

MINUTES

meeting: **PENSIONS COMMITTEE**

date: **20 JUNE 2012**

PRESENT:-

Councillor T Singh (Chair) - Wolverhampton City Council
Councillor Bains - Coventry City Council
Councillor Zada – Dudley MBC
Councillor Silvester - Sandwell MBC
Councillor Martin – Solihull MBC
Councillors Bateman, Bilson, Clarke, M Evans, Heap, Johnson, Reynolds and
T H Turner – Wolverhampton City Council

TRADE UNION REPRESENTATIVES:-

M Clift - TGWU

EXTERNAL ADVISORS IN ATTENDANCE:-

M Daggett - CBRE Global Investors
M Roulit - CBRE Global Investors
J Fender - John Fender Consultancy
E Korosis - Hermes GPE
G Johnston - Hymans Robertson
W Marshall - Hymans Robertson

OFFICERS IN ATTENDANCE:-

Wolverhampton City Council

G Drever - Director of Pensions
S Kembrey - Assistant Director - Governance
P Main - Assistant Director – Corporate Services
M Crutchley - Head of Communications – West Midlands Pension Fund
C Duggan - Compliance and Risk Manager
M Hardwick - Investment Manager – Fixed Interest and Property
N Perrins - Chief Pensions Service Manager
M Fox - Democratic Support

Wolverhampton
City Council



APOLOGIES FOR ABSENCE:-

Apologies for absence were submitted on behalf of:-

Councillor Walkling (Birmingham City Council), M Cantello and I Smith (Trade Union Observers)

PART I – OPEN ITEMS

Substitute Members

- 1 Councillor Silvester attended the meeting on behalf of Councillor Eling (Sandwell MBC).

Declarations of Interest

- 2 No interests were declared.

Minutes

- 3 Resolved:-
(a) That the minutes of the meeting of the Superannuation Committee held on 4 April 2012 be approved as a correct record.
(b) That the minutes of the meeting of the Investment Advisory Sub-Committee held on 18 April 2012 be adopted.

Appointment of Sub-Committee and Panel and Dates of Meetings 2012/2013 (Appendix 1/1)

- 4 Resolved:-
(a) That the following Members be appointed to the Investment Advisory Sub-Committee for the ensuing municipal year:-

Councillor T Singh	-	Chair
Councillor Turner	-	Vice Chair
Councillor Bilson	-	Wolverhampton City Council
Councillor Heap	-	Wolverhampton City Council
Councillor Walkling	-	Birmingham City Council
Councillor Bains	-	Coventry City Council
Councillor Zada	-	Dudley Metropolitan Borough Council
Councillor Silvester	-	Sandwell Metropolitan Borough Council
Councillor Martin	-	Solihull Metropolitan Borough Council
Councillor Zahid Ali	-	Walsall Metropolitan Borough Council
M Clift and I Smith	-	Trade Union Observers

- (b) That the following Members be appointed to the Pensions Joint Consultative Panel for the ensuing municipal year:-

All Members of the Investment Advisory Sub-Committee

1 Representative of the Council's Cabinet (Resources) Panel

Councillors Clarke and Reynolds - Representing the Pensions Committee

11 Representatives of the Trade Unions representing employees who participate in the benefits of Local Government Pension Scheme

(c) That, during the ensuing municipal year, meetings of the Pensions Committee be held on Wednesdays at 1400 hours on:-

21 November 2012
27 February 2013
17 April 2013

(d) That, during the ensuing municipal year, meetings of the Investment Advisory Sub-Committee be held on Wednesdays at 1400 hours on:-

4 July 2012
17 October 2012
16 January 2013
3 April 2013

(e) That, during the ensuing municipal year, meetings of the Joint Consultative Panel be held at 1400 hours on the following dates:-

18 July 2012
19 September 2012
5 December 2012

(f) That the Chair and Vice-Chair of the Pensions Committee be appointed to serve in the same capacity on the Sub-Committee and Panel.

(g) That it be noted that an additional meeting of the Pensions Committee is likely to be arranged to take place on 19 September 2012 (prior to the Pensions JCP meeting) to consider the New LGPS 2014 Consultation.

(NOTE: This meeting subsequently took place on 18 July 2012).

New Member Information (Appendix 1/2)

The report provided a brief outline to the West Midlands Pension Fund, the management arrangements and the special role of Members in respect of the discharge of the functions associated with the relevant pensions regulations and legislation.

It was also designed to assist new Councillors serving on the Committee and update existing Councillors serving on the Committee by clarifying future training requirements.

- 5 Resolved:-
That the report be noted.

**New Local Government Pension Scheme 2014 Proposals (CARE)
(Appendix 1/3)**

The report provided a brief summary of new proposals for the Local Government Pension Scheme which are to take effect from 1 April 2014. Councillor Turner asked whether staffing levels are adequate to deal with the anticipated workload arising from the proposals. Councillor Johnson asked whether worked examples of the new proposals could be provided at the next meeting. The Director of Pensions responded that she might have to report back to the Committee about the staffing implications of the proposals. She undertook to pursue the request for worked examples relating to the new scheme.

- 6 Resolved:-
That the report be noted.

Member Services and Operational Report From 1 March 2012 – 30 April 2012 (Appendix 1/4)

The report informed the Committee of the work undertaken by Pensions Member Services and other operational matters during the period. It also asked the Committee to approve the Admitted Bodies Applications as detailed in paragraph 6.

- 7 Resolved:-
(a) That the report detailing the work undertaken by Pensions Member Services during the period 1 March 2011 - 31 May 2011 be noted.

(b) That the Admitted Bodies Applications detailed in paragraph 6 of the report be approved.

LEAN Systems Update (Appendix 1/5)

The report provided an update on the introduction of a systems thinking approach to all pension processes to streamline work, create capacity and improve efficiency.

- 8 Resolved:-
That the report be noted.

Compliance Monitoring (Appendix 1/6)

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Resolved:-

That the report detailing the findings of the Compliance Monitoring Programme and including any other compliance issues for the period 1 January - 31 March 2012 be received.

Combined Governance Activity – June 2012 (Appendix 1/7)

The report provided an outline of the current issues being raised by the Local Authorities Pension Fund Forum, and the West Midlands Pension Fund's proxy voting activity for the quarter. The Director of Pensions responded to a question from Councillor Bateman about the involvement of the Fund in the Local Authority Pension Fund Forum. She indicated that this is an alliance of 55 pension bodies of which she is the Honorary Treasurer and that the Chair of the Pensions Committee attends their business meetings. Councillor Reynolds asked to be provided with more information about the Research and Engagement Report-Annual Summary (LAPFF Minutes-21 March 2012), particularly in relation to shale gas fracking.

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Resolved:-

That the report be noted and that Councillor Reynolds be provided with more information about the Research and Engagement Report-Annual Summary (LAPFF Minutes-21 March 2012), particularly in relation to tar sands and shale gas fracking

Exclusion of Press and Public

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Resolved:-

That in accordance with Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from consideration of the items of business in Part II of the agenda on the grounds that, in view of the nature of the business to be transacted or the nature of the proceedings, exempt information falling within paragraph 3 of Schedule 12A of the Act, is likely to be disclosed.

PART II - EXEMPT ITEMS

Statement of Accounts

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It was noted that this item had been withdrawn and would be considered at a future meeting.

UK Annual Property Review (Appendix 1/8)

The Annual Property Review was presented and consisted of a summary report, a more detailed report, which was tabled at the meeting, and a presentation. The representatives responded to questions raised by Members. A discussion took place regarding the property portfolio, including issues such as the number of Farms owned by the Fund and the geographical spread of properties.

- 13 Resolved:-
That the report be received and that the Investment Advisory Sub-Committee be requested to give further consideration to the property portfolio.

Investment Review and Recommendations (Appendix 1/9)

A report by Hermes GPE was submitted which reviewed investments and set out a recommended asset allocation policy for the future. Elias Korosis provided additional information about the current economic situation in the world and its effect on markets. Members referred to the next agenda item and possible changes in future investment strategy.

- 14 Resolved:-
That the report prepared by Hermes GPE be received and that the proposed asset distribution for the ensuing period be approved.

Strategic Investment Allocation Benchmark Annual Review (Appendix 1/10)

A report was submitted which provided an interim view from Hymans Robertson on the Fund's current Strategic Investment Allocation Benchmark. Graeme Johnston, Senior Investment Consultant with Hymans Robertson, submitted the review and indicated that it will be considered in more detail by the Investment Advisory Sub-Committee at its forthcoming meeting on 4 July 2012.

- 15 Resolved:-
That the report, which will be presented to the Investment Advisory Sub-Committee for detailed consideration and report back to Pensions Committee in November 2012, be noted.

Valuation of Investments as at 31 March 2012 (Appendix 1/11)

The valuation document had been made available at the meeting for inspection. The Director of Pensions also confirmed the current value of the Fund.

- 16 Resolved:-
That the Valuation of Investments as at 31 March 2012 be received.

Training for Councillors

- 17 The Director of Pensions indicated that she will be arranging induction training for new and returning Councillors who serve on the Committee in connection with their duties and responsibilities and that potential dates will be circulated in due course. She added that further training for Councillors and Trade Union Representatives will be arranged in October 2012.