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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Town Hall, Main Road, Romford
14 June 2016 (7.00 - 8.40 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Jason Frost and Steven Kelly (In place of Melvin Wallace)
Residents' Group	Nic Dodin and Stephanie Nunn
East Havering Residents	Clarence Barrett
UKIP	David Johnson (Vice-Chair)
Admitted/Scheduled Bodies	Heather Foster-Byron
Trade Union Observers	John Giles (UNISON)

Apologies were received for the absence of Councillor Melvin Wallace and John Hampshire (GMB).

All decisions were taken with no votes against.

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

1 MINUTES OF THE MEETING

The minutes of the meeting held on 15 March 2016 were agreed as a correct record and signed by the Chairman.

2 PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED MARCH 2016

Officers advised the Committee that the net return on the Fund's investments for the quarter to 31 March 2016 was 1.4%. This represented an under performance of -0.8% against the combined tactical benchmark and an under performance of -6.9% against the strategic benchmark.

The overall net return for the year to 31 March 2016 was -1.2%. This represented an under performance of -2.8% against the tactical combined benchmark and an under performance of -7.7% against the annual strategic benchmark.

At the close of business on 31 March 2016 the total combined value of the fund was £572.2 this represented an increase of £10.52 from the position at the close of business on 31 December 2015. Officers advised that as at the end of May the fund had seen a small drop to approximately £563m.

The Committee had received an update from Hymans Robertson and a presentation from GMO on the performance of their Global Real Return (UCITS) Fund.

Officers advised the Committee that the Pension Fund Actuaries would be undertaking the triennial valuation of the Fund based on the data as at 31 March 2016. It was expected that a draft report would be available by the end of October. Earlier indications were that the actuaries would look to retain the status quo for Havering.

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

3 **PENSION FUND AUDIT PLAN 2015/16**

Officers submitted details of the audit plan for the 2015/16 Pension Fund Accounts. This year would be the first year when the accounts would be audited by Ernst & Young LLP.

In the planning stage Ernst & Young had identified one significant risk i.e. the risk of management override of controls. Their Approach to this would be as follows:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements;
- Reviewing accounting estimates for evidence of management bias; and
- Evaluating the business rationale for significant unusual transactions.

This approach was similar to that adopted by the previous auditors.

The indicative fee for the audit was £21,000, identical to last year's fee.

We have noted the report and timetable.

4 **LOCAL GOVERNMENT PENSION SCHEME: LONDON BOROUGH OF HAVERING EMPLOYER DISCRETIONS STATEMENT OF POLICY AND DISCRETION DECISIONS**

In accordance with the Local Government Pension Scheme Regulations (LGPS) 2013 and the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014, Scheme employers participating in the LGPS in England and Wales were required to formulate, publish and

keep under review a Statement of Policy on certain discretions which they had the power to exercise in relation to members of the scheme.

On 24 June 2014 the Committee had delegated to the group Director of Resources, the Director of Human Resources and Organisational Development, and the Council's Monitoring Officer, acting jointly, the setting of the discretion decisions and Policy Statement. Following the setting of the discretion decisions and Policy Statement, the final discretions and Policy Statement had been brought back to Committee for information.

As a result of the Local Government Pension Scheme (Amendment) Regulations 2015/755 introduced in 2015, and changes to the Oracle Payroll system, certain Employer discretions had been reviewed, and the Policy Statement updated accordingly.

The Committee expressed concern with regard to the discretions under the Local Government (early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, specifically number 6 (Award of lump sum compensation). The Regulations allow the award of lump sum compensation payments of up to 104 weeks pay within six months of the termination date and where no additional benefits had been awarded under the LGPS. The Discretion Application stated that 'The Council does not apply this discretion.'

The concern was that this decision fettered the Council's powers, and therefore was not legal. The Committee have asked officers to refer the matter back to legal services to review this discretion.

Subject to the above the Committee have noted the revised Employing Authority Discretions and Administration Authority Discretions – and the Statement of Policy.

5 BUSINESS PLAN/ANNUAL REPORT ON THE WORK OF THE PENSIONS COMMITTEE 2015/16

The Committee received the draft Business Plan/Annual Report on the work of the Pensions Committee 2015/16.

The Committee raised a couple of points regarding the report and officers had agreed to amend the report accordingly.

The Committee agreed to adopt the Business Plan/Annual Report 2015/16 and submit the report to Council.

6 ANY OTHER URGENT BUSINESS

Officers advised the Committee that Pension Funds had to inform the Government of the Council's proposals and timetable for transitioning assets over to the pooled scheme. The Collective Investment Vehicle would be submitting a collective response on behalf of its members, but the

opportunity was there if individual funds wished to make their own submissions.

The draft template being used for the collective response was distributed to members of the Committee via email prior to the meeting.

A copy of the completed collective response would be provided to all members of the Committee.

The Committee have decided they do not wish to submit a separate response.

7 **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