

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Committee Room 3A - Town Hall
15 December 2015 (7.00 - 9.08 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Melvin Wallace and Roger Westwood
Residents' Group	Ray Morgon and Stephanie Nunn
East Havering Residents' Group	Clarence Barrett
UKIP Group	David Johnson (Vice-Chair)

Apologies were received for the absence of Heather Foster-Byron, John Giles and Andy Hampshire.

All decisions were taken with no votes against.

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

27 MINUTES OF THE MEETING

The minutes of the meeting held on 24 November 2015 were agreed as a correct record and signed by the Chairman.

28 INTERNAL CASH MANAGEMENT POLICY REVIEW

Back in 2012 Hymans Robertson had developed an internal cash management policy which had been presented to the Committee and adopted on 25 June 2012. Officers had undertaken a review and undertaken an analysis of the cash flow during the period 1 April 2012 to 31 March 2015.

Cash flow management was an essential part of the administration of the pension scheme as the fund had to meet its on-going benefit payments. The Fund provided benefits for employees, which included retirement pensions, death grants and other lump sum payments. These benefit payments could be split between the more predictable payments, such as monthly pension payroll or the more unpredictable payments such as transfer value payments, retirement lump sums or death benefits.

The fund was financed by contributions from employees, employers and from profits, interest and dividends on its investments.

The analysis of the last three years of cash-flow had shown that with regard to predictable cash-flow the fund had shown an average balance of £0.2m per month. The situation with unpredictable income and expenditure showed an average balance of -£0.4m per month.

This shortfall had been addressed by drawdown and cash injections. The Fund had drawn down income from UBS of approximately £1.2m each year.

The policy had proposed that the working cash balance (immediately after receipt of monthly contributions) be set at £5m. Should the cash balance at the start of the month be continually greater than £6m, then cash could be reinvested to reduce the balance to £5m. However, the Deputy Chief Executive Communities and Resources had the discretion to retain cash above the upper limit to meet unforeseeable volatile unpredictable payments.

The Committee has agreed the reviewed Cash Management Policy.

29 **PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED SEPTEMBER 2015**

Officers advised the Committee that the net return on the Fund's investments for the quarter to 30 September 2015 was -3.1%. This represented an under performance of -2.6% against the combined tactical benchmark and an under performance of -8.4% against the strategic benchmark.

The overall net return for the year to 30 September 2015 was 2.6%. This represented an out performance of -1.6% against the tactical combined benchmark and an under performance of -12.2% against the annual strategic benchmark.

The Committee had received an update from Hymans Robertson and presentations from two of the Fund Managers Baillie Gifford and State Street Global Advisors.

The Committee **noted** the reports and presentations.

30 **INVESTMENT REFORM CRITERIA AND GUIDANCE**

Officers have advised the Committee that the CIV had indicated that they would be preparing a collaborative response to the Department of Communities and Local Government paper 'Investment Reform Criteria and Guidance'.

31 **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.

Chairman