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**MINUTES OF A MEETING OF THE  
PENSIONS COMMITTEE  
Committee Room 2 - Town Hall  
10 December 2019 (7.00 - 9.00 pm)**

**Present:**

**COUNCILLORS**

<b>Conservative Group</b>	John Crowder (Chairman) and Osman Dervish
<b>Residents' Group</b>	Stephanie Nunn
<b>Labour Group</b>	Keith Darvill
<b>North Havering Residents' Group</b>	Marting Goode
<b>Upminster &amp; Cranham Residents' Group</b>	Ron Ower

All decisions were taken with no votes against.

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

**141 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

Apologies were received for the absence of Councillors Jason Frost

**142 DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

**143 MINUTES OF THE MEETING**

The minutes of the Pensions Committee held on the 12<sup>th</sup> November were signed as a correct record by the Chair.

**144 ADMISSION OF ESSEX CARES LTD TO THE LBH PENSION FUND**

The report presented to the Committee requested that Essex Cares Ltd be admitted into the London Borough of Havering Pension Fund on a 'closed agreement'.

Essex Cares Ltd, a Local Authority Trading Company provided by Essex County Council, won the contract to provide re-ablement services to Havering. The agreed contract commenced on the 1<sup>st</sup> April 2019, is for a

minimum of three years and will include an indemnity of £435,000 with Essex County Council acting as the guarantor to protect the pension fund. Members noted that 26 employees were members of the Local Government Pension Scheme (LGPS) on the transfer date and that Essex Cares Ltd will be required to pay a contribution which had been determined by the Fund Actuary; this was initially set at 38.4% of pensionable pay.

**The Committee agreed:**

- a) The Council and Essex Cares Limited signing up to an Admission agreement, and
- b) An Indemnity of £435,000 by way of Essex Cares Ltd securing a guarantee in an approved form, duly executed from Essex County Council to protect the pension fund.

**145 ADMISSION OF LEWIS & GRAVES TO THE LBH PENSION FUND**

The report presented to the Committee requested that Lewis & Graves Partnership be admitted into the London Borough of Havering Pension Fund on an 'open agreement'.

Lewis & Graves Partnership secured a contract to provide cleaning services to Hornchurch High School. The agreed contract commenced on the 1<sup>st</sup> August 2018. The Committee noted that 5 employees were members of the LGPS at the date of transfer of the contract and that Lewis and Graves Partnership will be required to make contributions of 32.8% of pensionable pay as determined by the Fund Actuary with an indemnity of £10,000, with Lewis & Graves Partnership to secure a bond to protect the Pension Fund.

**The Committee agreed:**

- a) The Council, the Academy and Lewis & Graves Partnership signing up to an Admission agreement, and
- b) An Indemnity of £10,000 by way of Lewis & Graves Partnership Limited securing a Bond to protect the pension fund

**146 FUNDING STRATEGY STATEMENT**

The report put before the Committee outlines the amendments made to the Funding Strategy Statement.

The FSS applies to all employers within the Fund and focuses on a number of aspects; how employer liabilities are measured, the pace at which liabilities are funded and how employers pay for their own liabilities. Members of the Committee noted multiple changes to the draft strategy and it would be in effect from the 1<sup>st</sup> April 2020. The Committee also noted that there had been no responses from employers regarding the consultation at the time of the meeting.

**The Committee:**

- a) **Agreed** the assumptions used by the Actuary to calculate employer contribution rates (Appendix E within Appendix 1), and
- b) **Agreed** the draft Funding Strategy Statement (Appendix 1) (subject to the outcome of consultation with employers).
- c) **Agreed** that in the event that there are any responses to the consultation by employers that the Chair and the Statutory Section 151 officer be authorised to consider these and approve the final version of the Funding Strategy Statement, making amendments if required. The Committee were notified that if no changes are required then the draft version as reported will be accepted as the final version.

147 **INVESTMENT BELIEF UPDATE**

The report presented to the Committee gave an update on the development of the Statement of Investment Beliefs.

The Pensions Committee held on the 19<sup>th</sup> March 2019 agreed a set of Investment beliefs which have been set out in the paper from Hymans. The revised wording would be incorporated into the ISS which will be presented at a later Committee meeting.

**The committee:**

- a) **Considered and agreed** the proposed updated draft wording to the responsible investment policy as set out in **Appendix A** (Appendix 2).
- b) **Agreed to directly consider** Environmental, Social and Governance (ESG) and climate risk considerations as part of its forthcoming equity review, and
- c) **Agreed** to more direct scrutiny of its equity investment managers on their stewardship and, where appropriate, challenge managers on the action they have taken

148 **EXCLUSION OF THE PUBLIC**

149 **PENSION FUND PERFORMANCE MONITORING**

The report presented to the Committee gave an overview of the performance of Havering's Pension Fund investments, the Fund Manager Monitoring and any relevant LGPS updates for the quarter ending 30<sup>th</sup> September 2019.

The total combined fund value at the close of business on the 30<sup>th</sup> September 2019 was £784.99m which had increased by £23.00m since the 30<sup>th</sup> June 2019. The cash value that is internally managed stood at a value of £17.799m.

**The Committee:**

- a) Noted Hymans Market Background and Outlook Report (Appendix A)
- b) Noted Hymans Strategic Overview Report (Appendix B).
- c) Noted Hymans Manager Performance Report (Appendix C).
- d) Noted Hymans Performance Report and views (Appendix D and E Exempt)
- e) Received presentations from the Fund's infrastructure manager Stafford Capital (Appendix F – Exempt)
- f) Noted the quarterly reports sent electronically, provided by each investment manager.
- g) Noted the analysis of the cash balances

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**Chairman**