



HILLINGDON
LONDON



Pensions Committee

Date: WEDNESDAY, 15 JUNE
2016

Time: 7.00 PM

Venue: COMMITTEE ROOM 3A -
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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Head of Democratic Services
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3E/05, Civic Centre, High Street, Uxbridge, UB8 1UW
www.hillingdon.gov.uk

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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 meetings - 23 March 2016 and 12 May 2016 1 - 8
- 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 Update on progress of London CIV and pooling response
To be provided with an oral update.
- 6 Investment Strategy and Fund Manager Performance 9 - 82
- 7 Pensions Administration Report 83 - 88
- 8 Pension Fund Administration Strategy 89 - 114
- 9 Pension Fund Risk Register and Risk Management Policy 115 - 132
- 10 Minutes of Meeting -23 March 2016 - Confidential 133 - 138

Agenda Item 3

Minutes

Pensions Committee

23 March 2016

Meeting held at Committee Room 6- Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Philip Corthorne (Chairman), Michael Markham (Vice-Chairman), Peter Davis, Beulah East and Tony Eginton.</p> <p>Apology for Absence: David O'Hara (Advisor).</p> <p>Also Present: Ajith Nair (KPMG)</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Sian Kunert, Nancy Le Roux, Paul Whaymand and Khalid Ahmed.</p>	
32.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</p> <p>Councillor Philip Corthorne declared a Non-Pecuniary Interest in all agenda items because he was a deferred member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p> <p>Councillor Tony Eginton declared a Non-Pecuniary Interest in all agenda items as he was a retired member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p>	
33.	<p>PART I MINUTES OF THE MEETING OF 9 DECEMBER 2015</p> <p>Agreed as an accurate record.</p>	
34.	<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>It was agreed that Agenda Items 5, 6, 7, 8 and 10 would be considered in private.</p>	
35.	<p>PART II MINUTES OF THE MEETING OF 9 DECEMBER 2015</p> <p><i>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</i></p>	

	<p><i>(including the authority holding that information)' (paragraph 3 of the schedule to the Act).</i></p> <p>Agreed as an accurate record.</p>	
<p>36.</p>	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE</p> <p><i>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).</i></p> <p>The Committee was provided with a presentation on the current position in relation to the current investment strategy.</p> <p>Reference was made to the decision made by the Council in January to pool Hillingdon Pension Fund assets through the London Collective Investment Vehicle (CIV).</p> <p>Discussion took place on the timetable to respond to the Government consultation of pooling of investments. The Committee was informed that the final detailed submission was due to be submitted by 15 July and a draft would be brought to the next meeting of the Committee to discuss. Included in this would be the approach to be taken for infrastructure assets which were exempt under the new proposals.</p> <p>The basis of the mechanics of the London CIV was discussed before looking at the approach to different asset classes.</p> <p>RESOLVED:</p> <ul style="list-style-type: none"> (1) That the information reported by officers on the Fund position be noted. (2) That approval be given to the course of action detailed in the confidential report and minutes in relation to changes to the current investment strategy. (3) That the Officer and Advisor Investment Strategy Group be given delegation to implement decisions. (4) That approval be given to the consideration of a new Direct lending mandate and officers be asked to bring options to the next meeting of the Committee. (5) That the information reported in respect of existing manager mandates be noted. 	<p>Action By:</p> <p>Nancy Le Roux</p>

<p>37.</p>	<p>GOVERNANCE UPDATE</p> <p><i>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).</i></p> <p>Consideration was given to a report which provided an update on the work which was being undertaken in response to the Government's consultation on pooling, together with details on the process for Hillingdon to join the London CIV.</p> <p>The report also included details of the work being carried out through the local Pension Board in the assessment of the Fund's compliance with the Pension Regulator's Governance Compliance checklist. The Committee was informed that officers would be contacting Members of this Committee individually to go through the knowledge and understanding section of the compliance checklist.</p> <p>RESOLVED:</p> <p>(1) That the information provided be noted and approval be given to urgent investment decisions in respect of transitioning mandates to the CIV, being delegated to the Chairman of the Pensions Committee, in consultation with the Corporate Director of Finance.</p>	<p>Action By:</p>
<p>38.</p>	<p>PENSIONS ADMINISTRATION CONTRACT</p> <p><i>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).</i></p> <p>The Committee was provided with a report which provided an update on the project to transfer the Pensions Administration to Surrey County Council, together with the latest update on administration performance and early retirements.</p> <p>Members were informed that robust governance arrangements were in place with project managers for Hillingdon, Surrey, Capita and the system supplier.</p> <p>Internal Audit was fully involved in the project to ensure processes were sufficiently robust.</p> <p>The Committee thanked officers for the work they carried out in relation to the Pension Administration contract.</p>	<p>Action By:</p>

	<p>RESOLVED:</p> <p>(1) That the progress made on the transfer of the Pensions Administration be noted.</p> <p>(2) That the latest administration performance figures be noted.</p> <p>(3) That the latest information in respect of early retirements be noted.</p>	<p>Action By:</p>
<p>39.</p>	<p>ERNST YOUNG - 2015/16 PENSION FUND ANNUAL AUDIT PLAN</p> <p>The Committee was provided with a report which set out the initial plans for the audit of the Pension Fund Accounts for 2015/16 by the new external auditors, Ernst Young.</p> <p>Members were informed that the draft annual audit of the pension fund would be submitted to the next meeting of the Committee.</p> <p>RESOLVED:</p> <p>(1) That the report be noted.</p>	
<p>40</p>	<p>PENSION FUND RISK REGISTER</p> <p><i>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).</i></p> <p>The report provided details of the main risks to the Pension Fund which enabled the Committee to monitor and review.</p> <p>Discussion took place on the importance of the Committee's role in the Risk Register, together with learning lessons from the problems associated with underperformance of the Fund's Administration.</p> <p>Officers reported that an Administration Strategy was being developed, which would be submitted to the Committee, before submission to the Pensions Board.</p> <p>The Committee was given an update on outstanding issues from Pension Fund Administration and Members were assured that officers were resolving many of the outstanding performance issues.</p> <p>RESOLVED:</p> <p>(1) That the Risk Register, in terms of the approach, the specific risks identified and the measures being taken to</p>	

	mitigate those current risks be noted.	
	The meeting, which commenced at 7.00pm closed at 7.50pm	

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.

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Minutes

PENSIONS COMMITTEE

12 May 2016

Meeting held at Council Chamber - Civic Centre,
High Street, Uxbridge UB8 1UW



	Committee Members Present: Councillors Philip Corthorne (Chairman) Michael Markham (Vice-Chairman) Peter Davis Beulah East Tony Eginton (Labour Lead)	
1.	ELECTION OF CHAIRMAN (<i>Agenda Item 1</i>) RESOLVED: That Councillor Philip Corthorne be elected Chairman of the Pensions Committee for the 2016/2017 municipal year.	Action by
2.	ELECTION OF VICE CHAIRMAN (<i>Agenda Item 2</i>) RESOLVED: That Councillor Michael Markham be elected Vice Chairman of the Pensions Committee for the 2016/2017 municipal year.	Action by
The meeting, which commenced at 9.05 pm, closed at 9.10 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.

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Agenda Item 6

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Agenda Item 8

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