



LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE

Tuesday, 29 June 2010 at 6.30 pm

PRESENT: Councillor S Choudhary (Chair) and Councillors Mrs Bacchus, Crane, Brown, Hashmi and BM Patel

Apologies were received from: Councillor Mitchell Murray and also from George Fraser and Mitchell Murray

1. **Declarations of personal and prejudicial interests**

None

2. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 23 February 2010 be approved as an accurate record of the meeting.

3. **Report from Henderson Global Investors**

Jennifer Ockwell and Kevin Adams (Henderson Global Investors) were in attendance for this item and members had received a copy of the Investment Report for the quarter ended 31 March 2010. Ms Ockwell began the session by giving a short introduction to bonds, for the benefit of new members to the committee followed by background information on the company and its portfolio strategy which had performed above the benchmark.

Members raised questions on the fee structure, the prospects of interest rates rises, the Japanese market and the impact of a double dip recession should this occur in future. Ms Ockwell advised that guidance booklets on fund management were available for members.

Members thanked Ms Ockwell and Mr Adams for their presentation.

4. **Monitoring Activity for the quarter ended 31 March 2010**

The Sub-Committee received a report from the Director of Finance and Corporate Resources which summarised fund activity during the quarter ended 31 March 2010. The Head of Exchequer and Investment, Martin Spriggs, advised that the fund had grown in value and had outperformed its benchmark over the quarter (by

1.1%) mainly as a result of outperformance in UK equities, fixed interest, GTAA and private equity. The equity and credit markets had risen, economic growth was improving and the recession considered to have ended although a 'double dip' may still occur. Martin Spriggs outlined the main changes made to asset allocation and was pleased to report that the returns for the last three months of the year had been positive. Over one year, the fund had underperformed the benchmark. Martin Spriggs referred to the current valuation of assets within the Capital Fund for London which anticipated losses which would impact on the Brent Fund but which would be recovered over the long term. Finally Martin Spriggs reported on recent communication over the Henderson's PFI Secondary II Fund.

Members raised questions on options relating to the relative under performance of the fund and agreed that the situation should be closely monitored. Martin Spriggs advised that it was not unusual for private equity investments to make losses in the early stages but these should be recovered over the longer period.

Valentine Furniss (Independent Adviser) gave an overview of the economic and market background. He suggested that if committee meetings scheduled approximately six weeks after the quarter end would allow information presented to be more relevant. He commented that the good equity returns masked poor performance in January. Index returns were also low. The situation in the Euro zone was cause for concern due to the fiscal deficit and disagreements between member states. Mr Furniss commented on the outcome of the recent general election and the coalition government's announcement of a fixed four year term of office which would encourage stability. The government's emergency budget would have widespread effects and he felt it would take a long time to halve the deficit. The committee discussed the current problems being experienced by BP in dealing with the oil spill in the Gulf of Mexico and the extent to which investors could be apprehensive. Members noted the effect on the income stream and BP's decision not to pay dividends to share holders. Martin Spriggs advised of the extent of the Brent Pension Fund investment in BP and that options were being considered.

RESOLVED:

that the report from the Director of Finance and Corporate Resources be noted.

5. Pension Fund accounts 2009/10

The Head of Exchequer and Investment introduced the report on the Pension Fund accounts for 2009/10. He pointed out that audit fees had decreased by 10% and that the value of benefits payable (both pensions and lump sums) had risen.

RESOLVED:

that the report be noted.

6. Business training plans for 2010/11 and business plans to 2011/13

The committee considered the report which outlined the planned activities of the Pension Fund Sub Committee for the year to February 2011, and the three years to February 2013. Members agreed to contact the Head of Exchequer and Investment regarding attendance at the LGC Pension investment conference in September.

RESOLVED:

that the report be noted.

7. CIPFA Pensions Panel - Knowledge and Skills Framework

The report from the Director of Finance and Corporate Resources introduced the CIPFA Knowledge and Skills Framework which was designed to promote good governance in public sector decision making bodies. Members agreed with the proposal that a questionnaire be drafted to clarify items on which they may require additional skills or training.

RESOLVED:

that the report be noted and agreement given to the preparation of a questionnaire to establish skill shortages or training requirements.

8. Urgent action on currency - amendment to Statement of Investment Principles

The committee considered the report from the Director of Finance and Corporate Resources which detailed the recent urgent reaction to concerns about the value of sterling, and examined how the Fund should react to warnings of a sharp fall in markets. The report also proposed an amendment to the Statement of Investment Principles. Members agreed the proposals noting that in the event of future market concerns the Director of Finance and Corporate Resources would consult the chair, the independent adviser and investment managers.

RESOLVED:

- (i) that the action taken by the Director of Finance and Corporate Resources in response to concerns earlier in the year over the value of sterling be noted and the new process in the Statement of Investment Principles be agreed;
- (ii) that any urgent action taken in future be reported to the next meeting of this committee.

9. Date of Next Meeting

It was noted that the next meeting was scheduled to take place on 28 September 2010.

The meeting closed at 8.40 pm

S CHOUDHARY
Chair