

LONDON BOROUGH OF TOWER HAMLETS**MINUTES OF THE PENSIONS BOARD****HELD AT 10.00 A.M. ON MONDAY, 27 JUNE 2016****Members Present:**

John Jones (Chair)	(independent Chair)
Stephen Stratton (Member)	Pensions Board Member representing Active Fund Members
John Gray (Member)	(Representing Active Admitted/Statutory Bodies Pension Fund Members)
David Stephen Thompson (Member)	
Councillor Dave Chesterton (Member)	((Representing Pension Fund Employers))
Andrew Crompton (Member)	(Representing Admitted Bodies Employers)

Officers Present:

Minesh Jani	(Service Head, Risk Management)
Ngozi Adedaji	(Team Leader Housing Legal)
Neville Murton	(Divisional Director, Finance, Procurement & Audit)
Bola Tobun	(Investments and Treasury Manager, Resources)

1. APOLOGIES

No apologies of absence were received.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

No declarations of disclosable pecuniary interest were made.

3. PETITIONS

Nil.

4. UNRESTRICTED MINUTES

The minutes of the meeting of the Pensions Board held on 7 March 2016 were agreed and approved as a correct record with the following amendments;

- John Gray sent apologies of absence for previous Pensions Board meetings.

Matters arising

- The Board heard that daytime meetings can be a problem for some Members
- Councillor Chesterton noted in the previous meeting that no members of the Pensions Board or Committee had been involved in the recruitment of the Independent Chair and requested that this should be investigated- Ngozi Adedaji, Team Leader Legal Services informed the Board that regulations are set out explaining how the Council is to appoint Board Members
- Councillor Chesterton suggested an amendment to the Pensions Board Terms of Reference.

5. LBTH PENSIONS FUND LONG-TERM PERFORMANCE- TO FOLLOW

The Board received a presentation from Raymond Haines, the Independent Adviser to the Pensions Committee informing them of LBTH's Pensions Fund long term performance. The key points noted from the presentation;

- The performance of the Fund is the result of a combination of a number of factors the most significant of which is strategy
- The Fund's strategy is determined in light of the scheme actuary's triennial valuation.
- Fund performance is independently measured by State Street Global Services (SSGS) on a time weighted basis such that cash flows into and out of the fund is recognised.
- Strategic performance needs to be considered against the liabilities.
- SSGS considers the performance of the fund both in aggregate and at the underlying manager level.
- Returns are annualised; Impact is weighted effect of the performance on the total fund
- The Fund's global equity is managed by GMO and Baillie Gifford. These two managers have contrasting "styles", that is investment approaches.
- GMO was appointed as a "value" manager aiming to capitalise of investments prospects.
- There are three managers with which the Investment Committee has had concern, Investec, GMO and Schroders.
- GMO- after a period of underperformance, in 2012 GMO were invited to "contribute" to the recovery of LBTH's losses by moving to a performance fee that would only provide participation when previous underperformance was recovered.
- GMO recovered the lost performance but the last two years have been disappointing with relative underperformance of 1.8% and 06% respectively.
- Investment performance needs to be considered over the long rather than short term.
- Managers are seen on a 1-1 basis on an annual basis, however if they are underperforming they are seen more frequently.

- LBTH has always adopted a low risk strategy both to avoid swings in funding rate and in recognition that the governance budget in terms of resources and time is limited.

In response to board Members questions, attendees heard that;

- By 2017 liabilities will have changed slightly and the main driver will be yields.
- The Fund is progressively moving into the CIV. 25% of assets moved into CIV.
- LBTH needs to consider long term.
- Historically in times of sterling crisis, interest rates go up and this favourable for the pension fund. The fall in sterling has historically been good for UK equities.

It was

RESOLVED

That the information given in the presentation be noted.

6. INCORPORATING OF PENSIONS BOARD CORE FUNCTIONS INTO ANNUAL WORK PLAN AND QUARTERLY ADMINISTRATION PERFORMANCE INDICATOR REPORT- TO FOLLOW

Ms Tobun, Treasury Manager presented the Board with a Pensions Board work plan for the municipal year 2016/17. Ms Tobun informed the Board that the work plan indicates the overall work of the Board. The key points raised in discussion were;

- Concerns were raised about the Board duplicating the role of the Pensions Committee.
- It was suggested that the Board needs to take a more strategic oversight.

It was suggested that the work plan template be revised;

Action by:

Bola Tobun
John Jones

7. MINUTES OF PREVIOUS PENSIONS COMMITTEE- TO FOLLOW

Nil items.

8. DATE OF FORTHCOMING MEETINGS

The Clerk informed the Board of the following dates of Board meetings;

19th September 2016, 5th December 2016 and 13th March 2017.

It was

RESOLVED

That the dates be noted

9. ANY OTHER BUSINESS

Nil items.

The meeting ended at 12:20PM

Chair, John Jones
Pensions Board