

Minutes

PENSIONS COMMITTEE

21 September 2016

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



	<p>Committee Members Present: Philip Corthorne (Chairman) Michael Markham (Vice-Chairman) Peter Davis Tony Eginton (Labour Lead) Beulah East</p> <p>Officers Present: Paul Whaymand, Nancy Le Roux, Tunde Adekoya, Sian Kunert, Ken Chisholm, Mark Braddock</p> <p>Advisors Present: Scott Jamieson and David O'Hara</p>	
12.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>All Members were present.</p>	
13.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>None, but noted the interests already declared with Democratic Services.</p>	
14.	<p>MINUTES OF THE MEETING -15 JUNE 2016 (<i>Agenda Item 3</i>)</p> <p>The public minutes of the meeting held on 15 June 2016 were agreed as a correct record.</p>	
15.	<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> <p>Items for both public and private discussion were agreed as set out on the agenda.</p>	
16.	<p>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ACCOUNTS (<i>Agenda Item 5</i>)</p> <p>A representative from the Council's External Auditors, Ernst & Young, updated Members on the audit of the 2015/16 Pension Fund Accounts. The Chairman indicated his disappointment that there was still outstanding work required on the Accounts and that the Committee were unable to see the final version and opinion.</p>	

Ernst & Young updated Members on the delay and their findings, in particular that there were no material errors on the accounts and that they soon were expected to provide an unqualified opinion, following Director review.

Members of the Committee discussed aspects of the draft External Auditors report, and in light of the delay in securing Committee sign-off, Councillor Philip Corthorne moved amended recommendations, which were seconded and agreed. The Committee's resolution would enable formal sign-off of the Accounts, after the meeting, under delegated authority.

RESOLVED:

That the Committee:

- 1. Note the initial auditor's findings on the audit of the Pension Fund accounts for 2015/16.**
- 2. Delegate authority to the Corporate Director of Finance to sign the Pension Fund accounts on completion of the audit in consultation with the Chairman, with the final version being circulated to all Committee Members for information.**
- 3. To approve the Fund Annual Report for publication.**

17. INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE
(Agenda Item 6)

Scott Jamieson, Advisor to the Committee, provide a comprehensive update to Members on the affect of Brexit on the current investment strategy as a result of the June referendum decision to exit the European Union.

Members discussed the wider economic issues which could or could not have an impact upon the Pension Fund, including liabilities linked to inflation.

Mr David O'Hara, Advisor to the Committee, then outlined advice on a change in Fund Manager for the Pension Fund's passive equity and bond investments, and then discussed with Members present the proposed use of those funds and their reinvestment. During discussion, Councillor Eginton raised concerns about exposure to passive equities.

The Chairman then put the recommendations outlined in the report to the vote, which were seconded and agreed, though in voting noted that Councillor Eginton did not vote in support of Recommendation 2.

RESOLVED:

That the Pensions Committee:

- 1. Agree to the change of Fund Manager for its passive equity and bond investments from State Street to Legal and General;**

	<ol style="list-style-type: none"> 2. agree to liquidate the GMO mandate; 3. assuming that recommendation 2 is agreed, consider the proposal for the use of those funds and agree to reinvest into a mix of passive funds; 4. note the rebalancing of property investments; 5. discuss the Fund performance update and agree any required decisions in respect of mandates or Fund Managers; 6. delegate the implementation of any decisions to the Officer and Advisor - Investment Strategy Group; and 7. agree the proposed changes to the Statement of Investment Principles. 	
18.	<p>2016 ACTUARIAL VALUATION AND FUNDING STRATEGY STATEMENT - UPDATE (<i>Agenda Item 7</i>)</p> <p>The Committee reviewed a report updating them on the triennial revaluation of the Pension Fund, noting that the Actuary would attend the December meeting of the Committee to present the results for the whole fund.</p> <p>Members also noted that as part of this process, each Administering Authority was required to publish and maintain a Funding Strategy Statement (FSS) and would consult with all Fund employers prior to finalising the strategy at Pension Committee in December. Officers indicated that this would be the first valuation carried out under a new governance framework, set out under Section 13 of Public Service Pensions Act.</p> <p>Members were advised that under section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113, the Local Government Pension Scheme Advisory Board has been created which would encourage best practice, increase transparency and coordinate technical and standards issues.</p> <p>RESOLVED:</p> <p>That the Committee note the information provided.</p>	
19.	<p>PENSIONS ADMINISTRATION REPORT (<i>Agenda Item 8</i>)</p> <p>The Committee received an update on Pension Fund Administration, the project to transfer Administration to Surrey County Council and the draft Administration Strategy for consultation with other employers in the Fund</p> <p>Members noted the recent mistakes with regard to the issuing of Pensions Statements by the current provider and praised the considerable efforts by Hillingdon Finance staff to resolve them, in particular Mr Chisholm.</p> <p>It was noted that the new statements provided by Surrey County Council administration of the fund would be easier to understand. The Chairman then put the recommendations in the report to the vote, which were duly seconded and agreed,</p>	

	<p>RESOLVED:</p> <p>That the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Note the progress on the transfer of Administration; 2. Review the latest administration performance figures; 3. Note the latest information in respect of early retirements; 4. Approve the Administration Strategy. 	
20.	<p>PART II MINUTES - 15 JUNE 2016 (<i>Agenda Item 9</i>)</p> <p>The private minutes of the meeting held on 15 June were agreed as a correct record.</p> <p><i>The minutes relating to this item were not made public because it was considered in the private part of the meeting and contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.</i></p>	
21.	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE (<i>Agenda Item 10</i>)</p> <p>In reviewing and making decisions on Item 6 on the agenda (minute 17), Members considered exempt information on the Investment Strategy and Fund Manager performance.</p> <p><i>The information relating to this item was not made public because it was considered in the private part of the meeting and contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.</i></p>	
22.	<p>PENSION FUND RISK REGISTER (<i>Agenda Item 11</i>)</p> <p>Members reviewed a report identifying the main risks to the Pension Fund, which enabled them to monitor and review matters going forward.</p> <p>RESOLVED:- That the Pensions Committee considered the Risk Register and the measures being taken to mitigate the identified risks.</p> <p><i>The information relating to this item was not made public because it was considered in the private part of the meeting and contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.</i></p>	
The meeting, which commenced at 7.00 pm, closed at 8.07 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.