

Minutes

PENSIONS COMMITTEE

27 March 2013

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



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Richard Lewis (Vice-Chairman – In the Chair), George Cooper, Beulah East, Raymond Graham, Paul Harmsworth and David Simmonds.</p> <p>Advisory Members/Co-optee Members Present: John Holroyd.</p> <p>Also Present: John Hastings and Scott Jamieson (Advisors)</p> <p>LBH Officers Present: Ken Chisholm, Harry Lawson, Nancy LeRoux, Paul Whaymand and Khalid Ahmed.</p>	
37.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Councillors Janet Duncan (Beulah East substituting) and Philip Corthorne (George Cooper substituting).</p>	Action by
38.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</p> <p>Councillors George Cooper, Philip Corthorne and Richard Lewis all 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
39.	<p>MINUTES OF THE MEETING – 12 DECEMBER 2012</p> <p>Agreed as an accurate record.</p>	
40.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</p> <p>That Agenda Items 12 and 13 be considered in private for the reasons stated on the agenda and the rest of the items be considered in public.</p>	Action by
41.	<p>REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND</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 31 December 2012. The total value of the fund's investments was £678m.</p>	Action by

	<p>Reference was made to this being a better performance than compared to the benchmark. All Managers except UBS Property had outperformed their relative benchmark during the quarter. In relation to UBS Property, this underperformance was being addressed but would take two years from September 2012 to bring back to a positive return.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the report and the performance of the Fund Managers be noted. 	
<p>42.</p>	<p>RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR</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>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the contents of the report be noted. 	
<p>43.</p>	<p>PENSIONS ADMINISTRATION PERFORMANCE</p> <p>Consideration was given to the report which summarised the pension administration performance across key areas of work for the period 1 October 2012 to 31 December 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>The previous full year performance data was included in the Annual Report for the fund.</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 3rd quarter performance reports indicated an overall average performance of 97.76% per month over the quarter. Reference was made to performance being higher than when the Pensions Administration was in house. However, there had been problems with with regard to the production of Annual Benefit Statements, although officers reported that reassurance had been given that this would improve.</p>	<p>Action by</p>

	<p>Members were informed that CEB had admitted that they had taken too many clients in too short a timeframe, and had initially not had the infrastructure to support them all adequately.</p> <p>RESOLVED:</p> <p>1. That the report be noted.</p>	
<p>44.</p>	<p>REVISION TO THE STATEMENT OF INVESTMENT PRINCIPLES</p> <p>The Committee was informed that as a result of two Additional Fund Managers in December 2012, amendments were required to the Statement of Investment Principles as required by the Local Government Pension Scheme Regulations (Revised) 2009.</p> <p>Members were provided with a summary of the changes.</p> <p>RESOLVED:</p> <p>1. That approval be given to the amendments made to the Revised Statement of Investment Principles (March 2013) reflecting changes in the Fund’s appointed Managers and Asset Allocation.</p>	<p>Action by</p>
<p>45.</p>	<p>PENSION FUND INVESTMENT & THE COUNCIL’S PUBLIC HEALTH RESPONSIBILTIES</p> <p>Members were informed that from 1 April 2013, responsibility for Public Health would be transferred from the NHS to local authorities. As a result of this change, leading public health bodies were encouraging local authorities to review their investments, particularly in relation to tobacco, claiming there was a potential conflict of interest with local authorities taking on public health duties.</p> <p>The Committee was provided with detailed legal advice from the Borough Solicitor in relation to any potential conflict of interest between the fiduciary responsibilities of this Committee, and the Council’s new public heath responsibilities.</p> <p>Discussion took place on the options available to the Committee and officers advised that tobacco investments were in pooled funds, which would make extraction costly. Members asked officers to advise Fund Managers that there should be no new investment in segregated funds in tobacco companies or the related industry.</p> <p>Members asked that a report be submitted to the next meeting on the outcome of these discussions.</p> <p>RESOLVED:</p> <p>1. That the information contained in the report be noted and officers be asked to submit a report to the next meeting of the Committee on the outcome of the discussions with Fund Managers.</p>	<p>Action By:</p> <p>Nancy Leroux</p>

<p>46.</p>	<p>GOVERNANCE ISSUES AND 2014 SCHEME PROPOSALS</p> <p>An update report was provided on Pension Fund Governance issues and which sought approval to a change to the Internal Disputes Resolution Policy.</p> <p>Under the Local Government Pension Scheme, all authorities were required to have a 2 stage Internal Disputes Resolution Policy to hear appeals against decisions made in respect of benefits, and to publish this policy.</p> <p>In line with the majority of the Pan London Framework, the report was requesting that the Director of Operations at Capita be the nominated officer in all Stage 1 appeals. For this Council, it was requested that the Corporate Pensions Manager be the appointed officer for Stage 2 appeals where he or she has had no involvement in the case. If an appellant was not satisfied with a decision made at Stage 2, an application had to be either lodged with the Pensions Regulator to make a determination, or the appellant would have to consider civil proceedings.</p> <p>RESOLVED:</p> <p>1. That approval be given to the changes to the Internal Disputes Resolution Policy and the proposals for the 2014 Local Government Pension Scheme be noted.</p>	<p>Action by:</p>
<p>47.</p>	<p>DELOITTE – 2012/13 ANNUAL AUDIT PLAN</p> <p>The report provided details of the initial plans for the audit of the Pension Fund Accounts 2012/13 by Deloitte. Details of the key audit risks were reported and Members were informed that the whole process would be completed by early September.</p> <p>RESOLVED:</p> <p>1. That the details contained in the 2012/13 Annual Audit Plan be noted.</p>	
<p>48.</p>	<p>REPORT FROM INVESTMENT SUB-COMMITTEE & UPDATE ON INVESTMENT STRATEGY</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>	
<p>49.</p>	<p>CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE</p>	<p>Action By:</p>

	<p>INVESTMENT</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>	
<p>The meeting, which commenced at 5.30 pm, closed at 6.25 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.