

**MINUTES OF A MEETING OF THE  
PENSIONS COMMITTEE  
Committee Room 3A - Town Hall  
15 June 2017 (7.00 - 9.50 pm)**

**Present:**

**COUNCILLORS**

<b>Conservative Group</b>	John Crowder (Chairman), Steven Kelly (In place of Melvin Wallace) and Philippa Crowder (In place of Jason Frost)
<b>Residents' Group</b>	Stephanie Nunn
<b>East Havering Residents' Group</b>	Clarence Barrett
<b>UKIP Group</b>	David Johnson (Vice-Chair)
<b>Trade Union Observers:</b>	Andy Hampshire

Apologies were received for the absence of Councillors Nic Dodin, Jason Frost and Melvin Wallace and (UNISON)..

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

**1 DISCLOSURE OF INTERESTS**

There were no declarations of interest.

**2 MINUTES OF THE MEETING**

The minutes of the meetings of the Committee held on 14 and 28 March 2017 subject to the addition of Councillor Ray Morgan's name in the list of those in attendance for the meeting on 28 March 2017.

**3 REVIEW OF PENSIONS ADMINISTRATION**

Officers advised the Committee that in recent years it had become extremely difficult to recruit and retain skilled, knowledgeable and experienced staff to work in Pensions Administration. In addition to the core

administration process, the key business requirements for Pensions Administration were:

- provision and maintenance of accurate and complete data sets and information;
- provision of a robust and resilient service to its members;
- guidance and support to implement new government legislation and new processes;
- development of robust customer relationships with employers and members;
- review the processes and procedures in the service to avoid duplication to eliminate waste;
- provision of effective, accurate management information and business intelligence to shape the service to provide value for money;
- reduction of manual input to reduce errors and maximise efficiency;
- provision of robust technical expertise that can be utilised to improve the service;
- engagement with scheme members and employers to enable legislative changes to be considered and adhered to;
- provision of self-service to enable members to access information;
- exploiting IT and the digital agenda to provide easy use and access to information for the team and members and ensure data consistency and accuracy.

Officers had researched a number of options for consideration by the Committee. The costs of each option were identified together with the advantages, risks and issues of a preferred option.

The Committee sought clarification on a number of the costs, which officers provided. After considerable discussion the Committee agreed to:

1. Ask the Council to agree Option 4, (subject to agreement by Lancashire County Council) that Havering Council enter into an arrangement under section 101 of the Local Government Act 1972 for the discharge by Lancashire County Council of the functions of Havering Council in respect of pensions administration from 1<sup>st</sup> October 2017 for a rolling annual period.
2. Ask the Council to delegate to the Managing Director of oneSource authority, after consultation with the Cabinet Member for Financial Management, to agree the final terms of the arrangements with Lancashire County Council and incorporate those into an agreement subject to those terms being in the best interests of Havering Council.
3. Delegate to the Managing Director of oneSource, after consultation with the Cabinet Member for Financial Management, power to consider any consultation required and consider the Equality Impact Assessment and make any changes she considers necessary in

order to give effect to the arrangements proposed in these recommendations.

4. Ask the Council to agree the recruitment of a Projects and Contract Manager.
5. Note that over a 5-year period, the total cost of the service to the Pension Fund was estimated to decrease by £76,900 and would deliver a robust, resilient and future proofed service. This would include the recruitment of a Projects and Contract Manager for Havering at annual cost of up to £57,791 to be funded by the Pension Fund budget.
6. Note that project implementation costs of the new arrangements would be £78,240 to be financed from the Pension Fund budget.

#### 4 **PERFORMANCE MONITORING REPORT TO END OF MARCH 2017**

Officers advised the Committee that the net return on the Fund's investments for the fourth quarter to 31 March 2017 was 3.7%. This represented an outperformance of 1.5% against the tactical benchmark and represented an outperformance of 1.3% against the strategic benchmark.

The overall net return for the financial year to 31 March 2017 was 17.1%. This represented an outperformance of 4.0% against the tactical combined benchmark and an under performance of -3.7% against the annual strategic benchmark.

At the close of business on 31 March 2017 the total combined value of the fund was £671.14m this represented an increase of £23.09m from the position at the close of business on 31 December 2016. The fund had seen a further increase of approx. £10m by mid June.

Officers advised that the Department of Communities and Local Government had issued revised guidance last September which had relaxed the regulatory framework for scheme investments and also the requirement to review investment manager performance. In the light of this relaxation officers had recommended that in future the Committee only see one fund manager at a meeting. This would mean a 15 month cycle for the five fund managers. If there were any specific matters of concern arrangements would be made to see managers more frequently.

The Committee:

1. **Noted** the summary of performance of the Pensions Fund;
2. **Agreed** to the change in the frequency they see Fund Managers;
3. **Noted** the quarterly reports provided by each investment manager;  
and
4. **Noted** the analysis of the cash balances.

**5 BUSINESS PLAN/ANNUAL REPORT ON THE WORK OF THE COMMITTEE**

Officers had produced the Business Plan/Annual report for the Pensions Committee for 2016/17. This included the plan of work for 2017/18.

Having discussed the Business Plan/Annual Report the Committee **agreed** the plan as submitted and referred it to Council for consideration.

**6 EXCLUSION OF THE PUBLIC**

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

**7 HYMANS PERFORMANCE REPORT**

The representative from Hymans Robertson provided the Committee with a review of fund performance for the quarter ending 31 March 2017. A series of rebalancing actions previously agreed by the Committee had been completed during the quarter.

With one minor exception all the Fund Managers had out performed their benchmarks.

The report was **noted**.

**8 FUND MANAGER PRESENTATION - GMO**

Representatives from GMO attended the meeting to update the Committee on their performance over the quarter and since they last appeared before the Committee. The Global Real Return (UCITS) Fund had performed well and the changes introduced last year were having a positive impact on performance.

The Committee **noted** the report.

9 **INDEPENDENT HEALTH CHECK - PRESENTATION**

A representative of Allenbridge, an Independent Investment Adviser, attended the meeting to brief the Committee on the outcome of the independent 'health check' of the Fund's long term investment strategy and the progression of the investment strategy. On the whole the 'health check' provided a positive view of the strategy.

With regard to the review of one particular Fund Manager the Independent Adviser concurred with the view expressed by Hymans that the Fund Manager be retained.

The Committee **noted** the report.

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**Chairman**