

# PENSIONS COMMITTEE

## AGENDA

7.30pm

Tuesday,  
26 June 2007

Havering Town Hall,  
Main Road, Romford

Members 6: Quorum 3

### **COUNCILLORS:**

#### **Conservative Group**

**(4)**

Melvin Wallace - (Chairman)

Roger Ramsey - (V.Chairman)

David Charles

Robby Misir

#### **Residents' Group**

**(2)**

Clarence Barrett

Linda van den Hende

#### **Trade Union observers with no Voting Rights**

**(2)**

Brian Long (Unison)

Michael Parker (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 13 MARCH 2007**

To approve as a correct record the minutes of the meeting held on 13 March 2007 and to authorise the Chairman to sign them.

**5. PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDING 31 MARCH 2007–Report attached****6. CIRCULATION OF REPORT ON THE WORK OF THE INVESTMENT COMMITTEE – Report attached****7. PERFORMANCE OF THE PENSION ADMINISTRATION SERVICE 2006/7 –Report to follow**

**Cheryl Coppel**  
Chief Executive

Pensions Committee, 26 June 2007

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

**13 March 2007 (7.30pm – 9.35pm)**

**Present:**

**COUNCILLORS:**

**Conservative Group** Melvin Wallace (in the Chair), David Charles, Robby Misir and Roger Ramsey

**Residents Group** Clarence Barrett  
Linda van den Hende

**Non - Voting Union Member** Brian Long, Unison

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

**32. MINUTES**

The minutes of the meeting held on 19 December 2006 were agreed as a correct record of the meeting, subject to the correction of typographical error, and signed by the Chairman.

**33. PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDING 31 DECEMBER 2006**

The Committee received a report, which provided an overview of the performance of the Fund's investments for the quarter ending 31 December 2006.

The information contained within the report was supplied by each of the Investment Managers, the WM Company quarterly performance review report and the Psolve monitoring report.

It was reported that the net return on the Fund's investment for the quarter ending 31 December 2006 was 3.9%. The combined tactical benchmark was 3% over the same period. This represented an out performance of 0.9% against the combined tactical benchmark and an out performance against the strategic benchmark of -0.05 by 3.9%.

The overall net return of the Fund's investments for the year to 31 December 2006 was 9.4%. This compared to the annual tactical

combined benchmark of 8.3% an out performance of 1% and out performed the annual strategic benchmark of 3.0% by 6.2%

The Committee were advised that it would be prudent to consider protecting equity investments via a process known as 'equity hedging'. This involved purchasing insurance to protect investments and would provide stable return. It was agreed that the Pension Fund Accountant should look at options in relation to this.

### Standard Life

Representatives from Standard Life made a presentation to the Committee outlining performance over the last quarter.

It was reported the value of the portfolio had increased from £112M in September 2006 to £121M in December 2006.

The performance (net of fees) for the quarter out performed the benchmark by 1.40% (140 basis points) and out performed the target of 6.70% by 0.9% (90 basis points).

The portfolio was made up of the holdings in UK Equities and the Small Companies Fund. There had been a good performance in UK Equities generally. Issues affecting HSBC had detracted from performance following a poor trading update. The company's favoured stock positions had contributed towards the success of the Small Companies Fund.

There were no governance or whistle blowing issues to report.

### Royal London Asset Management (RLAM)

Representatives from RLAM made a presentation to the Committee outlining performance over the last quarter.

It was reported that the value of the portfolio had increased from £92.8M in September 2006 to £93M in December 2006.

Both Government and Sterling Credit Bonds had out performed the benchmark over the last quarter, whilst the index linked assets had marginally underperformed their benchmark. The majority of out performance had been generated through stock selection. The out performance recorded by subordinate financial bonds and good stock selection within the property sector were significant to overall performance.

It was reported that Asset allocation to Sterling Credit Bonds had been increased during the forth quarter. This reflected the view that weakness in the credit markets in the third quarter had produced the opportunity to increase exposure to attractively priced assets. In order

to accommodate the higher credit weighting index linked exposure had been reduced.

The Asset allocation had marginally detracted from the Funds return, as index bonds gave the highest return over the quarter.

Members discussed the monitoring report and the presentations that were given by the Investment Managers.

In response to queries regarding the affect that bad debts owed to HSBC might have upon the Fund, the Committee were advised that although the company had faced significant problems recently, there was no reason to believe that there would be long term difficulties for the company.

The Committee discussed how cash was transferred within the Fund and it was agreed that it would be useful to add a table to the report to demonstrate transfers on a monthly basis. It was also agreed that a diagram should be added to show reconciliation on a quarterly basis.

It was resolved unanimously:

- i) To note the PSolve monitoring report and presentation
- ii) To note the presentations from the Fund's UK Bonds Manager (Royal London) and the UK Equities Manager (Standard Life)
- iii) To note the summary of the Pension Fund's performance.
- iv) To note the quarterly reports provided by each investment manager
- v) To note the decision to transfer £3M from internally managed cash to the funds UK Bonds Manager (Royal London)

#### 34 **ANNUAL REVIEW OF THE PENSION FUND'S COMMUNICATION STRATEGY AND GOVERNANCE POLICY**

The Committee considered a report outlining the process that the review had followed and highlighted the changes required as a result. The report also included an overview of the draft Administration Regulations issued by the Department of Communities and Local Government (DCLG).

The draft regulations proposed that three measures should be introduced in order to improve the administration and governance of the Pension Scheme. The first of these was a requirement to publish a Governance Compliance Statement. Members were advised that it was intended that the Compliance Statement and any additions to the governance policy would be presented to the Committee in September.

An Annual Report was also required and it was intended that a single report would be produced for the 2007/08 accounts. The 2006/07 accounts would be prepared as usual, with the policy documents required under the draft regulations, being provided as appendices.

The draft regulations also proposed that administering Authorities should have the discretion to prepare a Pension Administration Strategy document, which would contain the Authority's policies in relation to procedures, protocol and performance. There was no requirement upon the Authority to prepare a strategy, however, if it was intended to publish a strategy it had to be published by 31 December 2007. If an initial strategy was not prepared by this date, it would not be possible to publish a strategy subsequently.

At present an assessment was being undertaken to gauge whether a Pension Administration Strategy document was required. It was suggested that, with the Committee's agreement, the Group Director Finance and Commercial should respond to the consultation document, outlining the Committee's concerns regarding the proposal that a Pension Administration Strategy could not be published after the 31 December 2007.

It was resolved unanimously:

- i) To note the consultation process for the revised Communication and Governance documents
- ii) To approve the revised version of the Pension Fund's Communication Strategy
- iii) To approve the revised version of the Pension Fund's Governance Policy
- iv) To approve the Authority's approach to the proposals set out in the DCLG's Draft Administration Regulations.
- v) That the Group Director Finance and Commercial should respond to consultation on the draft Administration Regulations.

### 35 **ANNUAL PLAN AND TRAINING PROGRAMME 2007/08**

The Committee considered a report that set out the work for the forthcoming year and assessed the training requirements of members of the Pensions Committee.

The Group Director Finance and Commercial advised that three formal training sessions would be held for members of the Committee:

- The tri annual actuarial valuation



- Implications of changes in service delivery and options for the Pension Fund
- Review of Investment Strategy – in light of the results of the Actuarial Valuation 2007

In addition to these sessions, it was intended that the Pensions Fund Accountant should meet with each member of the Committee on an individual basis, to discuss self assessment of their training needs. This self assessment would also be used to inform the coverage of the open pre Committee sessions.

It was resolved unanimously:

To note the proposed work programme

### 36 **WHISTLEBLOWING REQUIREMENTS OF THE PENSIONS ACT**

The Committee considered a report detailing requirements under the Pensions Act in relation to Whistleblowing.

Members were advised that in April 2005 the new Whistleblowing requirements came into force under the Pensions Act 2004. In response the Pensions Regulator issued a Code of Practice on how to comply with these. All administering Authority's were now required to establish procedures to identify any breaches of the Code, to evaluate them and then, if appropriate, report them to the regulator. An annual review of these procedures was undertaken in March 2006 and this formed the annual review for 2006.

The Group Director Finance and Commercial advised that there had been no breaches reported.

It was resolved unanimously:

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





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MEETING	DATE	ITEM
PENSIONS COMMITTEE	26 JUNE 2007	<b>5</b>

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED 31 MARCH 2007**

<b>SUMMARY</b>
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This report provides the Committee with an overview of the performance of the Havering Pension Fund investments for the quarterly period to 31<sup>st</sup> March 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 31<sup>st</sup> March 2007 was 1.2%. This represents an outperformance of 0.3% against the combined tactical benchmark and an outperformance of 2.9% against the strategic benchmark.

The overall net return of the Fund's investments for the **year** to 31<sup>st</sup> March 2007 was 6.3%. This represents an outperformance of 0.8% against the annual tactical combined benchmark and an out performance 4.4% 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 14<sup>th</sup> February 2005. These results are shown later in the report.

## RECOMMENDATION

That the Committee:

1. Considers Hymans performance monitoring report and presentation.
2. Receives presentations from the funds Global Equities Manager (Alliance Bernstein) and the Global High 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.

## 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:

<b>Manager and percentage of total Fund awarded</b>	<b>Mandate</b>	<b>Tactical Benchmark</b>	<b>Out performance Target (net of fees)</b>
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"> <li>• 50% iBoxx Sterling Non Gilt Over 10 Year Index</li> <li>• 16.7% FTSE Actuaries UK Gilt Over 15 Years Index</li> <li>• 33.3% FTSE Actuaries Index-Linked Over 5 Year Index</li> </ul>	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).

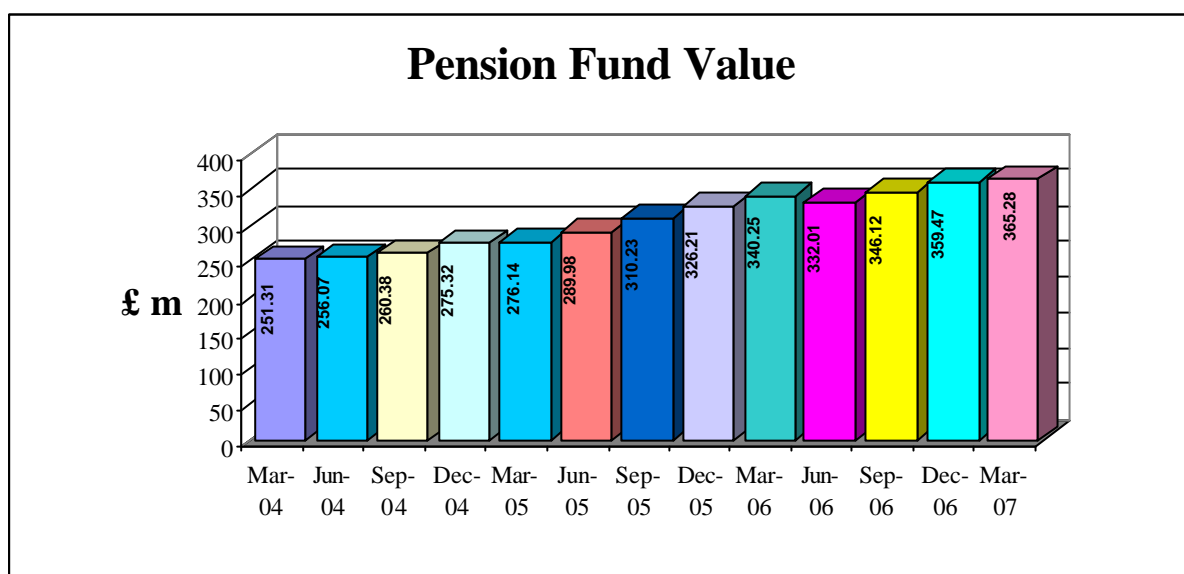
1.6 Managers are invited to present at the Pensions Committee Meeting every 6 months. On alternate dates, they meet with officers for a formal monitoring meeting. The exception to this procedure is the Property Manager, UBS, who will attend two meetings per year, one with Officers and one with Pensions Committee. Managers who are to make presentations to this Committee are:

- Global Equities Manager (Alliance Bernstein), and
- Global Higher Yield Bonds Manager (Westerns).

1.7 Hyman's performance monitoring report is attached at **Appendix A**. This is the first report produced by Hymans as the new Investment Advisor. The report will be evaluated and amended as necessary to reflect the needs of the Committee in undertaking their duties, and as such comments are invited.

## 2. Fund Size

- 2.1 Based on information supplied by our performance measurers the total combined Fund value at the close of business on 31<sup>st</sup> March 2007 was £365.28m. (Please note that for performance measuring purposes this value does not include income). This compares with a value of £359.47m at the 31<sup>st</sup> December 2006; an increase of £5.81m (1.62%). The funds increase in value of £1.91m is a reflection of the quarter 1 performance, which is outlined and follows in this report. The remainder is due to internal cash levels totalling £3.9m, of which an analysis also follows in this report.



Source: WM Company (Performance Measurers)

- 2.2 An analysis of the internally managed cash balance of £3.9m (as at 14 April 07) follows:

<b><u>CASH ANALYSIS</u></b>	<b><u>2004/05</u></b>	<b><u>2005/06</u></b>	<b><u>2006/07</u></b>
	£000's	£000's	£000's
<b>Balance B/F</b>	<b>115</b>	<b>-792</b>	<b>-3052</b>
Benefits Paid	17926	19286	20882
Management costs	825	1435	1560
Net Transfer Values	1979	962	-1341
Employee/Employer Contributions	-19195	-21777	-23731
Cash from/to Managers	-2462	-2114	1945
Internal Interest	20	-52	-199
<b>Movement in Year</b>	<b>-907</b>	<b>-2260</b>	<b>-884</b>
<b>Balance C/F</b>	<b>-792</b>	<b>-3052</b>	<b>-3936</b>

### 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 31.03.07	12 Months to 31.03.07	3 Years to 31.03.07	5 years to 31.03.07
Fund	1.2%	6.3%	13.3%	7.2%
Benchmark return	1.0%	5.5%	12.3%	7.1%
*Difference in return	0.3%	0.8%	0.9%	0.1%

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 31.03.07	12 Months to 31.03.07	3 Years to 31.03.07	5 years to 31.03.07
Fund	1.2%	6.3%	13.3%	7.2%
Benchmark return	-1.0%	1.9%	9.1%	5.2%
*Difference in return	2.9%	4.4%	3.8%	1.8%

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 31st MARCH 2007)

	Standard Life	Alliance Bernstein	Royal London	Western Asset*	UBS
Return (performance)	3.50	0.97	(1.00)	(1.68)	2.20
Benchmark	2.90	2.26	(1.20)	(2.34)	2.30
<b>**Over/(Under) Performance vs Benchmark</b>	<b>0.58</b>	<b>(1.29)</b>	<b>0.20</b>	<b>0.66</b>	<b>(0.10)</b>
TARGET	3.40	2.89	(1.01)	(1.59)	n/a
<b>** Over/(Under) Performance vs Target</b>	<b>0.10</b>	<b>(1.92)</b>	<b>0.01</b>	<b>(0.09)</b>	<b>n/a</b>

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
<b>ANNUAL</b>					
Return (performance)	14.40	0.85	1.30	(1.12)	14.20
Benchmark	11.10	2.48	0.70	(1.08)	16.70
<b>**Over/(Under) Performance vs Benchmark</b>	<b>2.97</b>	<b>(1.63)</b>	<b>0.60</b>	<b>(0.04)</b>	<b>(2.14)</b>
TARGET	13.10	4.98	1.45	1.92	n/a
<b>** Over/(Under) Performance vs Target</b>	<b>1.15</b>	<b>(4.13)</b>	<b>(0.15)</b>	<b>(3.04)</b>	<b>n/a</b>

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.

3.4 The review of the investment strategy is due to take place after the March 2007 Actuarial revaluation. In preparation of the strategy review, fund managers have been notified that the fund's Investment Advisors have been requested to review the manager's current fee arrangement with regard to considering a performance related element. Any options for consideration as a result of the review of fees will be presented to the committee at a later date.



## **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 2<sup>nd</sup> May 2007 at which a review of the quarter 1 (January to March 07) performance was discussed.
- b) It is Standard Life's view of the UK Equity Market that UK firms are delivering high levels of dividend growth but sluggish performance of some of the largest UK companies were holding back market returns. Merger and Acquisition activity continues to support the market and inflation remains near top of Bank of England target range.
- c) The portfolio activity during Quarter 1 were as follows :
  - i. Bought: Wimpey and Carillion
  - ii. Increased exposure to IMI
  - iii. Reduced exposure to HSBC
- d) Some of the top performance in the UK Equity market Sector came from Automobiles & Parts, Health Care Equip. & Services and Food & Drug Retailers. Some of the top stock contributors were the My Travel Group and Corus Group.
- e) Some of the bottom performance in the UK Equity market sector came from the Banks and Oil & Gas Producers and Real Estate. Some of the bottom stock contributors were BP and Alliance Boots.
- f) Standard Life's current investment strategy is to be overweight in Industrials, Mining and Banks and underweight in Beverages, Property and Oil & Gas.
- g) Standard Life's view of the Global economy is that there is a marked slowdown in US activity, but growth is holding up well in Europe and Asia. Interest rate changes will be limited as inflation comes under control.
- h) Standard Life's outlook of the UK economy is that the Housing market and European activity will be swing factors in 2007. They also say that surveys indicate some strength in business services, especially finance, with weakness seen in parts of manufacturing. They also feel that Retail sales will hold despite weak real income growth.
- i) Standard Life's outlook on UK Inflation is that Inflation is at the top of the monetary policy committee's target range. Main drivers of this are energy, tuition fees and the spring wage round. The market has priced in a further base rate increase but expect the CPI to drop by the end of the year.

- j) Concerns were raised with Standard Life regarding their announcement of the departure of a senior member of their UK equity team. Standard Life assured the meeting that their approach is very much team based and there would be no impact in managing Havering's account.
- 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 1 performance follows:
- b) Global equity markets were volatile, but finished with modest gains for the quarter.
- c) The portfolio underperformed the market (benchmark), due primarily to stock selection in the financial sector.
- d) The portfolio is split between 'Growth' and 'Value' stock. The growth element of the portfolio outperformed the value element.
- e) Positive contributions were from holdings in the materials, consumer staples and healthcare sectors but were offset by a wide array of smaller detractors.
- f) The value element of the portfolio was generally weaker as this was the area that had greater exposure to the financial sector.

#### **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 2<sup>nd</sup> May 2007 at which a review of the quarter 1 (January to March 07) performance was discussed.
- b) The asset allocation is split as follows:
  - i. 57.5% Sterling Credit bonds (Corporate bonds)
  - ii. 29.1% UK Index Linked Bonds
  - iii. 12.3% UK Government Bonds
  - iv. 1% Cash
- c) The Asset allocation of the portfolio was also a key driver of performance. Sterling Credit bonds still being preferred to Government Bonds and therefore the fund is overweight in credit bonds relative to the benchmark.
- d) Once again sector and stock selections were also the key drivers of performance this quarter with Royal London being underweight in

sovereign/supra-national bonds and overweight in Investment Trusts, Property and Structured Bonds.

- e) Royal London's view of the economic outlook is that growth is expected in the UK and interest rates will peak at 5.50%. They also have a view that inflation is to remain under control.
- f) Concerns were raised with Royal London what measures they will take if interest rates higher than predicted and they have stated that they will use duration management to offset any losses.
- g) Royal London's view of how the Portfolio will be taken forward would be to maintain preference for sterling credit bonds.
- h) Royal London had informed Havering that their parent company, Royal London Mutual Insurance Company approached the Committee of Management of Royal Liver Assurance regarding a possible combination of the two businesses. Although discussions are at a very early stage, this issue was discussed with Royal London and they have stated that they foresee no changes to the portfolio.
- i) 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 1 performance follows:
- b) Main contributors and detractors to performance were:
  - o US long-dated bonds outperforming U.K gilts.
  - o High Yield and emerging market debt performed well.
  - o Long duration (more sensitive to interest rate rises) position detracted from returns
  - o Exposure to the front end of the UK yield curve detracted from returns as yields rose following the interest rate rise of .25% in January.
  - o Eurozone bonds detracted from performance as yields rose and the curve steepened.
  - o While sterling-denominated asset-backed bonds benefited performance this was offset by an overweight to banks, which lagged the wider market.

- An underweight to UK index-linked gilts detracted from performance as breakeven inflation rates rose modestly across the yield curve. Overseas inflation-linked bonds outperformed.
- c) At a previous meeting Westerns were also asked to consider the possibility of re-negotiating their fee terms and they have since forwarded a proposal. Currently this proposal is under discussion between Westerns and our investment advisors.
- d) Switching to a performance related fee basis involves changing the prospectus to include the appropriate share class. The revised prospectus was submitted to the Luxembourg regulator in May 07 and providing there are no issues, it is anticipated to grant approval within approximately 4 weeks. Following this there will be a 4 week investor notification period before the new prospectus comes into force.

#### **4.5. Property (UBS)**

- a) The fund has underperformed in this quarter, the last year and the last three years. However UBS explained that the one year relative performance has been impacted by growth of Triton and by a recent influx of geared funds into the IPD All Balanced Funds Median, which changed the benchmark composition. The IPD are taking action on the increase in benchmark gearing.
- b) Concerns were raised with UBS as to why they were showing performance against the IPD All Balanced Funds Median when their benchmark is the HSBC/AREF Pooled Balanced Fund Median. UBS explained that the benchmark was the same but had changed its name.
- c) UBS current strategy is to be overweight in South East Offices and Retail and underweight in Industrials and Retail warehousing. They believe that their strategy is to be overweight in these sectors and are focusing on areas where there is likely to be constraints in supply to drive rentals up and are looking for mispriced properties.
- d) UBS also explained that initial investments in property are usually subject to investment lags, but have stated that the estimated future potential for the fund during 2007-09 is in the region of £100 - £200m.
- e) 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 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

Staff Contact: Debbie Ford  
Designation: Pension Fund Accountant  
Telephone No: 01708 432569  
E-mail address: debbieford@haverling.gov.uk

**CHERYL COPPELL**  
**Chief Executive**

### **Background Papers List**

Standard Life Quarterly report to 31<sup>st</sup> March 2007  
Alliance Bernstein Quarterly report to 31<sup>st</sup> March 2007  
Royal London Quarterly report to 31<sup>st</sup> March 2007  
Western Asset Quarterly report to 31<sup>st</sup> March 2007  
UBS Quarterly report to 31<sup>st</sup> March 2007  
The WM Company Performance Review Periods to 31<sup>st</sup> March 2007  
Hymans Monitoring Report to 31<sup>st</sup> March 2007



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MEETING	DATE	ITEM
PENSIONS COMMITTEE	26 JUNE 2007	6

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### **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: CIRCULATION OF REPORT ON THE WORK OF THE PENSIONS COMMITTEE**

#### **SUMMARY**

This report seeks Committee's approval to circulate a report on the work of the Pensions Committee for the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007 to all Council Members. The report also includes the financial position of the Havering Pension Fund, a summary of the performance of the Pension Fund investments and a list of key issues addressed during the period.

#### **RECOMMENDATION**

That the Committee approves the attached report on the work of the Pensions Committee, and agrees it for circulation to all Council Members.

#### **REPORT DETAIL**

Each year, Council Members receive information on the London Borough of Havering Pension Fund via a Report on the work of the Pensions Committee.

The attached Report contains the following:

- Performance of the Havering Pension Fund.
- A summary of the accounts of the Pension Fund as at 31<sup>st</sup> March 2007.

- Key issues considered by the Pensions Committee in the period under review.

**Financial Implications and Risks:**

These are included in the main body of the report.

**Legal Implications and Risks:**

None arising directly.

**Human Resource Implications and Risks:**

None arising directly.

**Staff Contact:** Rita Greenwood      **Title:** Group Director  
Finance and Commercial

**Telephone:** 01708 432218

**CHERYL COPPELL**  
Chief Executive

**Background Papers**

Draft Statement of Accounts (Extract of Pension Fund Accounts)  
WM Company Report as at 31<sup>st</sup> march 2007





## **HAVERING PENSION FUND**

### **REPORT ON THE WORK Of the PENSIONS COMMITTEE**

**MARCH 2007**

Financial Services  
Town hall  
Main Road  
Romford, Essex, RM1 3BB

Tel: 01708 432217  
Fax: 01708 432162

## **INTRODUCTION**

The Havering Pension Fund provides benefits to Council employees (except teachers). The performance of the Fund impacts on the cost of Council services through the cost of employer contributions. It is therefore beneficial to issue an Annual Report to all Council Members on the Havering Pension Fund and the work of the Pensions Committee.

This report covers the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007 and outlines:

- The work of the Pensions Committee
- The financial position of the Havering Pension Fund
- The performance of the Pension Fund investments
- Key issues arising during the course of the year

## **BACKGROUND TO THE PENSION FUND**

The Council is an administering Authority under the Local Government Pension Scheme Regulations and as such invests employee and employer contributions into a Fund in order to pay pension benefits to scheme members. The Fund is called the Havering Pension Fund.

The value of the Fund as at 31<sup>st</sup> March 2007 was £366m. This was invested in equities in listed companies both in the UK and overseas, fixed interest securities, property funds and cash.

The Council sets the overall investment strategy of the Fund and monitors performance of five different managers (who have specific mandates) against an agreed performance in relation to an agreed benchmark. The Council had delegated this responsibility to the Pensions Committee.

## **THE MANAGEMENT STRUCTURE**

Pensions Committee during 2006/07

Cllr Melvin Wallace (Chairman)  
Cllr Roger Ramsey (Vice Chairman)  
Cllr David Charles  
Cllr Robby Misir  
Cllr Clarence Barrett  
Cllr Linda van den Hende

Non voting Union Members:  
Brian Long (Unison)  
Michael Parker (TGWU)

NB: During the period under review, Cllr Misir was appointed to the Committee to replace Cllr Gadd.

The terms of reference are:

- To consider and agree the investment strategy and statement of investment principles for the pension fund
- To authorise the invitation of tenders and the award of contracts for actuaries, advisers and fund managers or other related investment matters (where not covered by existing delegation arrangements)
- To appoint and review the performance of advisers and investment managers for Council and pension fund investments
- To take decisions on those matters not to be the responsibility of the Cabinet under the Local Authorities (Functions and Responsibilities)(England) Regulations 2000 relating to those matters concerning pensions made under Regulations set out in Sections 7, 12 or 24 of the Superannuation Act 1972

Fund Actuary	Hewitt Bacon & Woodrow
Auditors	Audit Commission
Custodians	State Street Global Assets
Investment Managers	Standard Life Investments (UK Equities) Royal London Asset Management (Investment Bonds) Western/Citigroup (Global High Yield Bonds) Alliance Bernstein Institutional Investors (Global Equities) UBS (Property)
Investment Advisers	PSolve
Legal Advisers	London Borough of Havering Legal Services provide legal advice as necessary
Performance Measurement	WM Company

## **PENSION COMMITTEE DATES**

The Committee met a number of times and Appendix A sets out the coverage.

## **TRAINING AND DEVELOPMENT**

As a new Committee, a significant amount of training took place and this is set out in Appendix B.

For 2007/08 it is intended:

- (a) To organise three formal training sessions in respect of:
- The tri annual actuarial valuation on which the Committee will be deciding in December 2007
  - Implications of changes in service delivery and options for the Pension Fund

- Fundamental review of investment strategy taking on board the results of the Actuarial Valuation 2007

(b) Advisers and Officers on hand for open question and answer sessions plus updates an your before each Committee.

## **PERFORMANCE OF THE FUND FOR THE FINANCIAL YEAR 2006/07**

For 2006/07 the investment strategy of the Fund Managers and their performance were reported on a quarterly basis to the Pensions Committee.

The Fund Manager(s) are obliged to submit reports and valuations for this purpose and attend Officer and Pensions Committee meetings to make oral presentations and answer Members' and Officers' questions.

Historically, the Fund Managers performance has been measured against the WM Local Authority Weighted Average (including Property), that assesses the rate of return achieved by the Fund and provides comparisons to 88 local authority funds with a combined value of £124 billion.

Since the major restructure, this benchmark bears no resemblance to the asset allocation of the Havering fund, and hence each manager is measured against a specific benchmark or index best befitting their mandates and to which they have agreed. The WM benchmark continues however to be used to compare the Havering Fund overall with its peers.

The performance of the fund is also measured against a tactical and a strategic benchmark. The tactical benchmark is the combination of all the individual benchmarks for each manager. For the year to 31<sup>st</sup> March 2007, the Fund return was 6.3%. This represents an outperformance of 0.8% against the tactical benchmark...

The strategic benchmark for the overall fund is a liability benchmark of UK Over 15 year Gilts + 3.6% gross (3% net) per annum. The outperformance against the strategic benchmark was 4.4%.

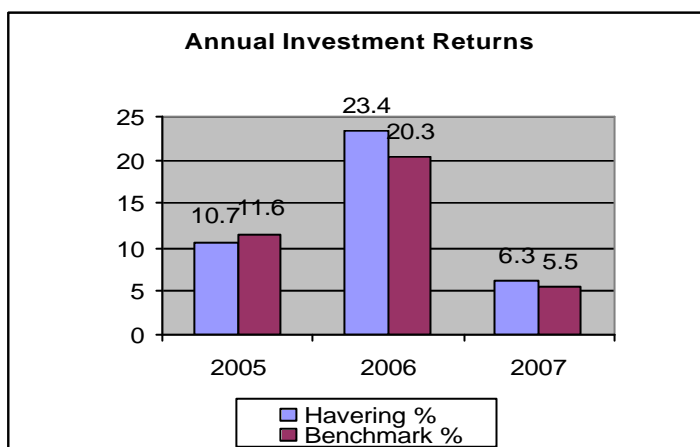
The table below details the performance of each Fund Manager against their annual benchmark and target. Please note that the UK Equities manager exceeded their annual target, whilst the Global Equities, Investment Grade Bonds, Global High Yeild and Property managers failed to do so. It must however be taken into consideration that the annual targets are based on a three year rolling programme.

	%	Standard Life (UK Equities)	Royal London (Investment Grade bonds)	Alliance Bernstein (Global Equities)	Western Asset* (Global High Yield Bond)	UBS (Property)	Total
Return		14.40	1.30	0.85	(1.12)	14.20	6.3
Benchmark		11.10	0.70	2.48	(1.08)	16.70	5.5
<b>Performance vs Benchmark</b>		2.97	0.60	(1.63)	(0.04)	(2.14)	0.8
TARGET		13.10	1.45	4.98	1.92	n/a	1.9
<b>Performance vs Target</b>		1.15	(0.15)	(4.13)	(3.04)	n/a	4.4

The following graphs and table have been prepared to illustrate the performance of the Fund as at 31<sup>st</sup> March 2007:

• **Annual Investment Returns**

The graph shows the relative performance of the Havering Pension fund compared to the tactical benchmark for three years to 31<sup>st</sup> March 2007.



• **Portfolio Distribution**

The table on the right shows the asset allocation. The change in the investment strategy of the Fund has resulted in the split of assets being decided based on the liability profile of the Fund.

**Portfolio Distribution**

**Mar-05  
Mar-06  
Mar-07**

UK Fixed Interest

%  
%  
%

4.1  
3.2  
0

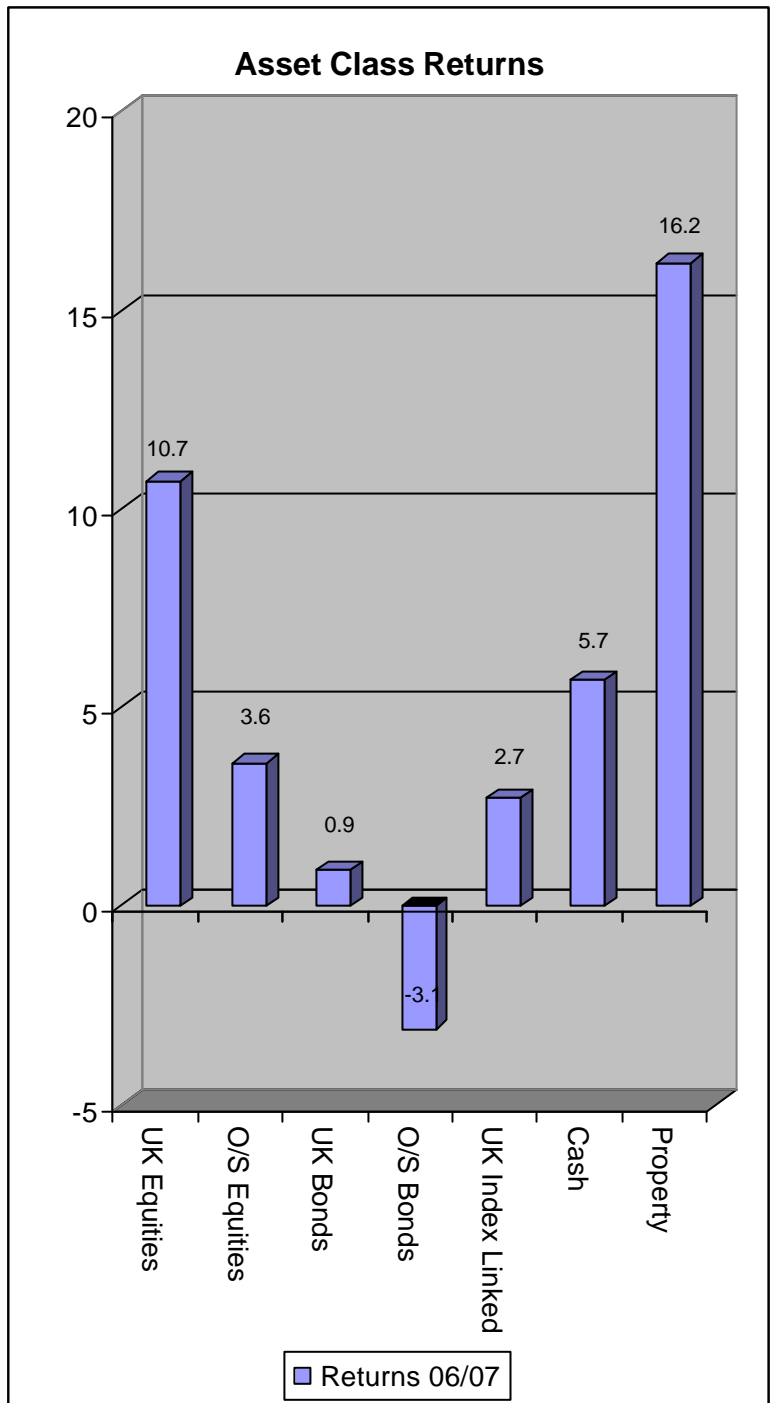
UK Index linked

9.1

	8.2
	6.16
Overseas Fixed Interest	
	0.0
	9.0
	8.26
UK Corporate Bonds	
	15.9
	15.4
	20.03
UK Equities	
	31.2
	32.5
	35.31
Overseas Equities	
	18.1
	22.8
	19.15
Property Unit Trusts	
	9.4
	8.8
	8.92
Cash and Other	
	12.2
	0.1
	2.17
	100.00
	100.00
	100.00

- **Asset Class Returns**

The table on the right shows the returns by asset class.



## STATEMENT OF ACCOUNTS

The Pension Fund accounts for 2006/07 are included in the London Borough of Havering Statement of Accounts. This has been submitted to the Audit Committee for approval. The full Pension Fund accounts, which are subject to audit, will also be included in the agenda of the September Pensions Committee.

- **Membership of the Fund**

Scheme membership at the end of the year	<b>31.3.2006</b>	<b>31.3.2007</b>
Contributors	5,613	5,761
Deferred Pensioners*	2,580	2,762
Pensioners & Dependants	4,391	4,466

\* Deferred pensioners are former employees who have chosen not to transfer their pension rights.

## FINANCIAL REVIEW

	<b>Year to 31.3.2006 £'000</b>	<b>Year to 31.3.2007 £'000</b>
Contributions inflow	25,284	27,240
Benefits outflow	<u>(24,194)</u>	<u>(23,808)</u>
Net outflow / inflow	(1,090)	3,432
Returns on investments	<u>63,779</u>	<u>21,880</u>
Net (decrease)/increase in the Fund for the year	64,869	25,312
Opening net assets of the Fund	<u>275,967</u>	<u>340,836</u>
Closing net assets of the Fund	<u>340,836</u>	<u>366,148</u>

**1. The value of the Pension Fund as at 31<sup>st</sup> March 2007 (unaudited) was £366m.**

**2. The changes to the value of Pension Fund assets during the year to 31<sup>st</sup> March 2007, was in line with the market conditions throughout the year.**

### Contributions

Contributions are the sums receivable from Havering as employer, participating bodies and from employees. The Fund Actuary at the triennial valuations of the Fund determines the employer's contributions. Employees' contributions are paid at the rates required by the 2006 regulations: officers and new manual workers pay 6% of earnings but manual workers who began contributing before 1<sup>st</sup> April 1998 pay 5%.

The corresponding contributions of the participating bodies including their employees are as follows:

<i>Payments to the Pension Fund</i>	<b>2005/2006 £'000</b>	<b>2006/2007 £'000</b>
<i>Admitted Body</i>		
Havering Citizens Advice Bureau	17	18
ACIT Ltd	133	(9)
Morrisons (Formally AWG)	418	413
PPIES	2	0
May Gurney	11	11
Sports & Leisure Management Ltd	0	148



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### *Scheduled Bodies*

London Borough of Havering	19,856	21,326
Abbs Cross School	75	0*
Havering College of Further and Higher Education	787	847
Havering Sixth Form College	170	205
Sacred Heart of Mary Girls' School	84	0*
The Coopers' Company and Coburn School	120	0*
The Frances Bardsley School for Girls	107	0*
Homes in Havering	0	707**
	<hr/>	<hr/>
	21,780	23,666

\* Abbs Cross School, Coopers Company & Coburn School, The Frances Bardsley School for girls and Sacred Heart of Mary Girls School ceased to be Scheduled Bodies to the fund due to an amendment in The Local Government Pension Scheme Regulations 1997 (As Amended) regarding change of bodies within Schedule 2.

\*\*Homes in Havering, a company limited by guarantee were formed on 1<sup>st</sup> July 2007. The company became a scheduled body with effect from this date.

### **Actuarial Valuation**

The Council is required under Regulation 77 of the Local Government Pension Scheme Regulations to obtain triennial actuarial valuations of the Pension Fund. Bacon & Woodrow completed this as at 31 March 2004. The next triennial valuation will therefore be prepared as at 31 March 2007.

The results of that valuation showed a service deficit of £137.7 million that corresponds to a funding ratio of 65.3%. The long-term rate of employer contributions for all employers combined, disregarding the Fund deficit is 12.3% of Members pay.

In light of the past service deficit the Actuary recommended that the Council contributes at the following rates of scheme members pay:

- 19.1% from 1 April 2005
- 20.3% from 1 April 2006
- 21.5% from 1 April 2007

This increase has been allowed for in the 2007/08 budget. The Council will continue the existing policy of special contributions for all early retirements.

### **KEY ISSUES ARISING IN THE PERIOD**

#### **• Communication Strategy and Governance Policy**

In line with the 1997 Local Government Pension Scheme (LGPS) regulations the London Borough of Havering as an administering authority has undertaken an annual review of the Pension Fund's Communication Strategy and Governance Policy. This report sets out how the review was undertaken and highlights where changes were required.

This report also includes an overview of the draft Administration Regulations issued by the Department of Communities and Local Government (DCLG).

- **Whistleblowing Requirements of the Pensions Act**

An annual review was undertaken.

- **Review of costs of Administrating LG Pension Funds**

The Committee considered an Audit Commission report.

- **Annual Review of Statement of Investment Principles and Funding Strategy Statement**

A number of changes were made to reflect issues identified during the review and consultation with relevant parties. This included:

- \* Clarity of responsibilities
- \* A review of compliance against the Myners principles

- **Annual Report for Members of the Fund**

This was reviewed and approved for distribution.

- **Admission Agreements**

Considered and agreed admission of KGM cleaners and Sports & Leisure Management Ltd.

- **Early Termination Policy**

The report considers the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and reviews the Council's discretionary policy on early termination payments where employment is terminated:

- \* By reason of redundancy or
- \* In the interests of the efficient exercise of the employing authority's functions

It was recommended:

1. To note that the Council has to review its current policy on early termination of employment because of changes to the legislation governing such compensation.
2. To consider, agree and publish the Council's Policy on Early Termination of Employment to effect the following changes from 1<sup>st</sup> February 2007 (Appendix B):

- \* For staff aged under 50: payment according to the statutory redundancy entitlement based upon actual earnings
  - \* For staff aged over 50 who are not in the Local Government Pension Scheme: payment according to the statutory redundancy entitlement based upon actual earnings
  - \* For temporary staff: payment according to the statutory redundancy entitlement based upon actual earnings
  - \* For staff aged over 50 who are in the Local Government Pension Scheme: payment according to the statutory redundancy entitlement based upon actual earnings and payment of immediate pension benefits. For those receiving immediate pension benefits, the redundancy payment is subject to the current cap of £37,399.71. This cap to be updated each year in accordance with the JNC pay award; and
  - \* That staff retired on efficiency grounds who are in the Local Government Pension Scheme and over 50 can be offered payment of immediate pension benefits
  - \* That the discretionary award of compensatory added years for employees over 50 in the Local Government Pension Scheme be withdrawn
- **Reviewed performance of Advisers, Custodians and Actuary**
  - **Awarded a new contract for Investment Advice**
  - **Considered and commented on proposed changes to the LG Pension Scheme**
  - **Considered performance of Pensions Administration Service**

## **PLAN FOR 2007/08**

THE Committee is due to meet on five occasions. The Work Plan is set out in Appendix C.

## APPENDIX A

### JULY 2007

- Pension fund Performance Monitoring for the Quarter Ended 31<sup>st</sup> March 2007
- Circulation of Report on the Work of the Pensions Committee
- Annual Plan and Training Programme
- Statement of Accounts – Year Ended 31<sup>st</sup> March 2007
- Performance of the Pensions Administration Service 2006/07
- Local government Pensions Scheme Regulation Changes

### SEPTEMBER 2007

- Annual Presentation from WM
- Pension fund Performance Monitoring for the Quarter Ended 30<sup>th</sup> June 2007
- Review of the Statement of Investment Principles and the Funding Strategy Statement
- Government Consultations on Proposed Changes to the Local Government Pensions Scheme (LGPS)
- Review of the Pension Fund Custodian

### DECEMBER 2007

- Pension Fund Performance Monitoring – Quarter Ending 30<sup>th</sup> September 2007
- Annual Review of the Statement of Investment Principles and the Funding Strategy
- 2006/2007 Annual Report for the Members of the Pension Fund
- Notice of Annual Review of the Pension Fund's Communication and Governance Policies
- The Admission of KGB Clearers to Havering's Pensions Fund
- Early Termination of Employment
- Review of the Actuary
- Appointment of the Investment Adviser to the Pension Fund
- Review of Investment Advisor

### MARCH 2008

- Annual Review of the Pension Fund's Communication Strategy and Governance Policy
- Pension Fund Performance Monitoring for the Quarter Ending 31<sup>st</sup> December 2006
- Annual Plan and Training Programme 2007/08
- Whistleblowing Requirements of the Pensions Act

**APPENDIX B**

**PENSIONS COMMITTEE MEMBER TRAINING PLAN 2006**

<b>DATE</b>	<b>TOPIC COVERED</b>	<b>LOCATION</b>	<b>ATTENDED BY</b>
<b>3<sup>rd</sup> July 06</b>	Investment Advisor (PSolve) doing: <ul style="list-style-type: none"> <li>• Introduction to Investment</li> </ul>	Before Committee at the Town Hall	Cllr Charles Cllr Gadd Cllr Wallace Cllr Ramsey Cllr Barrett
<b>17 July 06</b>	Investment Advisor (PSolve) doing: <ul style="list-style-type: none"> <li>• Fund Managers</li> <li>• Setting the Benchmark</li> </ul>	Town Hall	Cllr Charles Cllr Wallace Cllr Ramsey Cllr Barrett
<b>28 July 06 (see note 1)</b>	Actuary (Hewitt Bacon & Woodrow) doing: <ul style="list-style-type: none"> <li>• LGPS – Responsibilities &amp; Regulations</li> <li>• Pension fund Valuations</li> <li>• Other Matters</li> </ul>	HBW offices - London	Cllr Wallace Cllr Van den Hende
<b>21 September 06 (see note 2)</b>	Investment Advisor (PSolve) doing: <ul style="list-style-type: none"> <li>• Refresher Training</li> <li>• Fund Strategy Statements/ Statement of Investing Principles (SIP)</li> </ul>	Before Committee at the Town Hall (5pm- 7pm) (N.B. PSolve did not arrive until 6pm).	Cllr Wallace Cllr Ramsey
<b>26 October 06 14 November 06 06 December 06  (This is a 3 Day Course)</b>	Local Government Employers doing in depth training: <ul style="list-style-type: none"> <li>• Day 1 <ul style="list-style-type: none"> <li>○ LGPS Framework</li> <li>○ Investment Framework</li> <li>○ Corporate Governance</li> <li>○ Asset classes</li> </ul> </li> </ul>	London (Layden House)	Cllr Wallace Cllr Van den Hende Cllr Ramsey Cllr Misir Cllr Barrett

	<ul style="list-style-type: none"> <li>• Day 2 <ul style="list-style-type: none"> <li>○ Valuations</li> <li>○ Funding Strategy Statements</li> <li>○ Setting the benchmark and asset/liability modelling</li> <li>○ Communication strategies/Polices</li> </ul> </li> </ul>	London (Layden House)	Cllr Wallace Cllr Misir Cllr Van den Hende Cllr Ramsey Cllr Barrett
	<ul style="list-style-type: none"> <li>• Day 3 <ul style="list-style-type: none"> <li>○ Duties &amp; Responsibilities of Committee Members</li> <li>○ Established Alternative Investments</li> <li>○ The future for the LGPS</li> <li>○ Managers and Manager Selection</li> <li>○ Bringing it all together</li> </ul> </li> </ul>	London (Layden House)	Cllr Wallace Cllr Misir Cllr Van den Hende Cllr Ramsey Cllr Barrett
<b>12 December 06 – Training supplement</b>	<ul style="list-style-type: none"> <li>• Members were emailed a copy of the paper produced by Royal London on Bond Markets</li> </ul>	Training supplement via email	Cllr Wallace Cllr Misir Cllr Van den Hende Cllr Ramsey Cllr Barrett Cllr Charles Cllr Kelly (sub for Charles)

**Note 1** – For those members who did not attend (Cllrs Barrett, Charles, Gadd and Ramsey) were sent copies of the training material.

**Note 2** – For those members who did not attend (Cllrs Barrett, Gadd, Van den Hende and Kelly (sub for Charles)) were sent copies of the training material.

## APPENDIX C

### PENSION FUND INVESTMENT MANAGERS MEETINGS AND COVERAGE

MAY/JUNE 2007	LATE AUG/SEPT 2007	NOVEMBER 2007	DECEMBER 2007	LATE FEB/MARCH 2008
<ul style="list-style-type: none"> <li>• Overall Monitoring Report on Pension Fund to March inc. a) Global Equities Manager b) Global Higher Yielding Bonds Manager</li> <li>• Agree Annual Report of Committee for reporting to Council</li> <li>• Stakeholder/ Regs review on pensions</li> <li>• Annual Report on activity of Pensions Admin</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Monitoring Report on Pension Fund to end of June: a) UK Equities Manager b) UK Bonds Manager</li> <li>• Pension Fund Accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Strategy &amp; FSS Review</li> <li>• Annual review of Custodian</li> <li>• Pensions and outsourcing</li> <li>• Pension Fund leaflet</li> <li>• Annual review of Adviser</li> <li>• Annual review of Actuary</li> <li>• Review of Communications/ Governance Policies</li> <li>• General report on Panel Activity</li> <li>• IDRP policy; discretions</li> <li>• Whistleblowing Annual Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Results of Actuarial review</li> <li>• Overall Monitoring Report on Pension Fund to end of September inc. a) Global Equities Manager b) Global Higher Yielding Bonds Manager</li> </ul> <p><b>It is proposed this meeting commences at 6.00 pm</b></p>	<ul style="list-style-type: none"> <li>• Overall Monitoring Report on Pension Fund to end of December: a) UK Equities Manager b) UK Bonds Manager c) Property</li> </ul>