

DECISIONS OF THE SPECIAL PENSION FUND COMMITTEE

21 March 2011

COMMITTEE:

*Councillor John Marshall (Chairman)
\$Councillor Mark Shooter (Vice-Chairman)

Councillors:

*Alex Brodkin *Geof Cooke \$Rowan Turner
*Susette Palmer *Andrew Harper (substituting for Rowan Turner)
*Anthony Finn (substituting for Mark Shooter)

*Denotes Member present
\$Denotes Member absent on Council business

1. MINUTES (Agenda Item 1)

RESOLVED – That the minutes of the meeting held on 21 December 2010 be approved and signed by the Chairman as a correct record.

2. ABSENCE OF MEMBERS (Agenda Item 2):

Apologies for absence were received from Councillors Mark Shooter and Rowan Turner, who were attending a Special Meeting of the Business Management Overview and Scrutiny sub-Committee

3. DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS (Agenda Item 3):

Councillor :	Agenda Item(s) :	Interest :
Geof Cooke	9 – Barnet Council Pension Fund – Performance for the Quarter October to December 2010	Personal but non-prejudicial interest as Councillor Cooke has small shareholdings in a number of companies that the fund has investments in. Councillor Cooke remained in the room and took part in the debate and in the decision making process.
John Marshall	9 – Barnet Council Pension Fund – Performance for the Quarter October to December 2010	Personal but non-prejudicial interest as Councillor Marshall has small shareholdings in a number of companies that the fund has investments in.

Councillor :	Agenda Item(s) :	Interest :
		Councillor Marshall remained in the room and took part in the debate and in the decision making process.
Andrew Harper	9 – Barnet Council Pension Fund – Performance for the Quarter October to December 2010	Personal but non-prejudicial interest as Councillor Harper has small shareholdings in a number of companies that the fund has investments in. Councillor Harper remained in the room and took part in the debate and in the decision making process.
Anthony Finn	9 – Barnet Council Pension Fund – Performance for the Quarter October to December 2010	Personal but non-prejudicial interest as Councillor Finn has small shareholdings in a number of companies that the fund has investments in. Councillor Finn remained in the room and took part in the debate and in the decision making process.

4. PUBLIC QUESTION TIME (Agenda Item 4):

There were no public questions.

5. MEMBERS' ITEMS (Agenda Item 5):

There were no Members' Items.

6. ONE BARNET PROGRAMME – ESTABLISHING A LOCAL AUTHORITY TRADING COMPANY FOR ADULT SOCIAL CARE AND BARNET HOMES (Report of the Deputy Chief Executive – Agenda Item 6)

RESOLVED –

1. That the Pensions Fund Committee note the proposal to establish a Local Authority Trading Company (LATC) incorporating Barnet Homes for the transfer of Adult Social Services in house provision and staff.
2. That the Pensions Fund Committee note that it is proposed the LATC is 100% owned by the council and further agreement will be sought from CRC that should the LATC enter financial difficulty, staff will transfer back to the council.
3. That the Pension Fund Committee note the Designated Body Status proposed for the LATC.

4. That the Pension Fund Committee approve in principle Admission Body Status in the event the LATC does not meet the Designated Body Status criteria.

7. PROPERTY PORTFOLIO (Report of the Deputy Chief Executive – Agenda Item 7)

The Committee considered the report and recommendations set out in the report from JLT Consulting and discussed some potential options relating to the property portfolio. The Committee accepted the recommendations as set out in the report from JLT which were as follows:

RESOLVED –

1. We recommend the Pension committee should consider the future of its property portfolio. We do not believe there is any compelling reason as to why the Fund should have a separate, internally managed property portfolio.
2. Whilst this is not a historically optimal time to exit property portfolios we would recommend that the Pension Committee does not attempt to "market-time" the exit (the potential upside is marginal and the downside risk of underperformance is much larger).
3. Instead, we would recommend that the property fund managers are instructed to sell the Fund's holdings immediately, with one caveat.
4. If there is the potential that this sale could be matched against an investor entering the fund then we would recommend that the fund manager has latitude on the timing of the disinvestment in order to match it against a purchase and value the sale at the (higher) mid-price.

8. BENCHMARK SETTING (Report of the Deputy Chief Executive – Agenda Item 8)

RESOLVED –

1. That the Committee note and comment on the recommendation to adopt a composite Equity benchmark for the Return Seeking (Diversified Growth Fund) proportion of the portfolio consisting of 60% FTSE All Share index and 40% the Sterling FT AWI (ex UK).
2. That the Committee note and comment on recommendation to adopt a composite benchmark for the Duration (Bonds) proportion of the portfolio split between UK Government Over 15 year index and the UK Government Index-Linked (over 5 years) 3% index.
3. That the Committee agree to accept a further report on benchmarks at the next Committee meeting.

9. BARNET COUNCIL PENSION FUND PERFORMANCE FOR QUARTER OCTOBER TO DECEMBER 2010 (Report of the Deputy Chief Executive – Agenda Item 9)

The Committee was addressed separately by representatives of the two fund management companies, Newton Investment Management Limited and Schroders Investment Management Limited. The Committee questioned the Fund Managers on their presentations and on their performance for the quarter October 2010 to December 2010 and on their plans for the coming months.

RESOLVED -

1. The Committee noted the performance of the Pension Fund for the quarter October 2010 to December 2010.

10. UPDATE ON ADMITTED BODY ORGANISATIONS ISSUES AND REVISED MONITORING ARRANGEMENTS (Report of the Deputy Chief Executive – Agenda Item 10)

RESOLVED –

1. That the Committee notes:
 - 1.1 The update to issues in respect of admitted body organisations within the Pension Fund;
 - 1.2 The revised monitoring arrangements in place to avoid such issues reoccurring in the future.
2. That the Committee grants, retrospectively, approval to the admission of Y-Gen as a 'Admission Body' to the Local Government Pension Fund, administered by the Council.

The Committee added an additional recommendation requesting that a quarterly report on Admitted Body Organisations is presented at each meeting of the Pension Fund Committee.

RESOLVED –

3. That the Deputy Chief Executive present a report Admitted Body Organisations is presented at each meeting of the Pension Fund Committee.

The meeting finished at 9.15 pm