

**MINUTES OF THE PENSIONS COMMITTEE
TUESDAY, 29 JANUARY 2008**

PRESENT:

Councillors Rahman Khan (Chair), Mallett (Vice-Chair), Adje, Basu, Butcher and Wilson

Apologies Councillor Beacham, Howard Jones – Adviser to the Trustees

Also Present: Roger Melling – Designated Union representative

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP34.	<p>APOLOGIES FOR ABSENCE</p> <p>An apology for lateness were received on behalf of Councillor Adje, and for absence from Councillor Beacham.</p> <p>NOTED</p>	
PRPP35.	<p>URGENT BUSINESS:</p> <p>The Clerk advised that whilst there were no items of urgent business there were TABLED revised minutes which had some small amendments.</p> <p>NOTED</p>	
PRPP36.	<p>DECLARATIONS OF INTERESTS:</p> <p>Councillor Rahman Khan declared a personal interest in respect of his membership of the Haringey Pension Scheme. He also declared a personal interest in respect of his attendance for improving his required skills for the benefit of discharge of council duties at various forums/ trainings/ conferences, including the LGC where some of the fund Managers or agencies were sponsors.</p> <p>Councillor Mallett declared a personal interest in respect of her membership of the Haringey Pension Scheme. She also declared a personal interest in respect of her attendance at a training course facilitated by pension fund managers.</p> <p>Councillor Wilson declared a personal interest in respect of his employment at the Association of British Insurers.</p> <p>Councillor Butcher declared personal interests in respect of his membership of the Haringey Council Pension Fund, and also confirmed that this was the case for the previous meeting of the Pensions Committee however this had not been recorded then.</p>	

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	<p>NOTED</p>	
<p>PRPP37.</p>	<p>MINUTES:</p> <p>RESOLVED</p> <p>That the minutes of the meeting of the Audit Committee held on 4 December 2007 be signed as an accurate record of the proceedings.</p>	
<p>PRPP38.</p>	<p>TRIENNIAL ACTUARIAL VALUATION RESULTS AS AT 31 MARCH 2007 AND APPROVAL OF REVISED FUNDING STRATEGY STATEMENT:</p> <p>In a brief introduction of the circulated report the Chief Financial Officer Mr Almeroth - reported that the report set out the results of the triennial actuarial valuation as at 31 March 2007 which was for noting and the Authority's revised Funding Strategy Statement for approval. Mr Almeroth advised that the level of funding had increased from 69 per cent to 77.7 per cent as at the 2007 valuation (31 March 2007), but the Haringey Council part of the fund has a funding level of 75 per cent as at 31 March 2007.. Following the 2007 valuation, the Actuary had agreed that the Council's contribution rate could prudently remain at the 2007/08 rate of 22.9 per cent, although the Councils' funding level, being 75%, in stead of 77.7%. The Actuary will issue the required report on the triennial valuation shortly and the required rates and adjustments certificate for each admitted, scheduled body and for the Council by the end of March 2008. Mr Almeroth further advised that it was deemed to be the right time to revise the Funding Strategy Statement (FSS). The Authority had received advice from the Actuary and had also shared the revised Statement with Admitted Bodies, Scheduled Bodies and the Independent Advisor to Trustees for any comments.</p> <p>The Actuary – Mr Bryan Chalmers from Hymans Robertson gave a brief presentation as detailed within the circulated papers which highlighted the 2007 valuation.</p> <p>In thanking Mr Chalmers for his presentation, and in asking if there were any questions from the Committee, the Chair referred to the triennial assumptions and asked how could the Authority can be assured of the assumptions. The Chair also asked clarification as to whether the data supplied has been independently tested.</p> <p>In response Mr Chalmers advised that the assumptions were a best estimate of what may happen in the future. Mr Chalmers commented on the prudent assessment that had been made. The data supplied had been independently assessed and Hymans Robertson had no concerns on the data supplied. Mr Chalmers also commented on a number of points in relation to the 2004 fund and the assumptions and actual costs which had been reasonably accurate in their forecast.</p> <p>In response to further points of clarification Mr Chalmers commented that the fund assessment was based on a rolling programme period of</p>	

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20 years and it was a prediction that actual employees would outnumber the fund itself i.e. the number of pensioners claiming from the fund would outstrip the actual number of employees contributing, within the next 15/20 years. Mr Almeroth commented that the current workforce was relatively young with an average age of 40 years. In terms of the 2007 assumptions the 6.1% had continued to be used and this was a stable calculation. In response to further points of clarification Mr Almeroth advised that the assumptions would be revisited in a few years.

In respect of the effect of market conditions Mr Charlmers advised that in terms of asset returns – investment returns had been at 13.1% p.a. with 6.3% p.a. more than discount rate of 6.3% (20% in total). With regard to liabilities – real gilt yields were 1.8% p.a to 1.3% p.a with liabilities up by c.12% (no change in strategy) therefore overall no change in financial liabilities. In respect of Benefits changes (affecting valuation) the principal changes had been the rule of 85 re-introduced from April 2005, commutation from April 2006, and the rule of 85 being removed for new entrants from October 2006, for existing members from 1 April 2008 (with protections), Civil Partnerships, Anti-age discrimination changes, and Tax simplification. Mr Charlmers highlighted the actual implications together with the changes to ill health retirement, the contribution changes, and longevity and mortality changes/implications.

In thanking Mr Charlmers for his further update the Chair asked if there were any specific comments from the Committee.

The Committee briefly discussed the issues of variation and assumptions, and the issue of mortality. In response to points of clarification Mr Chalmers advised that the national assumptions had been specific adjustment for Haringey but the figures were based on the national figures. With regard to the higher ethnicity of workers within Haringey this was the case in terms of comparisons with other London Boroughs, and also that in mortality terms in other Boroughs retired employees were living a little longer. Mr Chalmers, in reference to the table which showed expectations of life, gave a brief explanation of expectations from 2007-2033 with a likely increase of 1 year for every 10 years retired which was a significant improvement. He also highlighted the issues of medical advancement and genetic investigations which would have a positive effect on life expectancy and that this may well have a higher call on the pension itself.

The Chair, in drawing the discussions to a close, commented that in terms of the recommendations before the Committee in terms of the triennial actual valuation he was satisfied with the assumptions as detailed in paras 7.2-7.8, and paragraph 8, noting the comments of the Head of Legal Services with regard to Regulation 77 of the LG Pension Scheme Regulations 1997 in terms of actuarial valuations being obtained. The Chair particularly referred to page 47 of the circulated report and commented in respect of the need for an additional report to the Committee in respect of compliance in respect of responsibilities in relation to each employer's ill-health retirements, financial, demographic, regulatory & governance risk, including the exercise of discretions within

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	<p>the regulatory framework ,initial disputes etc/ and monitoring of overall risks, in addition to the existing items in administration report.</p> <p>On a MOTION by the Chair it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none">i. that the results of the triennial actuarial valuation as at 31 March 2007 be noted; andii. that the revised Funding Strategy Statement be approved, andiii. officers be requested to report in each quarterly administration report the position re compliance in respect of responsibilities, in reference to each employer's ill health retirements, financial, demographic, regulatory & governance risks, including the exercise of discretions within the regulatory frameworks, initial disputes etc/and monitoring of overall risks, in addition to the existing items.	
<p>PRPP39. GOVERNANCE:</p>	<p>In a brief introduction of the report the Head of Finance (Budgets, Projects and Treasury) - Mr Hardy advised that the report before the Committee set out proposals to further improve the Pensions governance arrangements for the Authority by increasing representation at Pensions Committee to cover all stakeholders. The report also set out Haringey's first Governance Compliance Statement, required to be published by 1 March 2008. It was proposed that a revised Governance Compliance Statement would be published once all stakeholders were represented on this Committee.</p> <p>Mr Hardy further commented that the former Pensions Panel on 5 October 2006 considered draft proposals issued by DCLG for consultation purposes and agreed that the 'best practice model' be submitted to a future meeting of Pensions Committee.</p> <p>The principles were detailed in the circulated report and the recommendations sought approval to those governance arrangements as detailed. In relation to recommendations 2.2 & 2.3 it was recommended that the Committee seek clarification of those employees represented by Mr Melling and whether there was a need for an additional representative. The Committee expressed the need for a separate representative for pensioners.</p> <p>The Chair thanked Mr Hardy for his brief introduction and asked if there were any specific questions. Councillor Mallett pointed out that in page 81, appendix-2,point-5,b (i) the correct composition of the panel members- would be 4 majority members and 4 opposition members. Councillor Adje sought clarification on the position of the employees representative and that it should be the case that one</p>	

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representative was sufficient for all trade unions. Mr Melling commented that he had attempted to clarify this issue but as yet had been unable to do so, but he explained his position as CEJCC representative on this Committee representing all recognised unions. In light of the need to clarify this CEJCC may well need to meet to consider and agree on the representative issue.

Councillor Wilson commented that in respect of the Pensioner representative he sought clarification as to the requirements of the person, and whether there would be anyone willing to take on such a role. Councillor Butcher also clarified as to the actual level of interest shown in this respect, and his concerns that the position of both representatives required some clarification as to their rights on sitting on this Committee via voting and access to all documentation.

The Chair commented that the elected member trustees, appointed by the Council, their lawful responsibilities would be for the entire fund, vis-à-vis to all the employers and as such it would be proper for the committee to have representations from all stake-holder; it was only right and proper for the Committee to have a representative from the Pensioners – looking out for their interests etc, which could be selected/voted on prior to the commencement of the Pensions AGM. In terms of the employees representative it was the current view and perspective that the 1 representative was sufficiently covering all employees.

Councillor Adje felt that the position of the CEJCC representative needed to be discussed prior to the CEJCC meeting in April 2008. Also the representation by a pensioner representative was an important one and there needed to be a voice to allow for concerns/worries to be expressed.

In response to a number of the points raised by the Committee the Pensions fund Manager – Mr Benson advised that as a way forward the Committee could seek clarification on both areas of representation prior to the AGM in July 2008 and that the representation of both CEJCC and Pensioner be confirmed at the AGM.

Mr Melling also commented on the need for transparency and credible representation, and the need for access by lay representatives of all relevant papers as well as consideration of voting rights, in order for them to be able to be objective in their deliberations and being able to influence in terms of voting. A review of the existing/current arrangements was swiftly required in his view.

The Chair in drawing the discussions to a close felt that there was a need for the Committee, in considering its position with regard to i. the need for two representatives – one being for the Staff side, as currently, and also 1 pensioners representative, and ii. non voting

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rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year.

The Chair asked for a show of hands in favour of his proposal on the two representatives – one being for the Staff side, as currently, and also 1 pensioners' representative. There being 4 for, nil against and 2 abstentions the proposal was agreed.

The Chair asked for a show of hands in favour of his proposal on non voting rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year. There being 4 for, the Chair commented that he assumed that Members previously abstaining were voting in the same manner as previous and announced that the proposal was agreed.

Councillor Butcher responded that this was not a correct assumption and that he had expressed valid concerns in relation to the voting rights and representation issue. It was wholly unacceptable in respect assuming abstention on the second issue, and he stated whether it was the case that any comments or views were not taken account of during the discussion.

Councillor Adje commented that in his view there had not been a clear indication from Members as to how they were voting and therefore there had been an assumption on the part of the Chair in line with the previous vote. In light of the comments of Councillor Butcher he felt it appropriate that the vote be put again.

The Chair commented that he would seek a further vote.

The Chair asked for a show of hands in favour of his proposal on non voting rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year. There being 4 for, and 2 against, and nil abstentions the proposal was agreed.

In respect of the detailed recommendations the Chair asked the Committee if it were happy in relation to para 7.5 of the report - to the Overview and Scrutiny Committee scrutinising this Committee's performance and the Committee were in agreement to this.

Following clarification by Mr Melling of the time period in which the issue of equal access to Committee papers by lay representatives Councillor Adje commented that information supplied in the exempt part of the proceedings was as such commercially sensitive and that Members were bound by a code of ethics in terms of disclosure. The Chair commented that the voting rights of lay members would be examined within 1 calendar year.

There being no further points of clarification it was:

RESOLVED

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	<ul style="list-style-type: none"> i. That the revised governance proposals as set out in section 7 of the report be approved; ii. that staff be represented at Pensions Committee by 1 representative and admitted/scheduled bodies by 1 representative; iii. that 1 separate representative for pensioners at Pensions Committee be sought prior to the Pensions AGM in July 2008; iv. that approval be given to the Governance Compliance Statement be approved; v. That a revised Governance Compliance Statement be produced once all stakeholders were represented on this Committee; and vi. that the issue of voting rights of lay members be revisited by the Committee in approx 12 months. 	
<p>PRPP40.</p>	<p>TENDERING OF THE ACTUARIAL AND INVESTMENT ADVICE CONTRACTS - PROGRESS REPORT:</p> <p>In a brief introduction of the report the Head of Finance (Budgets, projects and Treasury) - Mr Hardy advised that the Pensions Panel on 26 March 2007 agreed that the provision of the actuarial and investment services contract be tendered from 1 June 2008 as two separate contracts to provide market testing and greater transparency. The report set out the timetable being worked to for tendering both contracts in accordance with the EU procurement process as it was now anticipate that over a three year period costs would exceed the OJEU limit of £139,893. Mr Hardy reported that it would be necessary to extend the current contract by two months because it would take longer than anticipated to tender the contracts.</p> <p>In response to clarification by the Chair the Chief Financial Officer – Mr Almeroth advised that it was necessary to do a short extension to the current contract with Hymans Robertson because it would take a little longer than anticipated to tender the new contracts. A review of the specifications and checking these against other London Borough’s was in the process of being conducted.</p> <p>At this point in the proceedings the Committee agreed to exclude the public and press in order to consider the contents of the exempt documentation in relation to this item.</p> <p>NOTED</p>	
<p>PRPP41.</p>	<p>ITEMS OF NEW URGENT BUSINESS:</p> <p>There were no items of urgent business.</p> <p>NOTED</p>	

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PRPP42.	DATE OF NEXT MEETING: 28 April 2008.	
PRPP43.	EXCLUSION OF THE PUBLIC AND PRESS: RESOLVED That the Public and Press be excluded from the proceedings for consideration of items that contain 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). SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS	
PRPP44.	TENDERING OF THE ACTUARIAL AND INVESTMENT ADVICE CONTRACTS - PROGRESS REPORT: AGREED RECOMENDATIONS	

COUNCILLOR GMMH RAHMAN KHAN

Chair