolios and did not look at asset allocation issues; the proposed approach would be to look at asset allocation issues across the Fund.

In response to concerns raised regarding the effect of such an approach on the transparency of the process, it was suggested that reporting on the current asset holdings against the strategic level on a quarterly basis and assessing whether any adjustments needed to be made would increase transparency. This would introduce a mechanism for reviewing asset allocation regularly and addressing any imbalances against the original strategy in light of market conditions, at present there was no opportunity to address these issues.

The independent financial adviser emphasised that an asset allocation rebalancing strategy would increase the range of options and the number of opportunities for the Committee to take action, and that the Committee could then take decisions on a regular basis about whether they wished to make any changes to the asset allocation. This would offer Trustees greater flexibility in responding to market conditions.

Concerns were expressed regarding any move towards more active management of the Fund, and it was suggested that caution be exercised. Committee members requested further information on the risks and additional costs associated with any strategy for managing asset allocation in the medium term, before a final decision could be made. In terms of costs, Hewitt and the Chief Financial Officer reported that a competitive process could be used to identify the service provider with best value. Costs incurred by adopting such a strategy should be offset by improvements in the returns.

The Chief Financial Officer reported that, if the Committee was minded

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	<p>to explore the proposed course of action further, a more detailed paper would be presented at the next Committee meeting.</p> <p>The Chair reported that he felt that the proposed approach offered a structure for addressing variances against the strategy and 'course correction' for the Pension Fund. The Chair emphasised that it was important for the Trustees to scrutinise any potential costs associated with medium term asset allocation, and requested that the contract for investment advice be examined to ascertain whether the service could be provided under the terms of the existing contract without any additional cost in respect of advice from the new Investment Advisor.</p> <p>Taking into account the comments made in the discussion and, on the basis of the approach proposed by the Chair and Chief Financial officer and agreed by the Chair it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That a report be brought to the Pensions Committee giving detailed proposals for an asset allocation rebalancing strategy including costs. ii) That, regarding the additional costs, the entire process for the appointment of the new Investment Advisor, including the cost, be rigorously examined from all angles. 	
<p>PRPP69.</p>	<p>ANY UNRESTRICTED ITEMS OF URGENT BUSINESS</p> <p>There were no items of unrestricted urgent business.</p>	
<p>PRPP70.</p>	<p>EXCLUSION OF PUBLIC AND PRESS</p> <p>RESOLVED</p> <p>That the public and press be excluded from the meeting for consideration of item 8 as it contains exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); namely information relating to the business or financial affairs of any particular person (including the authority holding that information).</p>	
<p>PRPP71.</p>	<p>EXEMPT MINUTES</p> <p>RESOLVED</p> <p>That the exempt minutes of the meeting held on 1 December 2008 be agreed and signed by the Chair.</p>	

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PRPP72.	ANY EXEMPT ITEMS OF URGENT BUSINESS There were no exempt items of urgent business. The meeting closed at 20:05 hrs.	
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COUNCILLOR GMMH RAHMAN KHAN
Chair