

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Committee Room 2 - Town Hall
24 July 2018 (7.00 - 8.49 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Melvin Wallace (Vice-Chair) and Matt Sutton
Residents' Group	Stephanie Nunn
Upminster & Cranham Residents' Group	Ron Ower
North Havering Residents Group	Martin Goode

The Chairman reminded Members of the action to be taken in an emergency.

52 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

An apology for absence was received from Councillor Stephanie Nunn. Councillor Ray Morgan substituted for Councillor Stephanie Nunn.

53 DISCLOSURE OF INTERESTS

There were no declarations made at the meeting.

54 MINUTES OF THE MEETING

The minutes of the meeting held on the 13 March 2018, were agreed as a correct record and signed by the Chairman.

55 LOCAL PENSION BOARD ANNUAL REPORT- YEAR ENDED 31 MARCH 2018

The Committee received the Local Pension Board Annual Report 2017/18, which was presented by Mark Holder, Chairman of the Local Pension Board.

The report had been produced in line with the guidance issued by the Scheme Advisory Board and detailed activities for the past year and focussed on the planning and development of a robust action plan for the Board with relevant training and development for the coming/future year.

The Committee thanked Mark Holder for his report.

Resolved:

That the 2017/18 Local Pension Board Annual Report, be noted.

56 **PENSION FUND ACCOUNTS 2017-18**

The report before Members provided an extract of the Council's Statement of Accounts for the year to 31st March 2018, showing the unaudited accounts of the Havering Pension Fund as at that date.

Key movements as noted in the report from the 2016/17 accounts were:

- The Net Assets of the Fund have increased to £707m for 2017/18 from £671m in 2016/17, a net increase of £36m.
- The net increase of £36m is compiled of a change in the market value of assets of £27m, investment income of £7m and net additions of cash of £4m and offset by management expenses of (£4m).
- Passive equity mandates held with State Street Global Assets (SSGA) were transferred to Legal and General Investment Management (LGIM).

Resolved:

That the Havering Pension Fund unaudited Accounts as at 31st March 2018, be noted.

57 **PENSION FUND ANNUAL REPORT- YEAR ENDED 31 MARCH 2018**

The report detailed the Pension Fund Annual Report 2017/18 (attached as an appendix to the report) which had been prepared in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013, and which applied for reporting periods beginning 1 April 2014. This superseded Regulation 34 of the Local Government Pension Scheme(Administration) Regulations 2008.

Resolved: That

1. **The 2017-2018 Pension Fund Annual Report, be agreed.**
2. **The Pension Fund Annual Report be published electronically.**
3. **The Chairman and the Statutory Section 151 officer be authorised to conclude and sign so far as necessary, the annual report.**

58 **PROPOSED WORK PROGRAMME FOR THE PENSIONS COMMITTEE**

The Committee received a summary of the expected agenda items at each of the next five planned Pension Committee meetings.

Resolved:

That the forward plan, be approved.

59 EXCLUSION OF THE PUBLIC

It was **RESOLVED** that members of the public be excluded from the meeting as there would likely be disclosure to them of exempt information within the meaning of paragraph 3 of the Local Government Act 1972 as it referred to the financial or business affairs of the organisation.

60 PENSION FUND PERFORMANCE - MONITORING FOR THE QUARTER ENDED MARCH 18

The report provided the Committee with an overview of the performance of the Havering Pension Fund investments for the first quarter to 31 March 2018. The performance information was taken from the quarterly performance reports supplied by each Investment Manager, State Street Global Services Performance Services PLC (formerly known as WM Company) quarterly Performance Review Report and Hymans Monitoring Report.

It was noted that the net return on the Fund's investments for the quarter to 31 March 2018 was -1.1% (a reduction of £8.3m to £707m). This represented an under performance of 0.3% against the combined tactical benchmark and under performance of 1.6% against the strategic benchmark.

It was noted that the overall net return of the Fund's investments for the year to 31 March 2018 was 4.9%. This represented an outperformance of 2.3% against the combined tactical benchmark and an outperformance of 2.5% against the annual strategic benchmark.

Resolved: That

- 1. The summary of the performance of the Pension Fund within the report, be noted.**
- 2. Hymans performance monitoring report and presentation, be noted**
- 3. A presentation from the Fund's Property Manager (UBS), be received**
- 5. The quarterly reports provided by each investment manager, be noted**
- 6. The analysis of the cash balances, be noted.**

61 **INVESTMENT STRATEGY - UPDATE - REAL ASSETS IMPLEMENTATION**

The Committee received a report which provided an update on the progress of the implementation of the Investment Strategy, which focused on setting out a process for implementing the Fund's longer term strategic allocation to Real Assets.

Resolved: That

- 1. The new Real Assets mandate would be funded from cash and the Multi-asset mandate, initially through disinvestment from GMO, with further disinvestments from the Ruffer Absolute Return Fund.**
- 2. A disinvestment of £65m be made from the GMO mandate to be split between:**
 - a. JP Morgan (£30m)**
 - b. LGIM Emerging Market Equity Fund (£17.5m) replacing the lost exposure from the GMO mandate, and**
 - c. Cash (£17.5m), providing a temporary buffer to fund further capital calls.**
- 3. The cash allocation be invested in a suitable vehicle either with Legal and General Investment Management (LGIM) or with the Fund's custodian (State Street) or placed with the Council's Treasury.**
- 4. Further consideration be given to the overall structure of the Fund's equity allocation, including consideration of the LGIM Future World Fund, at the September Committee meeting.**
- 5. Further consideration be given to the management of currency risk associated with the Real Asset mandates at the September Committee meeting.**
- 6. State Street should undertake the necessary foreign exchange transactions to convert the required capital payments from Sterling to either US Dollars or Euros, as required.**
- 7. Further consideration be given to the currency hedged version of the mandate held with JP Morgan – subject to analysis of costs and the decision to be delegated to the S.151 officer.**

Chairman

