

**PENSION COMMITTEE****16 March 2015 at 7.00 pm**

**MEMBERS:** Councillor Sunita Gordon (Chair), Councillor Adrian Davey (Vice-Chair) and Councillors Neil Garratt, Edward Joyce and Nick Matthey  
**\*Absent** Adam Jordan\* and Brendan Crossan\*

**39. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTION**

Apologies for absence were received from Councillor Miguel Abellan and Andy Banham (Head of Pensions and Payroll).

**40. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**41. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 1 December 2014 were approved as an accurate record and signed by the Chair.

**42. MEMBER TRAINING**

David Walker, Senior Investment Consultant, Hymans, delivered a presentation to the Committee covering a market update for quarter four of 2014 and the first quarter up to 4 March 2015, investment opportunities in residential property and training options for the Pensions Committee. Members asked questions where appropriate.

Members discussed the improvements to the US economy, which is partly due to the drop in energy costs. This has impacted across the world, including Europe where the economy is growing and markets expanding. However, Europe still remains vulnerable, particularly given the financial situation in Greece. David Walker expressed an optimistic view that the Euro will remain and the economy stabilised.

David Walker outlined for members the potential investment opportunity in residential property, and briefly detailed the pros and cons. Councillor Sunita Gordon asked that this be monitored with a view to consideration of widening the investment remit. The Committee discussed possible impact of such an investment, and Councillor Sunita Gordon reminded them that their first consideration should be the benefit of any investment to the Pension Fund.

**43. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED:**

That the press and public be excluded from the meeting for the following two items of business on the grounds that they involve the likely disclosure of

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exempt information, as defined in paragraph 3, Schedule 12A of the Local Government Act 1972.

**44. PRESENTATION BY BAILLIE GIFFORD (POOLED MULTI ASSET)**

Tom Wright and Chris Murphy from Baillie Gifford, delivered a short presentation outlining their dual objectives, performance from January to December 2014, and the portfolio positioning at December 2014.

They answered detailed questions from members. Discussion took place around how economic volatility can be measured and managed, the performance of government bonds in emerging markets and Baillie Gifford's current performance.

**45. PRESENTATION BY PYRFORD (POOLED MULTI ASSET)**

Tony Cousins and Felim Glynn from Pyrford delivered a report to the Committee outlining key messages, the performance during quarter four of 2014 and the return on the fund since inception. They answered detailed questions put by members.

Tony Cousins observed that given the current financial situation, Pyrford's approach is cautious, and higher risk options will only be explored when prospects for economic growth are stronger. He outlined his concerns for the world economy, given the debt hole and future rises in interest rates.

In response from questions from Councillor Sunita Gordon, Tony Cousins outlined the performance and current position of three companies within the investment portfolio.

**46. QUARTERLY INVESTMENT PERFORMANCE TO DECEMBER 2014**

Sue Hogg, Interim Head of Financial Strategy and Planning, presented her report and highlighted the key paragraphs for the Committee's attention. She responded to questions from members.

The Committee discussed the performance of the various fund managers, and questioned how best to scrutinise it. Councillor Adrian Davey reminded the Committee to bear in mind their remit in this area. David Walker advised that it is appropriate for the Pension Committee to consider value for money and suggested that some benchmarking around fee structures may be useful. With regard to the fund managers' fee structure detailed within the exempt appendix, the Committee discussed if and when they should review the fees. After detailed discussion, and advice from David Walker and the Strategic Director of Resources, the Committee noted that a formal review of performance will normally take place after three years; and the fees will be considered as part of that review process.

Report received.

**47. PENSIONS GOVERNANCE UPDATE REPORT**

Gerald Almeroth, the Strategic Director of Resources, presented this report. He noted that the independent Chair will be non-voting and consideration has already been given to the recruitment of that post.

**RESOLVED:**

- 1. That the Committee notes the progress to date on setting up the Local Pension Board.

**48. PENSION ADMINISTRATION UPDATE**

Gerald Almeroth, the Strategic Director of Resources, presented this report.

Report received.

**49. REVIEW OF WORK PROGRAMME**

The Committee discussed ways in which attendance at the AGM could be improved, and suggested options such as holding the meeting during the day. Councillor Adrian Davey suggested that staff could be given the opportunity of viewing via webcast. Gerald Almeroth undertook to bring an update to the next meeting.

**50. ANY URGENT ITEM BROUGHT FORWARD AT THE DIRECTION OF THE CHAIR**

No urgent items were brought forward.

**51. DATE OF NEXT MEETING**

The next meeting of the Pensions Committee will be held on 22 June 2015.

The meeting ended at 9.30 pm

Chair: .....

Date: .....

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