

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Committee Room 3A - Town Hall
12 December 2017 (7.00 - 8.41 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Melvin Wallace and Joshua Chapman
Residents' Group	Stephanie Nunn
East Havering Residents' Group	Clarence Barrett
UKIP Group	David Johnson (Vice-Chair)
Trade Union Observers	John Giles

All decisions were taken with no votes against.

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

30 MINUTES OF THE MEETING

The minutes of the meeting held on the 21st November 2017, were agreed as a correct record and signed by the Chairman.

31 PENSION BOARD COMMITTEE MINUTES (26 SEPTEMBER 2017)

The Committee received and noted the unapproved minutes of the Local Pension Board held on the 26 September 2017.

32 PENSION FUND VALUATION FUNDING FROM 31 MARCH 2016 TO 30 SEPTEMBER 2017

Members received a report from the Fund's Actuary Hymans Robertson, to illustrate the estimated development of the Pension Fund's funding position from 31 March 2016 to 30 September 2017.

In line with the Local Government Pension Scheme, the Fund's actuary carried out a triennial valuation as at 31 March 2016, with the main purpose of estimating on-going employer liabilities and evaluating this against the funds' assets and calculating the funding position within the fund, which was then used to set future employer contribution rates. Hymans Roberson provided a report which illustrated the development of the Pension Fund's

funding position from 31 March 2016 to 30 September 2017 to allow for an assessment as to whether the funding plan was on track and for actions to be taken where necessary. The key item from the report was that the funding level since the last formal valuation had increased from 66.8% to 69.4%, which was largely due to higher investment returns. The next full report would be presented in March 2019.

Resolved that:

- i) The Havering Pension Fund interim funding position update to 30 September 2017, be noted.**
- ii) No action was required to change the funding plan.**

33 RESPONSIBLE INVESTMENT REVIEW

The report before members presented a summary on the responsible investment activities, of the Fund's investment managers in support of the Committee's ongoing monitoring requirement as set out in the Investment Strategy Statement. The review focused on the period for the year to 30 June 2017.

Officers were in discussion with Hymans Robertson regarding the potential development of responsible investment monitoring and to explore the possibility of arranging a training session in the New Year that would also cover the broader developments of the investment strategy, incorporating responsible investments and the impact this may have on the Fund.

The issue of fossil fuel was mentioned and a training session on social responsibility investments and challenges, and a collective discussion on fossil fuels and managing financial risk were suggested. Officers, in discussion with members indicated that this can be picked up as part of the training and development on responsible investing.

A report on the FRC Stewardship Code Principles would be presented to the next meeting for consideration.

Resolved that:

- i) The Hymans summary review of fund manager voting and engagement activity (Appendix A), be noted; and**
- ii) The potential development of the monitoring and review process as outlined in the Hymans report (Appendix A), be noted.**

34 LOCAL PENSION BOARD ANNUAL REPORT- YEAR ENDED 31 MARCH 2017

The Committee received the Local Pension Board Annual Report 2016/17, 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 2016/17 Local Pension Board Annual Report, be noted.

35 EXCLUSION OF THE PUBLIC

The Committee resolved to exclude the public from the meeting during discussion of the following item on the grounds that if members of the public were present it was likely that, given the nature of the business to be transacted, that there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which could reveal information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was not in the public interest to publish this information.

There were no members of the public or press present for the duration of the meeting.

36 PERFORMANCE MONITORING REPORT TO END OF SEPTEMBER 2017

The Committee received an overview of the performance of the Havering Pension Fund investments for the first quarter to 30 September 2017.

An analysis of the internally managed cash balance of £16.59m was presented. The Cash Management Policy incorporated a threshold as the maximum amount of cash that the fund should hold and introduced a discretion that allowed the Chief Executive (now the statutory S151 Officer) to exceed the threshold to meet unforeseeable volatile unpredictable payments. The excess above the threshold of £6m was being considered as to part fund the new fixed income mandates.

Simon Jones, Senior Investment Consultant, and Callum Stewart, Associate Consultant, presented their quarterly monitoring report on behalf of Hymans Robertson LLP.

Kevin Cullen, Client Relations Director, and Robert Hall, Head of Equities, presented on behalf of London CIV, discussing the performance of the Baillie Gifford Global Growth Fund and the Baillie Gifford Diversified Growth Fund, which they manage on behalf of the Pension Fund. The Committee received updates /details of proposals for the further development of the London CIV.

The Committee thanked the representatives of Hymans Robertson LLP and London CIV, for their respective presentations.

Resolved: That

- i) The summary of the performance of the Pension Fund within the report, be noted.**
- ii) The Committee considered Hymans performance monitoring report and presentation (Appendix A – Exempt).**
- iii) A presentation from the London CIV for the Funds investment in both Baillie Gifford Global Alpha fund and the Diversified Growth Fund, be received (Appendix B – Exempt).**
- iv) The Committee considered the latest quarterly update from the Chair of the Investment Advisory Committee, LCIV (Appendix C – Exempt).**
- v) The analysis of the cash balances, be noted.**

37 MAY GURNEY CESSATION INTO HAVERING PENSION FUND

The report before Members detailed the incidents and actions taken for the cessation of May Gurney as an employer of the Havering Pension Fund.

Resolved:

That the agreed outcome to settle based on legal advice, be noted.

Chairman