

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Committee Room 3a, Town Hall, Main Road, Romford
11 December 2018 (7.00 - 8.50 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Melvin Wallace (Vice-Chair) and Matt Sutton
Residents' Group	Stephanie Nunn
Upminster & Cranham Residents' Group	Ron Ower
Independent Residents' Group	David Durant
North Havering Residents' Group	Martin Goode

An apology for absence was received from Andy Hampshire, Trade Union Observer.

All decisions were taken with no votes against.

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

86 TO NOTE ANY CHANGES TO THE MEMBERSHIP OF THE PENSIONS COMMITTEE

The Committee noted that Councillor Durant had been appointed as a member of the Pensions Committee.

87 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

There were no apologies for absence.

88 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

89 MINUTES OF THE MEETING

The minutes of the meeting held on the 13 November 2018 were agreed as a correct record and signed by the Chairman.

90 THE LOCAL GOVERNMENT PENSION SCHEME CHARGING POLICY

The Charging Policy was originally introduced in November 2014 to formally set out the Pension Fund policy relating to the actuarial and legal charges for specific areas of work along with more general costs such as strain costs or charges relating to poor performance and late payment of scheme contributions. The Policy had been reviewed to ensure that it was still fit for purpose and included the most recent guidance from the Pensions Regulator.

The draft policy was circulated to all scheme employers for comment, and five responses had been received and their comments considered and incorporated into the policy where appropriate. Following the comments of the Pensions Committee, the draft charging policy would be finalised and submitted to the Section 151 Officer for approval and published for implementation in January 2019.

RESOLVED:

That the Committee:

- i) Noted the draft Charging Policy.**
- ii) Delegated the approval of the final Charging Policy to the Section 151 Chief Operating Officer.**

91 PUBLIC SERVICE PENSIONS ACT 2013 - SECTION 13

The Committee received the Executive Summary Review of the Actuarial Valuations of Funds as at 31 March 2016 Pursuant to Section 13 of the Public Service Pensions Act 2013.

The overall summary of the findings were:

- 89 funds were tested out of 91 LGPS funds (due to incomplete or missing data).
- 70 received green flags on all solvency and long term cost efficiency measures.
- 20 amber flags and 2 red flags allocated in total (14 amber flags in the solvency criteria – which included an amber flag for insolvency for Havering); 2 red flags under the solvency criteria; and 6 amber flags under the long term cost efficiency criteria.

The Council's actuaries had commented that the amber flag for insolvency was the only flat raised, therefore, it could be inferred that GAD had agreed with their actuary that the investment and contribution plans were suitable.

RESOLVED:

That the Committee:

- i) Noted the results of the report produced by GAD as attached as Appendix A, B and C.**
- ii) Noted the Actuarial firms joint letter to Ministry of Housing, Communities and Local Government and Scheme Advisory Board as attached as Appendix D.**

92 EXCLUSION OF THE PUBLIC

The Committee resolved to exclude the public from the meeting during discussion of the following items 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.

There were no members of the public or press present for the duration of the meeting.

93 FUND MANAGERS REVIEW - VOTING AND ENGAGEMENT

The Committee received a report produced by the Fund's Investment Advisor, Hymans Robertson, which presented a summary on the responsible investment activities of the Fund's investment managers in support of the Committee's ongoing monitoring requirement as set out in the Investment Strategy Statement. The review was focused on the period for the year to 30 June 2018.

RESOLVED:

That the Committee:

- i) Noted the Hymans summary review of fund manager voting and engagement activity attached as Appendix A.**
- ii) Noted the Responsible Investment policy of the London CIV attached as Appendix B.**
- iii) Considered and agreed the potential next steps in respect of future developments of the monitoring and review process as outline in the Hymans report at Appendix A.**

94 **PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED SEPTEMBER 18**

The Committee received a report which provided an overview of the performance of the Havering Pension Fund investments for the quarter to 30 September 2018. The performance information was taken from the quarterly performance reports supplied by each Investment Manager, State Street Global Services Performance Services PLC quarterly Performance Review Report and Hymans Monitoring Report.

The net return on the Fund's investments for the quarter to 30 September 2018 was 1.2% (or £8.16m to £734m). This quarter, the fund underperformed against the strategic benchmark by 2.0%.

Based on the information supplied by the performance measurers, the total combined fund value at the close of business on 30 September 2018 was £734.57m. This valuation differed from the basis of valuation used by the Fund Managers and the Investment Advisor in that it excluded accrued income. This compared with a fund value of £726.41 at the 30 June 2018, an increase of £8.16m. Movement in the fund value was attributable to an increase in assets of £15.81m and a decrease in cash of £-7.65m. Internally managed case levels stood at £15.92m.

RESOLVED:

That the Committee:

- i) **Noted the summary of the performance of the Pension Fund within the report.**
- ii) **Considered Hymans performance monitoring report and presentation (Appendix A – Exempt).**
- iii) **Received a presentation from the Fund's Multi Asset Manager GMO – Global Real Return (UCITS) Fund (Appendix B – Exempt).**
- iv) **Considered the quarterly reports provided by each investment manager.**
- v) **Noted the analysis of the cash balances (paragraph 3.2 refers).**

Chairman