

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE PENSIONS AND ACCOUNTS COMMITTEE**

**HELD AT 6.35 P.M. ON THURSDAY, 16 MARCH 2006**

**COMMITTEE ROOM, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE  
CRESCENT, LONDON, E14 2BG**

**Members Present:**

Councillor Richard Brooks (Chair)

Councillor Kevin Morton  
Councillor Marian Williams

(none)

**Other Councillors Present:**

(none)

**Officers Present:**

Anant Dodia – (Pensions Manager)  
Alan Finch – (Service Head, Corporate Finance)  
Jim Ricketts – (Manager, Corporate Accounting)

Guy Butterworth – (Democratic Services)  
Mike Dodsworth – (Democratic Services)

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillor M. Ahmed.

**2. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**3. UNRESTRICTED MINUTES**

**RESOLVED:**

That the minutes of the meeting held on 15<sup>th</sup> December 2005 be confirmed and signed as a correct record of the proceedings.

**4. DEPUTATIONS & PETITIONS**

None were received.

## 5. UNRESTRICTED REPORTS FOR CONSIDERATION

### 5.1 Pension Fund: Further Review of Asset Allocation

The report was introduced by Jim Ricketts, Manager, Corporate Accounting, who explained that the recommendation to diversify the investment portfolio resulted from a review of current asset allocation by the Council's investment advisors.

In response to questions from Members in relation to the shift of 5% of the fund into private equity, officers explained that private equity could recover over long periods, it reduced volatility of returns, that the risk had been reduced through the adoption of a funder, and a number of managers had been allocated to work with this change.

#### **RESOLVED:**

- (i) That a private equity investment portfolio with a target allocation of 5% of the fund be established;
- (ii) That a currency-hedging programme be implemented to a proportion of the fund, the details to be determined in discussion with the investment advisors;
- (iii) That the Director of Resources be authorised to appoint advisors to administer the manager selection process on the advice of the Chair of the Investment Panel;
- (iv) That a Selection Panel be appointed comprising the following members to consider the presentations by prospective managers:
  - Chair of the Investment Panel
  - Independent Investment Advisor
  - Chair of Pension and Accounts Committee or nominee.
  - A Member of the Minority Group
  - Director of Resources or representative;
- (v) That one Trade Union representative be authorised to attend each appointment interview as an observer; and
- (vi) That the Director of Resources be authorised to appoint the managers on the recommendation of the Selection Panel.

**ACTION BY:** Service Head Corporate Finance (A. Finch)

## **5.2 Communication and Governance Policy Statement**

The report was introduced by Jim Ricketts, Manager, Corporate Accounting, who advised that in order to comply with new legislation the Council was required to publish a Communications Policy Statement and a Governance Policy Statement by 1st April 2006.

He then explained that advice had not been received from the Council's independent pensions advisor until relatively late in the process and consequently there had been limited opportunity for consultation. Therefore it was proposed that a further report be submitted to incorporate the results of further necessary consultation.

In response to questions from Members, officers explained that the policies being considered were applicable to the Council, and other bodies, including housing associations. Members were also assured that had sufficient time been available, union representatives would have been consulted.

### **RESOLVED:**

- (i) That the Communications Policy Statement as set out in Appendix 1 of the report be adopted, subject to further consultation;
- (ii) That the Communications Policy Statement as set out in Appendix 1 of the report be adopted, subject to further consultation; and
- (iii) That officers consult with the Trade Unions and prepare a further report for the next meeting of the Committee.

## **6. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT**

None was raised.

## **7. RESTRICTED MINUTES**

### **RESOLVED:**

That the restricted minutes of the meeting held on 15<sup>th</sup> December 2005 be confirmed and signed as a correct record of the proceedings.

The meeting ended at 6.47 p.m.

Chair, Councillor Richard Brooks  
Pensions and Accounts Committee

