Minutes

PENSIONS COMMITTEE

24 September 2013



Meeting held at Committee Room 2 - Civic Centre, High Street, Uxbridge UB8 1UW

	Committee Members Present: Councillors Philip Corthorne (Chairman), George Cooper, Beulah E Graham and Michael Markham. LBH Officers Present:		
	Tunde Adekoya, Ken Chisholm, Nancy LeRoux, Paul Whaymand and Kh Also Present: Mark Browning and Jonathan Gooding (Deloitte).	nalid Ahmed.	
	Apologies: Councillors Janet Duncan, Paul Harmsworth (Councillor Beulah East substituting) and Councillor David Simmons (Councillor George Cooper substituting). John Holroyd and Andrew Scott (Advisory Members).		
14.	DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING	Action by	
	Councillors Cooper and Corthorne both declared Pecuniary Interests in all Agenda Items, in that they were both members of the Local Government Pension Scheme. They both remained in the room.		
	Councillor Cooper declared a Non-Pecuniary interest Agenda Item 6 – External Auditor Report on the Pension Fund Annual Report and Accounts as he was a Member of the Audit Committee and he was a Trustee of CAB. He remained in the room and took part in discussions on the item.		
	Councillor Cooper declared a Non-Pecuniary interest Agenda Item 7 – Academies – Valuation Approach, as his wife was a Governor of one of the Academies. He remained in the room and took part in discussions on the item.		
15.	MINUTES OF THE MEETINGS OF 19 JUNE 2013		
	Agreed as an accurate record.		
16.	TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE		
	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.		

17.	REVIEW OF PERFORMANCE MEASUREMENT OF THE PENSION	Action by
	FUND 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 2013. The Committee was informed that the total value of the Fund's investments was now at £705m.	
	The Chairman commented that the performance reflected the good work of the Investment Sub-Committee and he thanked Members for their diligent work.	
	Reference was made to the stand out performance of UBS which had been ahead of the benchmark with the largest contributions to out- performance coming from overweight positions in Lloyds Banking Group, Dixons and GlaxoSmithKline. In relation to UBS Property, the Deputy Director of Strategic Finance would provide Members with information as to why there had been an underperformance.	Nancy Le Roux
	RESOLVED: 1. That the report and the performance of the Fund Managers be noted.	
18.	EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS	
	Consideration was given to the report which summarised the findings of the External Auditor on the audit of the 2012/2013 Pension Fund Annual Report and Accounts.	
	The representative from Deloitte reported that some outstanding final points had been cleared so they would be issuing an unmodified opinion on the final statements.	
	 Reference was made to the key findings of the identified audit risks: Contributions- the risk surrounding identification, calculation and payment of contributions, due to the complexities surrounding admitted bodies had been addressed through testing. No issues had been noted with the exception of an incorrect classification of the contributions between employer deficit and employer normal contributions. Benefits – Complexities in the calculation of both benefits in retirement and ill health and death benefits had been reviewed with no identified issues. Financial Instruments – Discussion had been held with managers of the private equity funds to ensure that the valuation techniques represented the meet accurate fair value of the 	
	 techniques represented the most accurate fair value of the equities. No issues had been identified. Management Override of Controls – All testing had been completed with satisfactory results. 	

	RESOLVED:	
	1. That the auditor's findings be noted and approval be given to the Annual Report of the Pension Fund.	
19.	ACADEMIES –VALUATION APPROACH	
	The Committee was provided with a report which provided details of the implications of Hillingdon Schools becoming Academies and the implications this had for Pension Fund valuation purposes.	
	 Members were provided with three options on how Academies should be treated for valuation purposes: 1. To treat each as separate individual employers, fully responsible for their own liabilities, the current status quo; 2. To pool all Academies with London Borough of Hillingdon, effectively transferring part of the financial burden on to the Council; or 	
	3. To create a separate pool for Academies.	
	Discussion took place on the three options and the Committee agreed that Option 3 be the preferred option which would be setting up a separate Academy "Pool" within the Pension Fund. This would involve all Academies within Hillingdon joining the pool to pay the same employers contribution rate, which would be based on the combined membership of all Academies within the pool, as at the valuation date.	
	The employer's contribution rate would be re-assessed on the aggregate experience of the pool over the inter-Valuation period, as was the case with the London Borough of Hillingdon Fund.	
	RESOLVED: 1. That the information provided in the report be noted and approval be given to the approach detailed in Option 3, as the preferred option for the treatment of Academies within Hillingdon for valuation purposes.	
18.	RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR	
	Consideration was given to the report which summarised the number of early retirements in the first quarter of 2013/14.	
	The report also provided Members with an update on the current situation on the cost to the fund of early retirements.	
	Members were informed that figures continued to be low and within the parameters.	
	RESOLVED: 1. That the contents of the report be noted.	

19.	PENSIONS ADMINISTRATION PERFORMANCE	
	Consideration was given to the report which summarised the pension administration performance across key areas of work for the period 1 April 2013 to 30 June 2013 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.	
	The Committee was informed that the previous full year performance data was included in the Annual Report for the Fund which showed a significant improvement.	
	Reference was made to significant issues in terms of data quality which had come to light in the last few months. The Committee was informed that officers had worked closely with the actuary and Capita Employee Benefits (CEB) to help clean up their data records to enable the submission of the valuation data. Assurances had been given that additional costs incurred would be picked up by CEB.	
	Reference was made to the performance statistics for sending condolence letters and Members agreed that this should be better.	
	RESOLVED: 1. That the contents of the report be noted.	
20.	REPORT FROM INVESTMENT SUB-COMMITTEE	
	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).	
	RESOLVED: 1. That the contents of the report be noted.	
21.	CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT	
	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).	
	RESOLVED: 1. That the contents of the report be noted.	
	The meeting, which commenced at 5.30 pm, closed at 6.10 pm.	

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.