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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Town Hall, Main Road, Romford
19 March 2019 (7.00 - 9.30 pm)**

Present:

COUNCILLORS

Conservative Group Viddy Persaud and +Roger Ramsey

Residents' Group Stephanie Nunn

**Upminster & Cranham
Residents' Group** Ron Ower

**North Havering
Residents' Group** Martin Goode (Vice Chair)

An apology was received for the absence of Councillor John Crowder.

Substitute Member: Councillor Roger Ramsey (for John Crowder).

Councillor David Durant was in also in attendance for the duration of the meeting.

All decisions were taken with no votes against.

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

Councillor Martin Goode took the Chair for the duration of the meeting, in the absence of Councillor John Crowder.

99 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

100 MINUTES OF THE MEETING

The minutes of the ordinary meeting held on 11 December 2018 and of the extraordinary meeting held on the 21 February 2019 were agreed as a correct record and signed by the Chairman.

101 MINUTES OF THE LOCAL PENSION BOARD

The Committee received, and noted, the notes of the inquorate meeting of the Local Pension Board held on the 18 December 2018.

102 LOCAL GOVERNMENT PENSION SCHEME CONSULTATIONS

The Committee received a report which advised of the Ministry for Housing, Communities & Local Government (MHCLG) publication of two draft consultations that impact on the Local Government Pension Scheme (LGPS), issued in January 2019. The draft consultations were the LGPS draft statutory guidance on asset pooling and the Local Government Pension Scheme: Fair Deal – Strengthening pension protection.

With regards to the LGPS draft statutory guidance on asset pooling, it was highlighted that from 2020 it was expected that pool members ‘should make new investments outside the pool only in very limited circumstances’ and it was felt that this would restrict the local authority and would have the most impact. It was further felt that the implication date of 2020 was unrealistic in terms of having products, resources and governance in place.

Members felt that the onus for the extensive reporting requirements on costs and relative to relevant indices should not be on the local authority.

RESOLVED: That

- i) The detail of the consultations and the response date for Asset pooling being the 28 March 2019 and the Fair Deal being 4 April 2019, be noted.**
- ii) The Committee discussed and provided feedback for inclusion in the consultation responses.**
- iii) Members delegated the approval of response on Asset pooling to the S.151 Officer and/or the Pensions Committee Chair.**
- iv) Members delegated the approval of response on Fair Deal to the S.151 Officer and/or the Pensions Committee Chair.**

103 THE PENSIONS REGULATOR (TPR) IN DEPTH ENGAGEMENT

The Committee were informed that the Pensions Regulator were conducting an in depth engagement with a sample of Local Government Pension Schemes and had chosen Havering as one of the funds that they would like to review. The review would focus on the governance and administration of the Scheme and a report of their findings would be published on an anonymous basis.

RESOLVED: That the Committee noted:

- i) The review by the Pensions Regulator.**
- ii) Any resulting actions would be reported to the Committee at the conclusion of the review.**

104 **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 during that item, there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government act 1972.

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

105 **STATEMENT OF INVESTMENT BELIEFS**

The Committee received a report which provided members with the proposed steps to establish a Statement of Investment Beliefs.

At the meeting on the 11 December 2018, Hyman Robertson provided training on Responsible Investment matters and the Committee agreed to work towards a formal Statement of Investment Beliefs for the Fund. A questionnaire to gather the Committee's views on a range of areas relating to the Fund's investment approach had been issued and the feedback was detailed in an exempt appendix to the report. The Committee considered the proposed investment beliefs statement as set out in an exempt appendix and noted that a final version would be presented to the Committee.

RESOLVED:

That the Committee:

- i) Considered the proposed investment beliefs set out in Appendix A and whether these reflected the broad views of Committee members.**
- ii) Engaged in discussion around areas where there were a range of views from the online questionnaires, to build consensus.**
- iii) Agreed next steps to finalise a formal Statement of Investment Beliefs for inclusion in the Fund's Investment Strategy Statement (ISS), and that these beliefs would be referenced as part of future investment decision making.**
- iv) Receive additional training on ESG matters to future develop Committee understanding, reflecting comments received as part of the online questionnaire.**

106 **PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED DECEMBER 2018**

The Committee received a report which provided an overview of the performance of the Havering Pension Fund investments for the quarter to 31 December 2018. The performance information was taken from the quarterly performance reports supplied by each Investment Manager, State

Street Global Services Performance Services PLC (formally known as WM Company) quarterly Performance review Report and Hymans Monitoring Report.

The net return on the Fund's investments for the quarter to 31 December 2018 was -5.6% (or -£42.16m to £692.41m). This quarter the fund underperformed the combined tactical benchmark by -3.5% and underperformed against the strategic benchmark by -7.8%.

The overall net return of the Fund's investments for the year to 31 December 2018 was -3.6% which represented an underperformance of -5.1% against the annual strategic benchmark.

Based on the information supplied by the performance measures the total combined fund value at the close of business on 31 December 2018 was £692.41m. This valuation differed from the basis of valuation used by the Fund Managers and the Investment Advisor in that it excluded accrued income. This compared with a fund value of £734.57m at the 30 September 2018; a decrease of £-42.16m. Movement in the fund value was attributable to a decrease in assets of £-41.51m and a decrease in cash of £-0.65m. Internal managed cash level stood at £15.27m.

RESOLVED:

That the Committee:

- i) Noted the summary of performance of the Pension Fund within the report.**
- ii) Considered Hymans performance monitoring report and presentation (Appendix A – exempt).**
- iii) Received presentations from the London CIV for the Fund's Multi Asset and UK Equities Managers within the LCIV platform – Bailee Gifford (Appendix B – Exempt), and Ruffer for the LCIV Absolute Return Fund (Appendix C – Exempt).**
- iv) Considered the quarterly reports provided by each investment manager.**
- v) Noted the analysis of the cash balances.**

Chairman