

Minutes

PENSIONS COMMITTEE

20 September 2011

Meeting held at Civic Centre, High Street,
Uxbridge, Middlesex UB8 1UW



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Philip Corthorne (Chairman) Richard Lewis, Peter Kemp and Beulah East. John Holroyd and Andrew Scott.</p> <p>LBH Officers Present: Nancy Le Roux, Senior Finance Manager Ken Chisholm, Corporate Pensions Manager James Lake, Investment Manager Natasha Dogra, Democratic Services Officer</p> <p>External Officers John Hastings, Hymans</p>	
24.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies had been received from Cllrs Duncan, Harmsworth, Markham and Simmonds.</p> <p>Cllr East Substituted for Cllr Duncan and Cllr Kemp substituted for Cllr Markham.</p>	Action by
25.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>Cllr Corthorne, Lewis, Kemp and East declared a personal interest in all Agenda Items, in that he was a member of the Local Government Pension Scheme, and remained in the room.</p>	Action by
26.	<p>AGREEMENT OF MINUTES (<i>Agenda Item 3</i>)</p> <p>The minutes of the previous meeting were agreed as an accurate record</p>	Action by
27.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND ALL ITEMS MARKED PART II WOULD BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that the Part 1 agenda (items 5 – 9) would be considered in public and the Part 2 agenda (items 10 – 14) would be considered in private.</p>	Action by

<p>28.</p>	<p>EXTERNAL AUDITORS REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS (<i>Agenda Item 5</i>)</p> <p>The Chairman introduced the report. This report summarised the findings of the External Auditor on the audit of the 2010/11 Pension Fund Annual Report and Accounts.</p> <p>Heather Bygrave, Deloitte Audit Partner, gave a verbal update of the external auditor's report on London Borough of Hillingdon Pension Fund Annual Report and Accounts.</p> <p>As part of the audit planning process three areas of risk were identified:</p> <ul style="list-style-type: none"> ▪ The risk surrounding identification calculation and payment of contributions – no issues were noted with the exception of an incorrect classification of the contributions between employer deficit and employer normal contributions. This had been adjusted. ▪ The calculation of both benefits in retirement and ill health, and death benefits – no issues were identified. ▪ The valuation of private equity – no issues were identified. <p>The auditor had indicated that it was expected that an unmodified opinion would be given on the Pension fund statements and would be issued by 30 September 2011.</p> <p>This report would also be represented to the Council's Audit Committee on 28 September 2011.</p> <p>Resolved: The Chairman thanked the auditor for her presentation and noted the improvements. Members commented this was an area of good practice.</p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>
<p>29.</p>	<p>REVIEW ON THE PERFORMANCE MEASUREMENT OF THE PENSION FUND (<i>Agenda Item 6</i>)</p> <p>The Chairman introduced the report which reviewed the fund management performance of the London Borough of Hillingdon Pension Fund for the quarter to 30 June 2011. Members noted that the last quarter marked a period of outperformance of 0.03% with a positive return of 1.64% compared to the benchmark of 1.61%. One year figured presented returns of 16.25%, an underperformance of 3.04%.</p> <p>Officers informed Members that equity markets were unsettled over the quarter with the ongoing issues in the Middle East and concerns over the Eurozone debt.</p> <p>In the report, officers had compared the London Borough of Hillingdon Pension Fund Value to the MSCI World Index in the last ten years. Officers explained by doing so they were able to look at the LBH Pension Fund in the bigger picture and a better context in the long term. The graph showed that the value of the fund broadly followed the</p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>

	<p>MSCI World Index trend.</p> <p>Members noted that the growth of the Pension Fund in March 2008/09 had been maintained and was running parallel to the growth of the world markets. External officers highlighted that the LBH Pension Fund was not invested 100% in equities, whereas the MSCI World Index was. Therefore, when the value of equity decreased the MSCI World Index would decrease further than the LBH Pension Fund.</p> <p>RESOLVED: That the content of the report and the performance of the Fund Managers be noted.</p>	
30.	<p>RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR (<i>Agenda Item 7</i>)</p> <p>The Chairman introduced the report which summarised the number of early retirements in the first quarter. The report also gave an update on the current situation on the cost to the fund of early retirements.</p> <p>Members commented that the current performance statistics showed a reasonable position. Officers commented that 17 redundancies were made for those over the age of 55 years old and they would be entitled to payment of pension. As this number increased there could be an effect on cash flow.</p> <p>RESOLVED: That the content of the report be noted.</p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>
31.	<p>PENSIONS ADMINISTRATION PERFORMANCE (<i>Agenda Item 8</i>)</p> <p>The Chairman introduced the report which summarised the key work areas of the pensions administration section. The report highlighted nationally agreed targets. It was noted that the full year performance data was included in the Annual report for the fund.</p> <p>Members noted that the performance data reflected how work had been prioritised, and the “transfers out quote, transfers in actual and transfers in quote” should be reported further down the work area list. Officers noted this and would amend their future reports.</p> <p>RESOLVED: That the content of the report be noted.</p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>
32.	<p>GOVERNANCE ISSUES (<i>Agenda Item 9</i>)</p> <p>The Chairman introduced the report which provided an update on the Pension Fund Governance issues.</p> <p>Members of the Committee agreed that the first report recommendation should be deferred to allow Cllr Markham to take part in discussions regarding the approach to member development.</p> <p>RESOLVED:</p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>

	<p>1. That recommendation 1 “<i>Members discuss and agree an approach to member development</i>” be deferred to the Pensions Committee meeting on 14 December 2011.</p> <p>2. That Committee approved the revisions to the Statement of Investment Principles.</p>	
33.	<p>REPORT FROM INVESTMENT SUB COMMITTEE & UPDATE ON INVESTMENT STRATEGY (<i>Agenda Item 10</i>)</p> <p><i>This item was discussed as a Part 2 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).</i></p>	<p>Action by</p> <p>Nancy Le Roux, Senior Finance Manager</p>
34.	<p>REPORT ON THE GOVERNANCE ARRANGEMENTS FOR THE PENSION FUND (<i>Agenda Item 11</i>)</p> <p><i>This item was discussed as a Part 2 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).</i></p>	<p>Action by</p> <p>Nancy Le Roux, Senior Finance Manager</p>
35.	<p>PENSIONS ADMINISTRATION (<i>Agenda Item 12</i>)</p> <p><i>This item was discussed as a Part 2 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).</i></p>	<p>Action by</p> <p>Nancy Le Roux, Senior Finance Manager</p>
36.	<p>QUARTERLY REVIEW OF PENSION FUND RISKS (<i>Agenda Item 13</i>)</p> <p><i>This item was discussed as a Part 2 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).</i></p>	<p>Action by</p> <p>Nancy Le Roux, Senior Finance Manager</p>

37.	<p>CORPORATE GOVERNMENT AND SOCIALLY RESPONSIBLE INVESTMENT (<i>Agenda Item 14</i>)</p> <p><i>This item was discussed as a Part 2 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).</i></p>	<p>Action by</p> <p><i>Nancy Le Roux, Senior Finance Manager</i></p>
<p>The meeting, which commenced at 5.30 pm, closed at 6.15 pm.</p>		

These are the minutes of the above meeting. For more information on any of the resolutions please contact Natasha Dogra on 01895 277488. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.