

PENSION FUND COMMITTEE

MINUTES

25 NOVEMBER 2013

Chairman: † Councillor Richard Romain

Councillors: * Kam Chana (2) * Sachin Shah
* Keith Ferry (Vice-Chairman in the Chair) * Stephen Wright (2)

Co-optee (Non-voting): † Howard Bluston Steve Compton
Sanjay Karia

[Note: Ms Gemma Sefton of Hymans Robertson attended in an advisory role, as the Council's Actuary. Mr Tony Bailey and Ms Stephanie Randall of Aon Hewitt attended in an advisory role, as the Council's Adviser]

* Denotes Member present
(1) and (2) Denote category of Reserve Members

28. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Councillor Richard Romain
Councillor Tony Ferrari

Reserve Member

Councillor Stephen Wright
Councillor Kam Chana

29. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

30. Minutes

RESOLVED: That the minutes of the meeting held on 18 September 2013 be taken as read and signed as a correct record.

31. Public Questions, Petitions and Deputations

RESOLVED: To note that no public questions were put, or petitions or deputations received at this meeting.

RESOLVED ITEMS

32. Appointment of Additional Investment Adviser

The Committee received a report which provided an update on its previous discussions concerning the appointment of an additional investment adviser.

The Chair for the meeting introduced the item and explained that since the formation of the Committee from its previous existence, there had been a desire to appoint an additional independent adviser to assist the Committee in its work and discussions. The current Chair of the Committee would not be standing for re-election in May 2014 and had expressed an interest in performing this role.

The Director of Finance and Assurance advised that it was necessary to advertise the role locally to determine whether anyone else would be interested and for all suitable candidates to be interviewed. The Committee had asked for a job description to be devised for this purpose and an open and transparent process was required.

During the discussion on this item, Members of the Committee made the following points:

- the current Chair of the Committee had a tremendous amount of investment and pension fund knowledge. It was important to retain this expertise to the Committee;
- it would have been helpful if the job description had provided more information on the time commitment required and what the targets of the role were.

RESOLVED: That the role description, fee, advertising and appointment strategy for an additional independent adviser for the fund be agreed.

33. Lead Member Roles

The Committee received a report which set out the result of consultations with Members on acting as Lead Members of areas falling within the remit of the Committee.

During the discussion on this item, Members made a number of comments as follows:

- Councillor Sachin Shah would not be allocated the Regulation responsibility;
- Councillor Richard Romain would replace Councillor Kam Chana as having responsibility for monitoring and feedback for advisers and officers;
- it would be helpful if officers would define each specific area of responsibility in more details to assist Members in understanding what would be expected of them.

RESOLVED: That the Committee allocate Lead Member roles as follows:

Committee Governance – Membership and Remit	Councillor Richard Romain and Councillor Bill Stephenson
Regulation	Councillor Kam Chana
Training	Councillor Sachin Shah
Monitoring and Feedback for Advisers and Officers	Councillor Tony Ferrari and Councillor Richard Romain
Business Plans, Objectives, Risk Management and Meeting Agenda	Councillor Keith Ferry and Councillor Kam Chana
Actuarial and Member / Employer Related Issues	Councillor Sachin Shah
Strategy	Councillor Tony Ferrari and Councillor Kam Chana
Manager Appointments and Monitoring	Councillor Richard Romain
Ethical Investing and Voting	Councillor Keith Ferry and Councillor Bill Stephenson

34. Update Report and Action Points from Previous Meetings

An officer introduced a report which provided an update of actions taken since the last meeting and of the meeting plan. The officer made the following points:

- the consultation of the future structure of the LGPS ended on 27 September 2013. However the Local Government Minister had

recently announced that the Government was pushing ahead with scheme reform and that 3 options were to be developed and examined;

- on 31 October 2013 all Members of the Committee had met eight of the Fund's investment managers and received reports on their past performance and prospects for the future. Following this the Committee had asked that they be provided with monthly returns received from Barings.

The Chair concluded by saying that the Council had purchased a CIPFA document titled "Pensions Finance – Knowledge and Skills Framework – Technical Guidance for Elected Representatives and Non-executives in the Public Sector". This would be made available to Members of the Committee.

RESOLVED: That the report be noted

35. Exclusion of the Press and Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

<u>Agenda Item</u>	<u>Title</u>	<u>Reason</u>
13.	Equities Options	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
14.	Information Report – Investment Manager Monitoring	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
15.	Information Report – Performance of Fund Managers for Quarter Ended 30 September 2013	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
16.	Actuarial Valuation and Funding Strategy Statement	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

36. Equities Options

The Committee received an exempt report which summarised the proposals for amendments to the Pension Fund Investment Strategy and made recommendations as to their implementation and costs.

An officer explained to the Committee that this report was exactly the same as had been presented at an informal meeting of Members on 8 November 2013. The three recommendations made in the report reflected the comments made by Members over the last 6 months. The officer also clarified that the Committee were able to call special meetings as and when required, if formal decisions were required.

RESOLVED: That

- (1) a revised structure for the fund be agreed as contained in paragraph 10 of the report;
- (2) the current contracts with Wellington Management Company and Fidelity Worldwide Investments be terminated at an appropriate time;
- (3) the new strategy be implemented in accordance with paragraphs 15 – 19 of the report.

37. Information Report - Investment Manager Monitoring

The Committee received an exempt report of the Director of Finance and Assurance which presented Aon Hewitt's quarterly report on Harrow's Fund Managers, detailing strengths and weaknesses and overall ratings, and noted that the ratings remained unchanged from the September report.

A Member commented that it would be helpful to have targets by which Fund Managers could be assessed against. This would then provide more information which the Council could use to assess its fund managers.

RESOLVED: That the report be noted.

38. Information Report - Performance of Fund Managers for Quarter Ended 30 September 2013

The Committee received an exempt report of the Director of Finance and Assurance which set out the performance of the investment managers and of the overall fund for the quarter, year and three years ending 30 September 2013.

RESOLVED: That the report be noted.

39. Actuarial Valuation and Funding Strategy Statement

The Committee received an exempt report which reported on the receipt by the Council of the preliminary results of the triennial actuarial valuation carried out by the Council's Actuary, Hymans Robertson LLP.

An officer reported to the Committee that Hymans Robertson LLP were currently in the process of finalising the triennial actuarial valuation and it was expected that this would be completed in December 2013. It may be desirable for the Committee to take an early decision on the employer's contribution rate to fit in with the Council's budget setting process.

The Committee then received a presentation from a representative from Hymans Robertson which summarised the issues and assumptions made by it in preparing the triennial valuation.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.35 pm, closed at 8.51 pm).

(Signed) COUNCILLOR KEITH FERRY
Vice-Chairman in the Chair