

## 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

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## 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
<b>Total income</b>	<b>64.943</b>	<b>64.527</b>
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
<b>Total expenditure</b>	<b>39.672</b>	<b>34.380</b>
<b>Surplus for investment</b>	<b>25.271</b>	<b>30.147</b>
<b>Movement of funds</b>		
Opening net assets	605.103	620.039
Surplus for investment	25.271	30.147
Increase/decrease (-) in value of assets	(142.861)	(45.083)
<b>Closing net assets</b>	<b>487.513</b>	<b>605.103</b>

## 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
<b>Totals</b>	<b>100</b>	<b>482,291</b>

## 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



## 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](http://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](mailto:Pensions.mailbox@haringey.gov.uk)

**Web Page:** [www.haringey.gov.uk/pensionfund](http://www.haringey.gov.uk/pensionfund)

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