

## Minutes

### PENSIONS COMMITTEE

12 December 2012

Meeting held at Committee Room 3a - Civic Centre, High Street, Uxbridge UB8 1UW



HILLINGDON  
LONDON

	<p><b>Committee Members Present:</b> Councillors Philip Corthorne (Chairman), Beulah East, Raymond Graham and Richard Lewis.</p> <p><b>Advisory Members/Co-optee Members Present:</b> John Holroyd and Andrew Scott.</p> <p><b>LBH Officers Present:</b> Tunde Adekoya, Ken Chisholm, Harry Lawson, Nancy LeRoux, Paul Whaymand and Khalid Ahmed.</p> <p><b>Also Present:</b> John Hastings (Advisor)</p>	
26.	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were received from Councillors Janet Duncan, Paul Harmsworth and David Simmonds. Councillor Beulah East was present as a substitute.</p>	Action by
27.	<p><b>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</b> (<i>Agenda Item 2</i>)</p> <p>Councillors Philip Corthorne and Richard Lewis both declared pecuniary interest in all agenda items, they were members of the Local Government Pension Scheme, and remained in the room during the consideration thereof.</p>	Action by
28.	<p><b>MINUTES OF THE MEETING – 19 SEPTEMBER 2012</b></p> <p>Agreed as an accurate record.</p>	
29.	<p><b>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</b></p> <p>That Agenda Items Items 10 and 11 be considered in private for the reasons stated on the agenda and the rest of the items be considered in public.</p>	Action by
30.	<p><b>REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND</b></p> <p>Consideration was given to the report on the review of the fund manager performance for the London Borough of Hillingdon Pension Fund for the period ending 30 September 2012. The total value of the</p>	Action by

	<p>fund's investments as at 30 September 2012 was £618.8m which represented an increase of £16.8m over the value of fund's assets at the end of June 2012.</p> <p>Members noted the positive figures. Reference was made to Absolute Returns for the Quarter and that the net investment received from SSgA Drawdown showed a deficit. This was caused by the withdrawal of cash holding in the money market.</p> <p><b>RESOLVED: That the report and the performance of the Fund Managers be noted.</b></p>	
31.	<p><b>RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR</b></p> <p>Consideration was given to the report which summarised the number of early retirements in the year 2012/2013. The report also provided Members with an update on the current situation on the cost to the fund of early retirements.</p> <p>Members were informed that figures continued to be low and within the parameters. The Committee noted that the costs as a percentage of payroll for the valuation period (April 2011 – 31 March 2014) was 0.59%</p> <p><b>RESOLVED: That the contents of the report be noted.</b></p>	Action by
32.	<p><b>PENSIONS ADMINISTRATION PERFORMANCE</b></p> <p>Consideration was given to the report which summarised the pension administration performance across key areas of work for the period 1 July 2012 to 30 September 2012. It was noted that performance targets were agreed as part of the service level agreement with Capita and conformed to national targets set for England and Wales.</p> <p>Members were reminded that Pensions Administration was outsourced to Capita Hartshead as part of the pan London Framework Agreement. This had delivered annual savings in administration costs of 27% to the Pension Fund. Capita Hartshead's performance was reported monthly to the Corporate Pensions Manager who monitored performance against the service level agreement contained within the Framework Agreement.</p> <p>The 2<sup>nd</sup> quarter performance reports indicated an overall average performance of 96.26% per month over the quarter. The three areas of underperformance were reported.</p> <p><b>RESOLVED: That the report be noted.</b></p>	Action by
33.	<p><b>PENSION FUND FRAUD</b></p> <p>Members were informed that at the Audit Committee meeting in June 2012, reference was made to an article which had been published in the Financial Times regarding Pension Fund Fraud. The Committee</p>	Action by

	<p>asked a report be submitted to Pensions Committee on the implications of this on the Hillingdon Pension Fund.</p> <p>Reference was made to the stringent controls which were in place to mitigate any attempt of fraud on the Pensions Fund. Members were informed that the Council was involved in the National Fraud Initiative which was an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.</p> <p>All controls and routines were checked annually as part of the audit of the pensions function and to date there had been no concerns regarding the administration processes, although the first audit with Capita had not yet been undertaken.</p> <p><b>RESOLVED: That the information contained in the report be noted.</b></p>	
<p><b>34.</b></p>	<p><b>REVIEW ON LIMITS ON INVESTMENT</b></p> <p>The Committee was informed that as a result of continuing drawdowns into Private Equity Investments and the investment of monies transferred from Marathon to SSgA, the Fund was in breach of investment limits within the Local Government Pension Scheme (Management and Investments Funds) Regulations 2009. Under Regulation 15 of those regulations, an administering authority has the power to increase those limits and the report was requesting that the Pensions Committee exercised that authority to increase the limits.</p> <p><b>RESOLVED: That approval be given under Regulation 15 of the Local Government Pension Scheme (Management and Investments Funds) Regulations 2009, for the period from 13 December 2012 to 12 December 2013 to:</b></p> <ol style="list-style-type: none"> <li><b>1. Increase in the limit of contributions to any single partnerships from 2% of Fund value to 5%;</b></li> <li><b>2. Increase in the limit of contributions to partnerships from 5% of Fund value to 15%;</b></li> <li><b>3. Increase in the limit of any single insurance contract from 25% of Fund value to 35%; and</b></li> <li><b>4. Approve the amendment to Appendix B of the Statement of Investment Principles to reflect these decisions.</b></li> </ol>	<p><b>Action by</b></p>
<p><b>35.</b></p>	<p><b>REPORT FROM INVESTMENT SUB-COMMITTEE &amp; UPDATE ON INVESTMENT STRATEGY</b></p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</p>	

36.	<p><b>CORPORATE GOVERNANCE &amp; SOCIALLY RESPONSIBLE INVESTMENT</b></p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed ‘information relating to the financial or business affairs of any particular person (including the authority holding that information)’ (paragraph 3 of the schedule to the Act).</p>	Action by
	<p>The meeting, which commenced at 5.30 pm, closed at 6.00 pm.</p>	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.