

Minutes

PENSIONS COMMITTEE

19 September 2012

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



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Richard Lewis (Vice Chairman), Josephine Barrett, Beulah East, Neil Fyfe and Raymond Graham</p> <p>Advisory Members/Co-optee Members Present: John Holroyd</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Harry Lawson, Nancy LeRoux, Paul Whaymand, Danielle Watson and Nikki O'Halloran</p> <p>Also Present: Advisors - John Hastings and Scott Jamieson External Audit Deloitte - Heather Bygrave and Mark Browning</p>	
15.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillors Philip Corthorne (Chairman), Janet Duncan, Paul Harmsworth (Labour Lead) and David Simmonds. Councillors Josephine Barrett, Beulah East and Neil Fyfe were present as substitutes.</p>	Action by
16.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>Councillor Barrett and John Holroyd declared a pecuniary interest in all agenda items, in that they were members of the Local Government Pension Scheme, and remained in the room during the consideration thereof.</p> <p>Councillor Lewis declared a pecuniary interest in all agenda items, in that he was a member of the Local Government Pension Scheme and had links to the corporate side of UBS, and remained in the room during the consideration thereof.</p>	Action by
17.	<p>MINUTES OF THE MEETING - 20 JUNE 2012 (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the minutes of the meeting held on 20 June 2012 be agreed as a correct record.</p>	Action by
18.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p>	Action by

	<p>RESOLVED: That Agenda Items 5 to 9 be considered in public and Agenda Items 10 to 11 be considered in private for the reasons stated on the agenda. Members of the press and public would be excluded from the meeting during the consideration of these items.</p>	
	<p>PART II - MARATHON PRESENTATION</p> <p>The Committee received a presentation from Mr Graeme Neuff and Mr Neil Ostrer from Marathon Asset Management.</p> <p>RESOLVED: That the presentation be noted.</p>	
19.	<p>REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND (<i>Agenda Item 5</i>)</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 June 2012. The total value of the fund's investments was £602m. Although the previous year had been challenging for the markets, Members were advised that, at the end of August 2012, the Fund's value had increased to around £612m.</p> <p>RESOLVED: That the report be noted.</p>	Action by
20.	<p>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS (<i>Agenda Item 6</i>)</p> <p>Consideration was given to the report which summarised the findings of the External Auditor on the audit of the 2011/2012 Pension Fund Annual Report and Accounts. It was noted that key findings included:</p> <ul style="list-style-type: none"> • An adjustment to increase deficit contributions and decrease normal contributions by £0.2m to address the risk surrounding the identification, calculation and payment of contributions; • Work had been completed with no issues identified in relation to benefits; • An adjustment of £467k was posted to correct the over valuation of the assets held by LGT Partners; and • There were no concerns in relation to the management override of controls. <p>Members were advised that an unmodified audit opinion was anticipated.</p> <p>RESOLVED: That:</p> <ol style="list-style-type: none"> 1. the auditor's findings be noted; and 2. the Annual Report of the Pension Fund be approved. 	Action by
21.	<p>RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR (<i>Agenda Item 7</i>)</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</p>	Action by

	<p>of early retirements.</p> <p>RESOLVED: That the report be noted.</p>	
22.	<p>PENSIONS ADMINISTRATION PERFORMANCE (<i>Agenda Item 8</i>)</p> <p>Consideration was given to the report which summarised the pension administration performance across key areas of work for the period 1 April 2012 to 30 June 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 advised that, since Capita Hartshead took over pensions administration on 1 April 2012, representatives from the organisation had been meeting on a monthly basis with the Corporate Pensions Manager to monitor performance against the service level agreement. It was noted that the 5 year contract included a performance standard of 100% which meant that, if Capita achieved less than 100%, it would be subject to an underperformance 'claw back' arrangement. This underperformance arrangement would be reviewed each year.</p> <p>Although there had initially been a number of minor transitional issues, Capita had been quick to put measures in place to satisfactorily address any problems that had arisen.</p> <p>Members were advised that the pension fund would next be valued on 31 March 2013 – it had been approximately 2½ years since the last valuation. The results of this valuation were likely to be presented by the actuary in December 2013 and, although it was anticipated that there would be a drop in funding levels since 2010, Members were advised that this was a long term fund and that potential deficits would not need to be recovered over a short period.</p> <p>RESOLVED: That the report be noted.</p>	Action by
23.	<p>GOVERNANCE ISSUES (<i>Agenda Item 9</i>)</p> <p>Consideration was given to the report which provided an update on Pension Fund Governance issues. It was noted that, over the last quarter the Governance Policy Statement and the Funding Strategy Statement had been updated and required approval from the Committee.</p> <p>RESOLVED: That the Committee:</p> <ol style="list-style-type: none"> 1. approves the revised Governance Policy Statement; 2. agrees the amendments to the Funding Strategy Statement; and 3. notes the other items in the report. 	Action by

24.	<p>REPORT FROM INVESTMENT SUB COMMITTEE & UPDATE ON INVESTMENT STRATEGY (<i>Agenda Item 10</i>)</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
25.	<p>CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT (<i>Agenda Item 11</i>)</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 6.58 pm.</p>		

These are the minutes of the above meeting. For more information on any of the resolutions please contact Nikki O'Halloran on 01895 250472. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.