

PENSIONS COMMITTEE

AGENDA

6.00pm

Tuesday,
18 December 2007

Havering Town Hall,
Main Road, Romford

Members 6: Quorum 3

COUNCILLORS:

Conservative Group

(4)

Melvin Wallace - (Chairman)

Roger Ramsey - (V.Chairman)

Robby Misir

Robbie Benham

Residents' Group

(2)

Clarence Barrett

Linda van den Hende

Trade Union observers with no Voting Rights

(2)

Brian Long (Unison)

Sean Ramsden (TGWU)

For information about the meeting please contact:

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NOTES ABOUT THE MEETING

1. HEALTH AND SAFETY

The Council is committed to protecting the health and safety of everyone who attends meetings of its Committees.

At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. **For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

2. MOBILE COMMUNICATIONS DEVICES

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

3. CONDUCT AT THE MEETING

Although members of the public are welcome to attend meetings of the Committee, they have no right to speak at them. Seating for the public is, however, limited and the Council cannot guarantee that everyone who wants to be present in the meeting room can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Council will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.

The Chairman of the meeting has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

PLEASE REMEMBER THAT THE CHAIRMAN MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the meeting room.

AGENDA ITEMS**1. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2. APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS
(if any) - receive.**3. DECLARATION OF INTERESTS**

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

4. MINUTES OF THE MEETING HELD 15 NOVEMBER 2007

To approve as a correct record the minutes of the meeting held on 15 November 2007 and to authorise the Chairman to sign them.

5. RESULTS OF ACTUARIAL REVIEW

To receive a presentation by the Pension Fund Actuary.

6. INVESTMENT MANAGERS REPORT

Hymans Robertson Report

NOTE : Appendix B of this report contains exempt material. Should Members wish to discuss matters within appendix B it may be necessary to resolve to exclude the press and public.

7. OVERALL MONITORING REPORT ON PENSION FUND TO END OF SEPTEMBER 2007.

7.1 Western Asset

7.2 Alliance Bernstein Global Style

7.3 UBS Property Manager

Cheryl Coppell
Chief Executive

**MINUTES OF A MEETING OF THE PENSIONS COMMITTEE
Havering Town Hall, Romford**

15 November 2007 (7.30pm – 8.05pm)

Present:

COUNCILLORS:

Conservative Group Roger Ramsey (in the Chair), Robby Misir, Robert Benham, +Georgina Gaplin

Residents Group Linda van den Hende

Also present was Mr Brian Long (Unison)

Apologies for absence were received from Councillors Melvin Wallace and Clarence Barrett,

+Substitute Member: Councillor Georgina Gaplin (for Melvin Wallace)

The Chairman advised everyone present of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

Councillor Benham was welcomed to the Committee by the Chairman.

On behalf of the Committee the Chairman expressed thanks to the Council staff and all involved for the Fund being finalists in the Pension Funds of the Year.

There were declarations of interest

4. MINUTES

The minutes of the meeting held on 20 September 2007 were agreed as a correct record and signed by the Chairman.

5. REVIEW OF THE PENSION FUND CUSTODIAN

Officers alerted Members of their dissatisfaction of the reporting and accounting functions of the Fund Custodian. Improvements are being sought.

Members asked if consideration had been given to withholding fees in light of the unsatisfactory performance of the Custodian in their reporting and accounting. Officers reported that although this had been considered, the area of difficulty relates to only a very small percentage of the overall fee structures for the Custodian's services.

Resolved

That the report and its recommendations be noted.

6 REPORT TO PENSIONERS AND CONTRIBUTORS OF THE PENSION FUND 2006 - 2007**Resolved**

That the Report to Pensioners and Contributors be approved and this be sent to scheme members with the Annual Benefits Statement.

7 REVIEW OF THE INVESTMENT ADVISOR

The Committee was advised that officers are very satisfied with the service provided by the current Investment Adviser and that they had confidence in the advice being given.

The Adviser was originally selected from a choice of three, from whom the current advisor quickly emerged as the best.

RESOLVED

7.1 To note the views of officers on the performance of the Investment Adviser.

7.2 That a full assessment of the Investment Advisor be undertaken and presented to Members at the November 2008 Committee.

8 REVIEW OF THE ACTUARY**Resolved**

To note officers satisfaction with the performance of the Actuary.

9 REVIEW OF THE PENSION FUND COMMUNICATIONS STRATEGY AND GOVERNANCE POLICY

Officers recommended that no changes to the Communications Strategy were required.

Members discussed the Governance Compliance Statement

It was accepted that the scheduled / admitted bodies were not currently represented on the Committee and that to comply with good practice and

DCLG guidance, this should be amended. Currently there were 3 scheduled and 6 admitted bodies in the Fund. An exploratory meeting with the scheduled / admitted bodies is to be arranged to discuss how their potential future representation on the Committee could be taken forward

The DCLG governance compliance guidance also provided for the appointment of an independent observer. The cost and benefits of such an appointment were considered.

Resolved

9.1 That the report be noted.

9.2 To recommend to the Governance Committee that the existing membership of the Committee be extended to permit a represent of the scheduled / admitted bodies to be admitted.
(It felt that if an additional representative was admitted to the Committee they must be willing and committed to undertake relevant training).

9.3 The issue of extending voting rights to a representative of scheduled / admitted bodies be deferred.

9.4 The appointment of an Independent Observer was unnecessary due to the peculiar nature of the fund and the existing specialists employed.

9.5 The adoption of an administration strategy will be reviewed during 2008.

10 **WHISTLEBLOWING**

Officers reported that key staff are aware of the whistleblowing facility and procedures.

Resolved

To note the results of the annual review and that no breaches had been reported.

11 **URGENT BUSINESS**

Members attention was drawn to the Early Termination Proposals. It had been thought that compliance would require a change of policy. Officers confirmed that this had been examined and no change to policy is required.

The Committee noted this information.



MEETING	DATE	ITEM
PENSIONS COMMITTEE	18 th DECEMBER 2007	6

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED 30th SEPTEMBER 2007

SUMMARY

This report provides the Committee with an overview of the performance of the Havering Pension Fund investments for the quarterly period to 30th September 2007. The performance information is taken from the Quarterly Performance Report supplied by each Investment Manager, the WM Company Quarterly Performance Review Report and Hymans Monitoring Report.

The net return on the Fund's investments for the quarter to 30th September 2007 was 0.1%. This represents an under performance of **-1.1%** against the combined tactical benchmark and an underperformance of **-4.9%** against the strategic benchmark.

The overall net return of the Fund's investments for the year to 30th September 2007 was 7.0%. This represents an outperformance of **0.7%** against the annual tactical combined benchmark and an outperformance of **7.7%** against the annual strategic benchmark.

It is now possible to measure the individual managers' annual return for the new tactical combined benchmark as they became active on the 14th February 2005. These results are shown later in the report.

RECOMMENDATION

That the Committee:

1. Considers Hymans performance monitoring report and presentation (Appendix A).

2. Receives presentations from the funds Global Equities Manager (Alliance Bernstein), Property Manager (UBS) and the Global Higher Yield Bond Manager (Westerns).
3. Notes the summary of the performance of the Pension Fund within this report.
4. Considers the quarterly reports provided by each investment manager.
5. Considers and notes any Corporate Governance issues arising from voting as detailed by each manager.
6. Considers any points arising from officer monitoring meetings.
7. Considers the report undertaken by Hymans on the Review of Investment Manager fees. (Appendix B).

REPORT DETAIL

1. Background

1.1 A major restructure of the fund took place in the first quarter of 2005. The transition of the assets to the transition manager's account happened in mid-January 2005, with the 5 new managers taking charge of the assets from 14th February 2005.

1.2 As part of the Statement of Investment Principles a strategic benchmark was adopted for the overall Fund of Gilts + 3.6% gross (3% net) per annum.

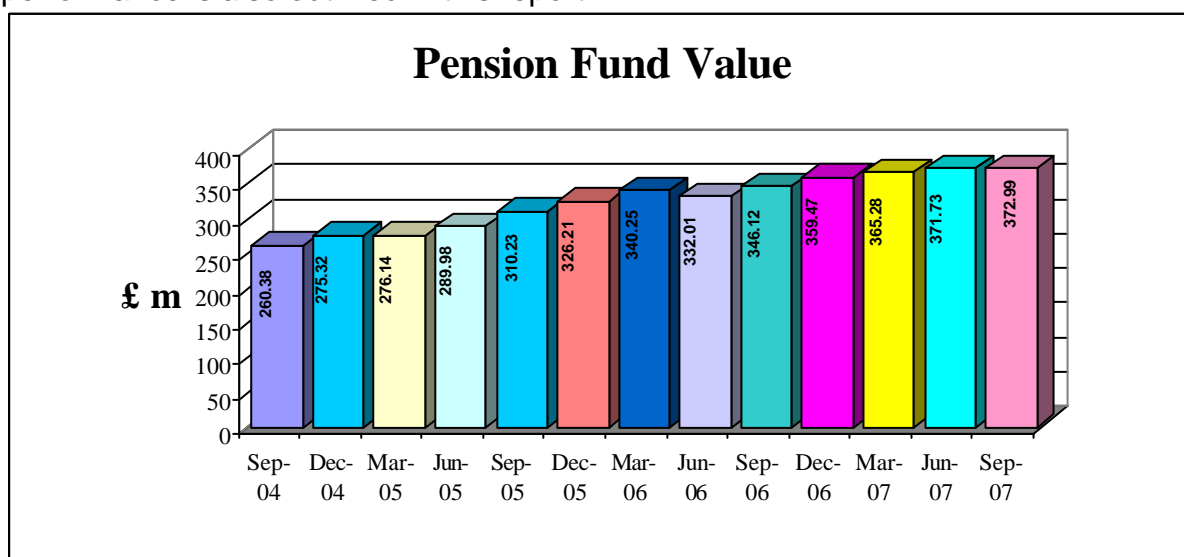
1.3 In addition to the strategic benchmark adopted above, each manager has been set a specific (tactical) benchmark as well as an outperformance target against which their performance will be measured. This benchmark is appropriate to the type of investments being managed. These are shown in the following table:

Manager and percentage of total Fund awarded	Mandate	Tactical Benchmark	Out performance Target (net of fees)
Standard Life 30%	UK Equities	FTSE All Share Index	2%
Alliance Bernstein 20%	Global Equities	MSCI All World Index	2.5%
Royal London Asset Management (RLAM) 30%	Investment Grade Bonds	<ul style="list-style-type: none"> • 50% iBoxx Sterling Non Gilt Over 10 Year Index • 16.7% FTSE Actuaries UK Gilt Over 15 Years Index • 33.3% FTSE Actuaries Index-Linked Over 5 Year Index 	0.75%
Westerns 10%	Global High Yield Bonds	Gilts	3.0% (gross)
UBS 10%	Property	IPD (previously called HSBC/AREF) All Balanced Funds Median Index	n/a

- 1.4 Both Western Asset and UBS manage the assets on a pooled basis. Standard Life, Royal London and Alliance Bernstein manage the assets on a segregated basis. Performance is monitored by reference to the benchmark and out performance target. Each manager's individual performance is shown in this report with a summary of any key information relevant to their performance.
- 1.5 Since the Quarter 3 (September 06) Report, to ensure consistency with reports received from our Performance Measurers, Investments Advisors and Fund Managers, the 'relative returns' (under/over performance) calculations has been changed from the previously used arithmetical method to the industry standard geometric method (please note that this will sometimes produce figures that arithmetically do not add up).
- 1.6 Managers are invited to present at the Pensions Committee Meeting every 6 months. On alternate dates, they meet with officers for a formal monitoring meeting. The exception to this procedure is the Property Manager, UBS, who will attend two meetings per year, one with Officers and one with Pensions Committee. Managers who are to make presentations to this Committee are:
- Global Equities Manager (Alliance Bernstein),
 - Property Manager (UBS)
 - Global Higher Yield Bond Manager (Westerns).
- 1.7 Hyman's performance monitoring report is attached at **Appendix A**.

2. Fund Size

- 2.1 Based on information supplied by our performance measurers the total combined fund value at the close of business on 30th September 2007 was £372.99m. This valuation differs from the basis of valuation used by our Fund Managers and our Investment Advisor in that it excludes income. This compares with a value of £371.73m at the 30th June 2007; an increase of £1.26m (0.34%). The increase in the fund value is attributable to an increase of internal cash of £850k and £413k in Quarter 3 performance. The internal cash levels totals £4.38m, of which an analysis follows in this report. The Quarter 3 performance is also outlined in this report.



Source: WM Company (Performance Measurers)

2.2 An analysis of the internally managed cash balance of £4.38m (as at 4 October 07) follows:

<u>CASH ANALYSIS</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u> <u>(Revised)</u>	<u>2007/08</u>
	£000's	£000's	£000's	£000's
Balance B/F	115	-792	-3052	-3706
Benefits Paid	17926	19286	20886	11670
Management costs	825	1435	1592	908
Net Transfer Values	1979	962	-1341	-1470
Employee/Employer Contributions	-19195	-21777	-23536	-11689
Cash from/to Managers	-2462	-2114	1945	0
Internal Interest	20	-52	-200	-97
Movement in Year	-907	-2260	-654	-678
Balance C/F	-792	-3052	-3706	-4384

3. Performance Figures against Benchmarks

3.1 The overall net performance of the Fund against the new **Combined Tactical Benchmark** (the combination of each of the individual manager benchmarks) is shown below:

	Quarter to 30.09.07	12 Months to 30.09.07	3 Years to 30.09.07	5 years to 30.09.07
Fund	0.1%	7.0%	12.8%	12.5%
Benchmark return	1.2%	6.3%	12.0%	12.3%
*Difference in return	-1.1%	0.7%	0.7%	0.2%

Source: WM Company

* Totals may not sum due to geometric basis of calculation and rounding.

3.2 The overall net performance of the Fund against the **Strategic Benchmark** (i.e. the strategy adopted of Gilts over 15 years + 15% per annum) is shown below:

	Quarter to 30.09.07	12 Months to 30.09.07	3 Years to 30.09.07	5 years to 30.09.07
Fund	0.1%	7.0%	12.8%	12.5%
Benchmark return	5.3%	-0.6%	8.4%	10.2%
*Difference in return	-4.9%	7.7%	4.1%	2.2%

Source: WM Company

* Totals may not sum due to geometric basis of calculation and rounding.

As the fund has only been under its new arrangements since February 2005, historical performance greater than one year is no reflection of the new strategy.

3.3 The following tables compare each manager's performance against their **specific (tactical) benchmark** and their **performance target** (benchmark plus the agreed mandated out performance target) for the current quarter and the last 12 months.

QUARTERLY PERFORMANCE (AS AT 30th SEPTEMBER 2007)

	Standard Life	Alliance Bernstein	Royal London	Western Asset*	UBS
Return (performance)	(2.7)	1.1	2.7	3.3	(2.0)
Benchmark	(1.8)	1.9	3.5	4.6	(1.0)
**Over/(Under) Performance vs Benchmark	(0.9)	(0.8)	(0.8)	(1.3)	(1.0)
TARGET	(1.30)	2.5	3.69	5.35	n/a
** Over/(Under) Performance vs Target	(1.40)	(1.43)	(0.9)	(2.2)	n/a

Source: WM Company, Fund Managers and Hymans

* Performance is gross to reflect the benchmark and target

** Totals may not sum due to geometric basis of calculation and rounding.

ANNUAL PERFORMANCE (LAST 12 MONTHS)

	Standard Life	Alliance Bernstein	Royal London	Western Asset*	UBS
ANNUAL					
Return (performance)	13.4	13.2	(1.7)	(2.8)	5.8
Benchmark	12.2	13.7	(1.4)	(3.6)	7.2
**Over/(Under) Performance vs Benchmark	1.2	(0.5)	(0.3)	0.8	(1.4)
TARGET	14.2	16.2	(0.6)	(0.6)	n/a
** Over/(Under) Performance vs Target	(.80)	(3.0)	(1.0)	(2.2)	n/a

Source: WM Company, Fund Managers and Hymans

* Performance is gross to reflect the benchmark and target

** Totals may not sum due to geometric basis of calculation and rounding.

4. Fund Manager Reports

4.1. UK Equities (Standard Life)

- a) In accordance with agreed procedures officers met with representatives from Standard Life on the 6th November 2007 at which a review of the quarter 3 (July to September 07) performance was discussed.
- b) The value of the fund has decreased by 2.66% since June 2007. Standard Life reported at the meeting that the value of the fund has since increased since September at the end of October by 4.68%. However the market has seen more volatility than has been seen for some time and economic outlook is that markets remain volatile on the back of credit concerns.
- c) Standard Life underperformed the benchmark in the quarter by -1.0% (100 basis points) and underperformed the target in the quarter by -1.5% (150 basis points). This leaves them slightly behind target since inception by -0.4%.
- d) Positive contributions came from being overweight in Mining and Aerospace but were negatively impacted by some of its individual positions in the financial sector (Royal Bank of Scotland and HBOS).
- e) The portfolio activity during Quarter 3 were as follows :
 - Bought: Carillion, Bradford & Bingley and Rio Tinto.
 - Sold: Cable & Wireless, Unilever and Anglo American.
 - Added to positions for Royal Bank of Scotland and HBOS.
- f) Standard Life's current investment strategy is that the fund remains biased towards Basic Materials and Industrials, and underweight in selective consumer and defensive sectors.
- g) Mining has been an exceptionally volatile sector recently and concerns were raised as to whether it is a good strategy to remain overweight in this sector. Standard Life explained that they believe that demand remains strong and shows a strong and steady outperformance. They have trimmed their holdings a little bit but believes that valuations relative to the market is still low and their competitors sold out too early.
- h) Although Standard Life did not hold Northern Rock shares they increased holdings in Royal Bank of Scotland and Bradford & Bingley as shares were cheap.
- i) In spite of potential for further problems in the debt markets concerns were raised as to whether it was good strategy to add to banks exposure in the quarter and the risks associated of maintaining this position. Standard Life is comfortable that UK Banks are not in the same position as US Banks. They believe that bank shares are undervalued

and therefore are buying. They believe that with population increasing, low new build, interest rates likely to be going down not up, demographic changes of increasing single occupancy underpin their strategy.

- j) Standard Life was asked if they have considered a more cautious approach after the events of the third quarter. They believe that that there will be a gradual shift based on their belief that market pricing is low. They accept that they are being bullish but is a calculated risk.
- k) There were no governance or whistle blowing issues to report

4.2. Global Equities (Alliance Bernstein)

- a) Representatives from Alliance Bernstein are to make a presentation at this Committee, therefore a brief overview of the quarter 3 performance follows:
- b) Alliance Bernstein underperformed the benchmark by -8.0 and underperformed the target by -1.43 in quarter 3.
- c) Both Value and Growth portfolios underperformed though the Value portfolio accounted for the bulk of the shortfall. Positive contributions came from overweight positions in materials, which includes mining and energy stocks but were outweighed by underweight positions in IT and Telecoms and overweight position in financials. Currency positioning was also a significant drag on performance, in particular underweight positions in the Euro and Yen.
- d) There were no governance or whistle blowing issues to report.

4.3. UK Investment Grade Bonds (Bonds Gilts, UK Corporates, UK Index Linked, UK Other) – (Royal London Asset Management)

- a) In accordance with agreed procedures officers met with representatives from Royal London on the 6th November 2007 at which a review of the quarter 3 (July to September 07) performance was discussed.
- b) The value of the fund has increased by 2.54% since June 2007. Royal London also reported at the meeting that the fund value had risen by another 1.24% at the end of October 2007.
- c) Unprecedented market events during the last quarter mainly due to the US sub-prime lending crisis and Central Banks intervening to ease liquidity.
- d) Royal London underperformed the benchmark for the quarter by -0.8% (80 basis points) and underperformed against the target for the quarter by -.99% (99 basis points).

- e) Asset allocation of the fund during the quarter was 55.2% Sterling Credit Bonds (overweight by 5%), 29.6% UK Index Linked (underweight by 1.8%), 14.9% UK Conventional Government Bonds (underweight by 3.7%) and 0.2% cash.
- f) Performance within the credit segment of the portfolio and the overweight position in this asset class were the main factors in the underperformance recorded over the quarter
- g) Other negative factors were:
- short duration position (underexposed to rising bond prices);
 - yield (overweight in medium dated bonds)
 - inflation (underweight allocation to inflation linked assets).
- h) Royal London were asked if they intend to always be overweight in financial bonds and whether they are confident that the actions of the central banks in providing market liquidity have averted further problems.
- Royal London believe that they are overweight in credit bonds but want to hold this position as they believe that return is better than gilts with low risk of default and will be kept for longer term so should not be affected by lower valuations in the short term. They also believe that it is too early to tell if further problems have been averted.
- i) Concerns were raised as to whether their holdings in unrated bonds which have held up relatively will have felt the full impact of the global debt market problems.
- Royal London believes that the unrated bonds held are good performers due to high degree of security attached i.e. backed by assets. They don't believe price problem will catch up because it trades less often.
- j) Concerns were also raised as to why they have increased exposure to property within the unrated bonds.
- Assets are pledged so Royal London believes that because assets are pledged this is better than unsecured credit. If there is a property slump there will be some exposure as property values will fall but will have the assets.
- k) Royal London were asked what lessons they would draw from experiences in the last quarter and do they view the poor performance in Q3 as acceptable, or would they seek to position the portfolio differently to offer better protection against a possible repetition of the debt market problems.
- Royal London underestimated the knock on effect of the US sub-prime issue on UK banking and will draw from this to pay more attention to issues that appear peripheral. The portfolio is quite diverse so didn't lose out badly on the Northern Rock and US sub-prime issues. They believe in their long term philosophy and will maintain a preference for sterling credit bonds as present valuations already discount for slower economic growth and there remains attractive opportunities.

- l) There were no governance or whistle blowing issues to report

4.4. Global High Yield Bonds (Westerns)

- a) Representatives from Westerns are to make a presentation at this Committee, therefore a brief overview of the quarter 3 performance follows:
- b) Westerns underperformed the benchmark by -1.3% and the target by -2.05% for quarter 3. Since inception Westerns have outperformed the benchmark by 0.8% but underperformed the target by -2.2%.
- c) Westerns have advised that the revised prospectus has now been agreed by the regulator and will become effective from end of August 07. As the revised prospectus includes a new share class for the management fee, the issue regarding changes to a performance related fee could now go ahead. This issue is currently being reviewed by our investment advisors and an update will be provided when the review of fees has been completed.
- d) There was no governance or whistle blowing issues reported.

4.5. Property (UBS)

- a) Representatives from UBS are to make a presentation at this Committee, therefore a brief overview of the quarter 3 performance follows:
- b) Triton fund returned an underperformance of -1.0%. This is consistent with a general fall in capital values across the market. UBS compounded this performance. The decline was uneven in its effects on Triton properties, those with asset management potential were impacted much less than other assets. Valuations also appear to be increasingly driven by market sentiment.
- c) Triton believes that they are in a good position to benefit from being overweight in sectors showing good rental growth.
- d) UBS have written to clients to inform them of the recent and unexpected changes to the Stamp Duty Land Tax (SDLT) legislation. This legislation was introduced on the 19th July 07 to counter avoidance of SDLT involving partnerships and in short, means that redemptions and subscriptions are now subject to a 4% SDLT charge. This tax is in addition to the SDLT due on the purchase of properties and now means that the Triton partnership is subject to a double SDLT charge.

UBS together with other interested funds are continuing to make formal representations to the government about the effects of the legislation with a view to restore the original SDLT treatment. UBS are working with their advisors to explore ways of alleviating the implications of the

tax changes and it may be possible that changes to the fund structure may be needed.

In the meantime, as a prudent precaution to ensure all investors are treated fairly, they have exercised their discretion to suspend subscriptions and redemptions.

UPDATE: The October pre-budget report contained very positive comments on the Governments intention to reverse this unintended effect but certainty will only be available upon Royal assent of the next Finance Act, due in July 2008. In the meantime UBS are hopeful trading will resume during quarter 4 07 (Oct – Dec 07) with a post trade adjustment once they have certainty that no SDLT will be payable. There are no implications for the value of units held by current investors and would only impact the pension fund if Havering were to buy or sell units from UBS.

- l) There were no governance or whistle blowing issues to report.

5. Corporate Governance Issues

The Committee, previously, agreed that it would:

1. Receive quarterly information from each relevant Investment Manager, detailing the voting history of the Investment Managers on contentious issues. This information is included in the Managers' Quarterly Reports, which is available for scrutiny in the Members Lounge.
2. Consider a sample of all votes cast to ensure they are in accordance with the policy and determine any Corporate Governance issues arising.
3. Receive quarterly information from the Investment Managers, detailing new Investments made.
 - Points 1 and 3 are contained in the Managers' reports.
 - With regard to point 2, Members should select a sample of the votes cast from the voting list supplied by the managers placed in the Member's room which is included within the quarterly report and question the Fund Managers regarding how Corporate Governance issues were considered in arriving at these decisions.

This report is being presented in order that:

- The general position of the Fund is considered plus other matters including any general issues as advised by Hymans.
- Hymans will discuss the managers' performance after which the particular manager will be invited to join the meeting and make their presentation. The managers attending the meeting will be from:

Alliance Bernstein, UBS and Westerns

- Hymans and Officers will discuss with Members any issues arising from the monitoring of the other managers.

Financial Implications and risks:

Pension Fund Managers' performances are regularly monitored in order to ensure that the investment objectives are being met and consequently minimise any cost to the General Fund.

Legal Implications and risks:

With respect to the assets managed by Westerns on a 'pooled fund' basis, once the final version of the revised prospectus for the pooled fund has been approved it will need to be considered on behalf of the Council and account taken of any legal implications for the Council. Additionally, any agreed change in Western's fees will be signed off in a manner which ensures that the fees variation has binding effect. Otherwise, no specific legal implications arise from the matters set out within this report.

Human Resources Implications and risks:

None arising directly

Equalities and Social Inclusion Implications and risks:

None arising directly

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CHERYL COPPELL
Chief Executive

Background Papers List

Standard Life Quarterly report to 30th June 2007
Alliance Bernstein Quarterly report to 30th June 2007
Royal London Quarterly report to 30th June 2007
Western Asset Quarterly report to 30th June 2007
UBS Quarterly report to 30th June 2007
The WM Company Performance Review Periods to 30th June 2007
Hymans Monitoring Report to 30th June 2007