

MINUTES OF A MEETING OF THE PENSIONS PANEL:
29th June 2006

Councillors: *GMMH Rahman Khan (Chair), *Bevan (Deputy Chair). *Basu, *Beacham, *Butcher, *Davies, Mallett and Wilson. [* Members present]

In attendance: Howard Jones (Advisor to Trustees), Bryan Chalmers (Actuary).

1. APOLOGIES FOR ABSENCE AND INTRODUCTION:

Apologies for absence were received from Cllrs Mallett and Wilson.

2. URGENT BUSINESS:

There were no items of urgent business.

3. DECLARATIONS OF INTEREST:

Those Trustees who were members of the Haringey LGPS declared their 'personal' interest as members of the Fund.

4. MINUTES:

The Minutes of the meeting held on 15th June 2006, being unavailable for the meeting, would be confirmed and signed at the next meeting.

5. INTERIM ACTUARIAL REVIEW AS AT 31 MARCH 2006

Bryan Chalmers, the Independent Actuary, presented the Interim Actuarial Review as at 31 March 2006.

There were three main income streams:

1. Investment Income (based on stock markets)
2. Contributions from employees (6% fixed)
3. Contributions from employers (variable-year by year)

whilst expenditure involved the benefits paid out; the objective was to balance income with expenditure to produce the funding level. The formal valuation took place in March 2004 and every three years; the interim valuation took place in March 2006.

The funding position for accrued benefits as at 31st March 2004 comprised

1. £405m assets
2. £587m accrued liabilities

Giving an employers' deficit on contributions of £182m, a funding level of 69%.

The 2004 valuation provided employers' common contribution rates (as a % of pay) for 12.8% as a future service rate and 10.1% for deficit recovery contributions (over 20 years). The funding update to 22nd May 2006 was given, being the estimated progression of funding level from 31st March 2004 to 22nd May 2006. This had increased and improved from 69% to 73%, on an ongoing basis and varied on a daily basis, but had resulted in an increase in deficit of £18m.

An analysis was presented on the fund surplus / deficit based upon experience of investment out-performance relative to expectation. A sensitivity matrix was shown

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demonstrating changes in fixed interest bond yields, versus funding levels. Investment performance had been strong, but the reduction in bond yields had increased liabilities and contribution rates.

Current topics considered included:

1. Abolition of rule of 85 (transition protection to 2016)
2. Civil partnerships
3. Commutation
4. New scheme fro 2008

RESOLVED:

That the Interim Actuarial Review as at 31 March 2006 be noted.

**6. PENSION FUND FINAL ACCOUNTS 2005/06 AND 2006/07 BUDGET
[- Report of Acting Director of Finance].**

The report set out the Pension's Fund financial statements for 2005/06 and budget for 2006/07. The financial statements for the Council, including the Pensions Fund, were also being reported to General Purposes Committee for approval. This met the statutory deadline for the financial statements to be approved by the end of June 2006, in line with the Whole of Government Accounts (WGA) and this was one month earlier than for 2004/05. The business plan would be presented to the Panel in due course.

RESOLVED:

That the Pension Fund final accounts for 2005/06 be approved and the 2006/07 budget noted, with the business plan to be received in due course.

7. ADMISSION AGREEMENT FOR ROCKLEY DENE HOMES LTD [- report of Acting Director of Finance and Head of Personnel].

This was a new admitted body, as Rockley Dene Homes Ltd was to take over former Haringey staff with a comparable pension package. There would be no separation of investment strategy, with liabilities and the cost of early retirement / redundancy being the responsibility of the admitted body. A bond would be put in place for early retirements. Only existing staff would be transferred, not new ones.

RESOLVED:

That the admission of Rokley Dene Homes Ltd be approved as a closed agreement to take effect from the transfer date. That a Bond be provided by the contractor no later then three months after the transfer date. That final approval be delegated to the Acting Director of Finance in consultation with the Chair of Pensions Panel.

It was noted that Council's actuary had set the employer contribution rate at 16.1%. Following the admission date, Rokley Dene Homes Ltd would pay the employer contribution rate as set by the actuary and the contractor would bear the responsibility

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of service accrued prior to the transfer, together with any capital cost of early retirement and if any excess contribution required exceeded 16.1% as a material impact. Due to the relative size of this employer and the number of members transferring, there would be no material impact on either the future service contribution rate or the deficit contributions expressed as a percentage of payroll for Haringey Council.

8. ADMISSION OF JOHN LOUGHBOROUGH SCHOOL.[– report of Acting Director of Finance and Head of Personnel].

John Loughborough is a voluntary aided school which had applied to participate in the Council's Pension Fund. The school cannot provide a guarantor for the Fund and as such, the actuary had recommended a contribution rate of 14.4%. This provided an additional 3% contribution as a cushion to protect the fund from any deficit that might materialise going forward. Admission would be by way of a statutory resolution in Council, agreeing to admit named employees or a class of employees to the scheme.

A Bond was not required for this type of agreement. Any actions taken that required payment of a capital cost would be recovered through the normal charging process. The long term liabilities would be covered by a guarantor or otherwise by the increased rate of employer contribution.

RESOLVED:

That the Council resolved to admit (following clear advice from officers that a bond was not required and in the event of any action requiring payment for a capital cost this would be recovered through normal charging process) to the Local Government Pension Scheme the nominated employees of John Loughborough School.

9. NEW ITEMS OF URGENT BUSINESS:

There were no New Items of Urgent Business.

10. EXCLUSION OF PRESS AND PUBLIC: The following item is likely to be the subject of a motion to exclude the press and public from the meeting as they contain 'exempt' information as defined in Section 100A of the Local Government Act 1972, namely that it contains terms proposed or to be proposed by or to the Authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

Signed.....

Date.....

**COUNCILLOR Gmmh RAHMAN KHAN
CHAIR.**

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