



HILLINGDON
LONDON



Pensions Committee

Date: MONDAY, 5 OCTOBER
2015

Time: 7.00 PM

Venue: COMMITTEE ROOM 4 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE UB8
1UW

**Meeting
Details:** Members of the Public and
Press are welcome to attend
this meeting

Councillors on the Committee

Philip Corthorne, (Chairman)
Michael Markham, (Vice-Chairman)
Tony Eginton (Labour Lead)
Peter Davis
Beulah East

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Contact: Khalid Ahmed
Tel: 01895 250833
Email: kahmed@hillington.gov.uk

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Putting our residents first

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
3E/05, Civic Centre, High Street, Uxbridge, UB8 1UW
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Terms of Reference

1. To review and approve all aspects of investment policy relating to the Pensions Fund, including authorisation or prohibition of particular investment activities.
2. To review the Statement of Investment Principles and amend it when necessary.
3. To agree benchmarks and performance targets for the investment of the Fund's assets and review periodically.
4. To keep the performance of the investment managers under regular review and extend or terminate their contracts as required. To appoint new managers when necessary.
5. To agree policy guidelines for the exercise of voting rights attached to the Fund's shares.
6. To review the appointment of specialist advisors and service providers and make new appointments as necessary.
7. To consider the overall implications of the Council's policies for employment and benefits issues and their impact on the Pension Fund and agree any strategic changes.
8. To authorise the admission of other bodies to the Fund.
9. To approve the appointment of persons to hear appeals under the Internal Dispute Resolution Procedure.
10. To consider issues concerning the administration of the Fund, including approving responses to consultation papers.
11. To consider and decide whether to approve proposals for discretionary enhanced early retirement packages for officers.
12. The Corporate Director of Finance be authorised to take urgent decisions in relation to the pensions fund and investment strategy on behalf of the Committee, reporting back to the Pensions Committee any exercise of these powers for ratification.

Agenda

CHAIRMAN'S ANNOUNCEMENTS

PART I - Members, Public and Press

- 1 Apologies for Absence
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of the meeting - 23 September 2015 1 - 2
- 4 To confirm that items marked Part I will be considered in public and those marked Part II will be considered in private

PART II - Members Only

- 5 Minutes of Investment Strategy Sub-Committee - 3 February 2015 3 - 6
- 6 Risk and Investment Strategy - Training Item

Training and a presentation will be given to the Committee on Risk and Investment. Slides will be available at the meeting.
- 7 Investment Strategy and Fund Manager Performance 7 - 50
- 8 Pensions Administration Report 51 - 56
- 9 Governance Report 57 - 102



Minutes

Pensions Committee

23 September 2015

Meeting held at Committee Room 4 - Civic Centre,
High Street, Uxbridge UB8 1UW

	<p>Committee Members Present: Councillors Philip Corthorne (Chairman), Tony Eginton, Neil Fyfe and Susan O'Brien.</p> <p>Apologies: Councillors Peter Davis (Councillor Neil Fyfe substituting), Beulah East and Michael Markham (Councillor Susan O'Brien substituting).</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Sian Kunert, Paul Whaymand and Khalid Ahmed.</p> <p>Also Present: Ryan Gawley (Deloitte)</p>	
<p>11.</p>	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</p> <p>Councillors Philip Corthorne and Susan O'Brien both declared Non-Pecuniary Interests in Agenda Item 5 - External Auditor Report on the Pension Fund Annual Report because they were "deferred" members of the Local Government Pension Scheme. They both remained in the room during discussion on the item.</p> <p>Councillor Tony Eginton declared a Non-Pecuniary Interest in Agenda Item 5 - External Auditor Report on the Pension Fund Annual Report because he was a retired member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p>	
<p>12.</p>	<p>MINUTES OF THE MEETING OF 17 JUNE 2015</p> <p>Agreed as an accurate record.</p>	
<p>13.</p>	<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>All items as stated on the agenda were considered in public.</p>	
<p>14.</p>	<p>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS</p> <p>Consideration was given to the report which summarised the findings of the External Auditor on the audit of the 2014/15 Pension Fund Annual Report and Accounts.</p> <p>Ryan Gawley from Deloitte introduced the report and reported that</p>	

subject to the clearance of final points, they expected to issue an unmodified opinion on the financial statements.

Reference was made to the significant audit risks and how these had been addressed.

- **Completeness and Accuracy of Contributions-** A satisfactory conclusion had been reached in this area which had been based on the results from the procedures performed.
- **Valuation of Investments-** Reference was made to there being Investments of £801m as at 31 March 2015 which therefore meant that a small degree of error in their valuation represented a significant risk of material misstatement. However, a satisfactory conclusion in this area had been reached based on the results from the procedures performed.
- **Accuracy of Benefit Calculations** –Reference was made to the recent changes which have been made to the Pension Fund in April 2008, which introduced complexities into the calculation of both benefits in retirement and ill health and death penalties which were in addition to the annual increases required by legislation. In addition there were the further changes which had been implemented in 2014 which required the move to career average as the basis for calculation of benefits. However, upon the successful completion of work in relation to member movements held, it was expected that the conclusion formed would be that there would be no matters which would be brought to the attention of the Pensions Committee.
- **Management Override of Controls** – A satisfactory conclusion had been reached in this area as there have been no significant judgements or estimates used by management and there was no indication of significant bias.

Reference was made to risk management and internal control systems and the comment relating to the identification of a number of differences between the valuations provided by the investment managers and that provided by Northern Trust. The Committee was informed that reconciliations between these two different sources would be checked quarterly.

Discussion took place on annual statements and Members were informed that detailed work was still taking place.

RESOLVED:

- (1) That the auditor's findings on the audit of the Pension Fund Accounts for 2014/15 be noted.**

The meeting, which commenced at 6.00pm closed at 6.25pm

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.

Agenda Item 5

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of the Local Government (Access to Information) Act 1985 as amended.

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