LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 7.30 P.M. ON THURSDAY, 17 NOVEMBER 2011

ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE

Members Present:

Councillor Anwar Khan (Chair)
Councillor Zenith Rahman (Vice-Chair)
Councillor Aminur Khan
Councillor Abdal Ullah
Frank West - Non-Voting Member (Trade Union) - Non-Voting Member (Trade Union)

Other Councillors Present:

Officers Present:

Anant Dodia	–	(Pensions Manager)
Oladapo Shonola	–	(Chief Financial Strategy Officer, Resources)
Jill Bell	–	Head of Legal Services (Environment), Legal Services
Kate Bingham	–	(Acting Service Head Resources, Children Schools & Families)
Lisa Stone	–	
Antonella Burgio	–	(Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Craig Aston, Rania Kahn, Ahmed Omer and from Non-voting Member John Gray

2. DECLARATIONS OF INTEREST

No declarations of personal or prejudicial interest were made.

3. UNRESTRICTED MINUTES

The Chair **MOVED** and it was

RESOLVED

That the unrestricted minutes of the ordinary meeting of the Pensions Committee held on 21 July 2011 be approved and signed by the Chair, as a correct record of the proceedings.

4. PETITIONS

Nil items.

5. MEMBER TRAINING

Members of the Committee received training on the impact of the Hutton Review and implications of the Government's Comprehensive Spending Review on cash flow and fund maturity. The training was delivered by representative from Hymans Robertson Financial Services.

6. UNRESTRICTED REPORTS FOR CONSIDERATION

6.1 2010/11 Local Government Pension Fund Annual Report

The Chief Financial Strategy Officer presented the report circulated at agenda item 6.1. This contained that audited final pension fund statement of accounts for the period 2010/11.

The Committee was asked to
a approve the pension fund statement of account
b approve the pension fund annual report
c approve the revised funding strategy statement

In his presentation the Chief Financial Strategy Officer highlighted following matters:

- the value of the fund had increased by 8% in the last year.
- performance of the fund relative to benchmark was mid – low range. This was because the pension fund had been configured for low risk.
- funding level had decreased over time because markets hadn't performed.
- membership of the fund had increased slightly.
- In last year, £40m had been received into the fund and £30m paid out resulting in a net positive inflow of £10m.
- cash flow would become narrower over the coming years.

RESOLVED

1. that the pension fund statement of account at Appendix 1 be approved
2. that the pension fund annual report be approved
3. that the revised funding strategy statement be approved

6.2 Hutton Commission Report

The Chief Financial Strategy Officer presented the report circulated at agenda item 6.2.

The Chair noted that the implications of the final report of the Hutton Commission issued in March 2011 had been discussed as part of the training given by Hymans Robertson earlier in the meeting. The Chair therefore moved that the report be noted without further discussion.

RESOLVED

That the report be noted

6.3 Report of Investment Panel for Quarter Ending 30 June 2011

The Chief Financial Strategy Officer presented the report circulated at agenda item 6.3. The Committee was informed that fund value / performance exceeded the benchmark in the last quarter and its value had increased by £10.8m.

In response to questions from the Committee, the following information was provided:

- The pension fund comprised seven fund managers. Schroders invest in property on behalf of the Fund, but have had to carry significant levels of cash through this year as they have not been able to find suitable investments for additional cash allocation that they have received. Their strategy is to invest in conservative properties which contained a rental income stream.

- Schroeder's property fund was looking for a 7% return over the next 12 months.

- It was noted that there had been underperformance in the previous year arising from the costs of property purchases.

RESOLVED

That the report be noted.

6.4 Review of Internal Control Report

The Chief Financial Strategy Officer presented the report circulated at agenda item 6.4 which contained the findings of a review of the adequacy of internal control measures put in place by pension fund managers.

Two fund managers (Schroeder's and Investec Asset Management) had been reviewed and no significant risk level increase was found. Risk levels had also been reviewed by auditors and it had been found that the risk level had not changed.

Internal control reports for other fund managers had now been received and were being reviewed. The outcomes would be reported at the next meeting of the Committee in February 2012.

RESOLVED

That the report be noted.

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items

8. EXCLUSION OF PRESS AND PUBLIC

Under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the Chair **moved** that press and public be excluded from the meeting during the consideration of the Section Two business on the grounds that it contained information defined as exempt in Part 1 of Schedule 12A of the Local Government Act 1972.

RESOLVED

That press and public be excluded for the consideration of the following item of business.

8.1 Academy Conversion - Recovery of Deficit

This item was considered in closed session.

The meeting ended at 8.22 p.m.

Chair, Councillor Anwar Khan
Pensions Committee