

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 6.30 P.M. ON THURSDAY, 13 JUNE 2013

ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, LONDON E14 2BG

Members Present:

Councillor Zenith Rahman (Chair)
Councillor Judith Gardiner
Councillor Ann Jackson (Vice-Chair)
Councillor Craig Aston

Admitted Bodies, Non-Voting Members Present:

Frank West – - Non-Voting Member (Trade Union)
John Gray – - Non-Voting Member (Admitted Body)

Others Present:

Raymond Haines (Chair of Pensions Fund Investment Panel)
Matt Woodman Hymans Robertson

Officers Present:

Anant Dodia – (Pensions Manager)
Oladapo Shonola – (Chief Financial Strategy Officer, Resources)
Lisa Stone – Pensions Officer
Paul Thorogood – (Interim Service Head Finance and HR
Development, Resources)
Antonella Burgio – (Democratic Services)

1. APPOINTMENT OF VICE-CHAIR

Councillor Jackson was nominated and seconded by Councillor Gardiner to be appointed as vice-chair of the Pensions Committee for the duration of the municipal year. There being no other nominations, it was

RESOLVED

That Councillor Jackson be appointed Vice-Chair of the Pensions Committee for the duration of the municipal year.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Oliur Rahman.

3. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

Councillor Jackson declared a general non-disclosable pecuniary interest in the meeting since she was a member of Tower Hamlets Local Government Pension Fund.

Councillor Gardiner also declared a general non-disclosable pecuniary interest in the meeting since she was a member of Tower Hamlets Local Government Pension Fund.

4. UNRESTRICTED MINUTES

The minutes of the meeting held on 21 February 2013 were presented for approval. It was noted that Co-optee Mr John Gray had attended the meeting but this had not been recorded.

RESOLVED

That subject to an amendment that Mr Gray's attendance at the Pensions Committee held on 21 February 2013 be recorded, the minutes of the meeting be approved.

5. PETITIONS

Nil items.

6. UNRESTRICTED REPORTS FOR CONSIDERATION

6.1 Pensions Committee Terms of Reference, Membership, Quorum and Dates of Meetings

The Clerk presented the report which asked the Committee to note the terms of reference, membership of the Committee, as appointed at Annual Council, quorum and meeting dates of the Pensions Committee for the municipal year.

The Committee also noted that since Annual Council, Councillor Shiria Khatun had stood down from the Committee

RESOLVED

That the Terms of Reference, membership, quorum and meeting dates of the Pensions Committee be noted.

6.2 Confirmation of Trade Unions and Admitted Bodies Representatives of the Pensions Committee 2013-14

The Clerk presented the report, advising Members of the continued endorsement of John Gray (Admitted Bodies Representative) and Frank West (Union Representative) by their respective nominating bodies and their reappointment, at Annual Council, as non-voting co-optees of the Pensions Committee for the municipal year

RESOLVED

That the continued endorsement of John Gray (Admitted Bodies Representative) and Frank West (Union Representative) as non-voting co-optees of the Pensions Committee for the municipal year 2013-14 and their reappointment at Annual Council on 22 May 2013 be noted.

6.3 Composition of the Pension Fund Investment Panel

The Chief Financial Strategy Office presented the report advising the Committee that, under its Terms of Reference, it was required to establish an Investment Panel annually comprising all Members of the Pensions Committee or their designated deputies. a Investment Professional as Chair' an Independent Financial Advisor, the Corporate Director of Resources or his designated deputy. The terms of reference also stipulated that up to two Trade Union representatives (or their designated deputies) as nominated by the Staff-side Secretary attend the Investment Panel as observers.

In addition to membership, the Committee was asked to establish terms of reference of the Investment Panel as set out in Appendix 1 and invited to attend its meeting which was to take place at the rising of Pensions Committee.

RESOLVED

1. That an Investment Panel be established.
2. That membership of the Investment Panel comprise:-
 - § All Members of the Pensions and Accounts Committee or their designated deputies.
 - § A Investment Professional as Chair
 - § An Independent Financial Advisor
 - § The Corporate Director of Resources or his designated deputy.
3. That that up to two Trade Union representatives (or their designated deputies) be nominated by the Staffside Secretary attend the Investment Panel as observers.
4. That the terms of reference for the Investment Panel as set out in Appendix 1 be approved.

6.4 Report of Investment Panel for Quarter Ending 31 December 2012.

The Chief Financial Strategy Officer presented the report of the Investment Panel for the period ending 31 December 2012, which informed Members of the activities of the Investment Panel and the performance of the Fund and its investment managers for that period. He reported that the Fund had achieved a return of 0.5% above the benchmark in the quarter and a twelve month Fund return of 0.1% above benchmark. Over the longer term, performance remained in line with benchmark.

The Chief Financial Strategy Officer advised that although, the level of returns achieved varied between the managers, seven out of eight managers matched or achieved returns above the benchmark. The variability of returns reflected, in part, the management structure of the fund where complementary investment styles were employed to reduce the volatility of overall portfolio returns. Notwithstanding the underperformance of one Fund Manager, he advised that the Fund remained in line with its long term strategic equity asset allocation and the distribution of the Fund's assets amongst the different asset classes was also broadly in line with benchmark.

Responding to Members questions, the following information was provided: Benchmarking was defined by the authority itself on the basis of performance of the businesses invested in and all other fund managers were measured against their own indices.

Concerning measurement against other schemes, the authority participated in the State Street survey along with 75% of other local government schemes.

The GMO performance losses were relative as their UK equities performed less well than other fund managers. The Committee was advised that following this underperformance, the Council had negotiated a fee reduction with this fund manager. This had saved the Tower Hamlets Local Government Pension Fund £2M.

RESOLVED

That the contents of the report be noted.

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil Items.

The meeting ended at 6.54 p.m.

Chair, Councillor Zenith Rahman
Pensions Committee