



HILLINGDON
LONDON



Pensions Committee

Councillors on the Committee

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

Date: WEDNESDAY, 14 JUNE
2017

Time: 7.00 PM

Venue: COMMITTEE ROOM 5 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE UB8
1UW

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

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Pensions Committee Terms of Reference

1. To review and approve all aspects of investment policy relating to the Pensions Fund, including agreeing the strategic asset allocation and authorisation or prohibition of particular investment activities.
2. To review the Investment Strategy Statement 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 agree to transfer funds into mandates managed by the London Collective Investment Vehicle (CIV) as soon as appropriate opportunities become available.
5. To receive regular reports from the London CIV and to agree and resultant actions from a review of the investments held with the London CIV.
6. 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.
7. To agree policy guidelines for the exercise of voting rights attached to the Fund's shares.
8. To review the appointment of specialist advisors and service providers and make new appointments as necessary.
9. 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..
10. To approve the appointment of persons to hear appeals under the Internal Dispute Resolution Procedure.
11. To consider issues concerning the administration of the Fund, including approving responses to consultation papers.
12. To consider and decide whether to approve proposals for discretionary enhanced early retirement packages for officers.
13. 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

- 1 Apologies for Absence
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of the meetings - 22 March and 11 May 2017 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 I - Members, Public and Press

- 5 Investment Strategy and Fund Manager Performance 9 - 28
- 6 Pensions Administration Report 29 - 44

PART II - Members Only

- 7 Investment Strategy and Fund Manager Performance 45 - 124
- 8 Pension Fund Risk Register 125 - 130

Agenda Item 3

Pensions Committee

22 March 2017

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



	<p>Committee Members Present: Councillors Philip Corthorne (Chairman), Michael Markham (Vice-Chairman), Peter Davis and Tony Eginton.</p> <p>Apologies: Councillor Beulah East.</p> <p>Also Present: Scott Jamieson and David O'Hara (Advisors).</p> <p>Pensions Board Members: Councillor John Morse, Roger Hackett and Andrew Scott.</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Sian Kunert, Nancy Le Roux 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>MINUTES OF THE MEETINGS HELD ON 7 DECEMBER 2016</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 11, 12 and 13 would be considered in private.</p>	
35.	<p>2016 ACTUARIAL VALUATION RESULTS</p> <p>The Committee was informed that the results were still draft at this stage as there remained some final discussions with a couple of scheme employers to agree their contribution rates.</p> <p>Reference was made to the allowance for administration costs of 0.7%</p>	

	<p>of pay. Members asked for details on how this figure was determined.</p> <p>In relation to the Funding Strategy Statement, Members were informed that following agreement of the results, the valuation the Funding Strategy Statement (FSS) of the fund had been revised.</p> <p>The Committee was reminded that the draft FSS had been agreed at the December meeting and had been distributed for consultation with scheme employers. No comments had been received back from employers.</p> <p>RESOLVED:</p> <p>(1) That approval be given to the Funding Strategy Statement for the London Borough of Hillingdon Pension Fund.</p> <p>(2) That approval be given to the draft Triennial Valuation Report and the future employer contribution rates be noted.</p>	<p>Action By:</p>
<p>36.</p>	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE</p> <p>Consideration was given to a report which provided an overview of fund performance as at 30 December 2016, an update on recent investment decisions and progress of the London CIV.</p> <p>The total size of the fund was £931m at 31 December 2016, which was an increase from £890m at the end of last quarter, with an overall investment return over the quarter of 3.85%, giving rise to relative out-performance of the benchmark by 1.03%.</p> <p>The Committee was provided with a presentation from the Fund Advisors on the current investment strategy and strategic asset allocation. A discussion took place on potential changes to the strategy and asset allocation and Members were informed that consideration was required to reducing the risk exposure of the Fund.</p> <p>An update was provided on activity by officers to implement decisions taken by the Committee, together with an update on the London CIV.</p> <p>In Part II of the agenda, discussion took place on the performance of individual Fund Managers, and these formed the background to the decisions made.</p> <p>The Committee asked that officers explore the different investment strategies which could be adopted in the future, taking into consideration the developments which were taking place with the London CIV.</p> <p>RESOLVED:</p> <p>(1) That the Committee discussed the proposed revised investment strategy for the Fund and the target Strategic Asset Allocation and requested that a further report back</p>	

	<p>be given on the revised investment strategy.</p> <p>(2) That, subject to any agreed amendment, approval be given to an initial version of the Investment Strategy Statement, which will then be published and circulated to Pensions Board for comment.</p> <p>(3) That the Fund performance update was discussed and agreement was given to decisions in respect of mandates or Fund Managers.</p> <p>(4) That the implementation of any decisions be delegated to the Officer and Advisor - Investment Strategy Group.</p> <p>(5) That the follow up activity to previous investment decisions and progress in the development of the London CIV be noted.</p>	<p>Action By:</p>
<p>37.</p>	<p>PENSIONS ADMINISTRATION REPORT</p> <p>The Committee was provided with an update on the progress made on the administration of the London Borough of Hillingdon Fund of the Local Government Pension Scheme.</p> <p>Members were informed that the project to transfer administration to Surrey County Council from Capita Employee Benefits was now completed and the formal project closed. A detailed project closedown report had been produced and would be shared with Members for information. The Committee was informed that in terms of process, the project was being well managed by Surrey and there were no outstanding issues.</p> <p>A further progress report would be submitted to the Committee in April, 2018.</p> <p>RESOLVED:</p> <p>(1) That the update in the report be noted.</p>	<p>Ken Chisholm</p>
<p>38.</p>	<p>PENSIONS COMMITTEE - TERMS OF REFERENCE</p> <p>The report provided Members with a draft of suggested changes to the Committee's Terms of Reference to reflect changes in legislation and the introduction of pooling of Local Government Pension Scheme assets.</p> <p>It was agreed that the Terms of Reference would be reviewed annually by the Committee.</p> <p>RESOLVED:</p> <p>(1) That approval be given to the proposed changes to the Terms of Reference of this Committee, and that the Terms of Reference be recommended to Council for approval.</p>	<p>Nancy Le Roux /</p>

		Khalid Ahmed
39.	<p>ERNST YOUNG - 2016/17 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 2016/17 by the external auditors, Ernst Young.</p> <p>RESOLVED:</p> <p>(1) That the report be noted.</p>	
40.	<p>TRAINING UPDATE</p> <p>The Committee was informed that a training register had been maintained by officers to log training received by Pension Committee Members, Local Pension Board Members and Officers, to record and track knowledge and skills.</p> <p>Members were reminded that Pensions Committee was responsible for exercising a duty of care and had a fiduciary responsibility to the Fund, employers and potential beneficiaries of the Fund.</p> <p>For best practice, it was considered that Pensions Committee Members should be invited to complete the Knowledge and Skills learning needs analysis to identify training gaps to enable officers to ensure the correct training items were bought to Pension Committee and offered to Members.</p> <p>The report provided details of the outstanding areas where training was required.</p> <p>RESOLVED:</p> <p>(1) That the contents of the report be noted.</p>	
41.	<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 an update report on each of the Pension Fund's current managers and mandates, together with a detailed Market Background paper produced by the Pension Fund Advisor.</p> <p>In addition there was an update report from the London CIV Chair of the Investment Advisory Committee.</p>	

	<p>RESOLVED:</p> <p>(1) That the information be noted, together with the performance of Fund Managers.</p> <p>(2) That the update report from the Chair of the London CIV be noted.</p>	
42.	<p>CUSTODY TENDER APPOINTMENT</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 sought the Committee's approval to accept a tender to award the contract for global custody services to then London Borough of Hillingdon Pension Fund, to Northern Trust, the Fund's current provider of global custody services.</p> <p>RESOLVED:</p> <p>(1) That approval be given to the reappointment of Northern Trust as Pension Fund custodian for a further term of five years commencing on 1 April 2017.</p>	
43	<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>RESOLVED:</p> <p>(1) That the Committee considered the Risk Register and noted the measures which were being taken to mitigate the indentified risks.</p>	
<p>The meeting, which commenced at 7.00pm closed at 8.10pm</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.

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Minutes

PENSIONS COMMITTEE

11 May 2017

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	
1.	ELECTION OF CHAIRMAN (<i>Agenda Item 1</i>) RESOLVED: That Councillor Corthorne be elected as Chairman of the Pensions Committee for the 2017/2018 municipal year.	Action by
2.	ELECTION OF VICE CHAIRMAN (<i>Agenda Item 2</i>) RESOLVED: That Councillor Markham be elected as Vice Chairman of the Pensions Committee for the 2017/2018 municipal year.	Action by
	The meeting, which commenced at 8.32 pm, closed at 8.37 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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INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE

Contact Officers

Sian Kunert, 01895 556578

Scott Jamieson

David O'Hara, KPMG

Papers with this report

Northern Trust Performance Report

SUMMARY

This is the main report which focuses on the investment of the Fund's assets. The report includes an overview of fund performance as at 31 March 2017, an update on recent investment decisions, and progress of the London CIV.

The total size of the fund was £956m at 31 March 2017 an increase from £931m at the end of last quarter, with an overall investment return over the quarter was 2.88%, giving rise to relative under-performance of the benchmark by 0.26%. Included with this report is the Northern Trust performance.

Part II includes a review of the Fund's current strategy and how the existing asset allocation links to the future direction of the strategy, written by KPMG. In addition there is an update on each Fund Manager and the detailed current market backdrop. These papers all form background reading to inform Committee and to aid discussion.

RECOMMENDATIONS

It is recommended that Pensions Committee, following consideration of the Part II papers:

- 1. Discuss the Fund performance update and agree any required decisions in respect of mandates or Fund Managers;**
- 2. Delegate the implementation of any decisions to the Officer and Advisor - Investment Strategy Group;**
- 3. Note the follow up activity to previous investment decisions and progress in the development of the London CIV.**

INFORMATION

1. Fund Performance

Over the last quarter to 31 March 2017, the Fund returned 2.88% (3.85% to December 2016) against the fund benchmark of 3.14% (2.78% September 2016) resulting in an underperformance for the quarter. The value of the Fund increased

over the quarter by £25.8m, to bring the fund balance to £956.5m as at 31 March 2017.

Period of measurement	Fund Return %	Benchmark %	Arithmetic Excess
Quarter	2.88	3.14	-0.26
1 Year	18.46	16.65	1.81
3 Year	9.96	9.34	0.62
5 Year	9.80	8.94	0.86
Since Inception (09/1995)	7.23	7.07	0.16

During the quarter the most notable attributer to the underperformance on investments were Newton and Private Equity with a positive swing from GMO shortly before these funds were disinvested.

Outperformance over a one year rolling period was 1.55% ahead of the benchmark with the largest contributions from UBS UK Equity and Ruffer Funds.

During the quarter the GMO mandate was terminated and transferred into a passive portfolio managed by LGIM. In addition, excess cash was invested into the JP Morgan bond portfolio, as agreed by Pensions Committee in March.

2. Asset Allocation

The current asset allocation, the key strategic tool for the Committee, is outlined in the table below. The assets of the Fund are currently invested across 13 different Fund Managers in a range of passive and active mandates, including a mix of liquid and illiquid allocations to reflect the Fund's long term horizon.

Current Asset Allocation by Asset Class

ASSET CLASS	Market Value As at 31 March 2017	Actual Asset Allocation	Benchmark Allocation
	£'000	%	%
UK Equities	211,500	22.1	47.0
Global Equities	244,296	25.6	
UK Index Linked Gilts	63,279	6.6	12.0
Corporate Bonds (Global)	85,538	9.0	
Property	114,999	12.0	12.0
DGF/Absolute Returns	104,451	10.9	12.0
Private Equity	27,118	2.9	4.0
Infrastructure	27,002	2.8	3.0
Private Credit	60,627	6.4	10.0
Cash & Cash Equivalents	16,276	1.7	0.0
Totals	955,086	100.0	100.0

The underweight in Private Credit is due to a further £27.6million committed to Permira awaiting drawdown of investment.

Current Asset Allocation by Manager

		Market Value As at 31 March 2017	Actual Asset Allocation
FUND MANAGER	ASSET CLASS	£'000	%
ADAMS STREET	Private Equity	17,624	1.9
LGT	Private Equity	9,453	1.0
AEW	Property	47,565	5.0
JP MORGAN	Corporate Bonds (Global)	54,622	5.7
LCIV RUFFER	DGF/Absolute Returns	104,451	11.0
M&G	Private Credit	22,394	2.3
MACQUARIE	Infrastructure	27002	2.8
NEWTON	Global Equities	137,953	14.5
PERMIRA	Private Credit	38,233	4.0
LGIM	UK Equities	86,960	9.1
	Global Equities	63,279	6.6
	UK Index Linked Gilts	30,916	3.2
	Corporate Bonds (Global)	106,343	11.1
UBS EQUITIES	UK Equities	124,540	13.0
	Property	22	0.0
	Private Equity	41	0.0
	Cash & Cash Equivalents	5,516	0.6
UBS PROPERTY	Property	67,412	7.1
	Cash & Cash Equivalents	1,087	0.1
Non Custody	Cash & Cash Equivalents	9,673	1.0
		955,086	100.0

Note: Asset Market Valuation is at BID price, as per accounting requirements, which differs from the attached Northern Trust Performance report which is measured at MID price.

During the quarter £11.6 million matured from the Private Equity allocation; £7.2 million matured from the M&G private credit fund; and £2.5 million was called by Permira as the first tranche of investment in the second Permira fund. In line with regulations, to avoid holding excess cash, £7.2 million was invested with JPMorgan.

3. Market and Financial climate overview

Global equities continued to rise during Q1 of 2017 posting positive gains and ending up on the quarter. However through this period markets were both up and down reflecting uncertainty about the feasibility of President Trump's pro-business agenda. Europe continues to provide good news with its fourteenth consecutive quarter of growth, falling unemployment and business sentiment at a six year high.

The second estimate of the UK's Q1 GDP showed a growth of 0.2% in the quarter and 2% year-on-year. The Service sector once again was the largest contributor adding 0.2%, whilst Production, Agriculture and Construction had no positive influence. Going forward the impact of inflation is likely to reduce real earnings and as a result dampen economic growth through reduced consumer spending power. In March Article 50 was officially triggered and with uncertainty over negotiations this may depress UK business investment.

4. LCIV update

The London CIV (LCIV) now have 8 active sub funds open after 2 new sub funds launching in May 2017, with a further 4 lined up for launch by the end of September.

Sub funds available on the platform currently

Fund Name	Manager	Fund Type
LONDON LGPS CIV GLOBAL EQUITY ALPHA FUND	Allianz	Global equity
LONDON LGPS CIV GLOBAL ALPHA GROWTH FUND	Baillie Gifford	Global equity
LCIV RF ABSOLUTE RETURN FUND	Ruffer	Diversified growth Fund
LCIV PY GLOBAL TOTAL RETURN FUND	Pyrford	Absolute return
LONDON LGPS CIV DIVERSIFIED GROWTH FUND	Baillie Gifford	Diversified growth Fund
LCIV NW REAL RETURN FUND	Newton	Absolute return
LCIV MJ UK EQUITY FUND	Majedie	UK Equity
LCIV NW GLOBAL EQUITY FUND	Newton	Global equity

Future sub funds in the pipeline are Longview Global Equity Fund and the first three Global sub funds resulting from the procurement exercise, confirmed as Epoch (Income), RBC (Sustainable), Henderson (Emerging markets).

The next step for the CIV is further development and options appraisal for cash flow generating assets to support the many funds which are faced with negative cashflows. The CIV is currently looking at structures that could bring more alternative assets onto the platform through a mixed credit option.

Hillingdon Fund Investment with the London CIV

The Hillingdon Pension Fund currently invests in Ruffer on the LCIV platform and LGIM alongside the LCIV Platform accessing the economies of scale via the LCIV. The Fund has total LCIV holdings of £392m at 31 March 2017 accounting for 41% of total assets.

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London Borough of Hillingdon

Investment Risk & Analytical Services

March 31, 2017

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Client Commentary

Total Scheme Commentary

A steady quarter for equity markets saw the absence of any red numbers from the major indexes in US Dollar, Sterling and Euros terms. Although stock markets ended March up from the year end they were up and down during Q1 as the global economy rides the Donald Trump roller coaster and tries to predict what's going to happen or fail to happen next. Index returns might have ended higher but for falls towards the end of March when the S&P 500 tumbled 1.2% on worries about the feasibility of the Trump pro-business agenda. UK GDP in Q4 grew at 0.7%, the same rate as in Q3 making a growth rate of 1.8% for 2016. Barclays reported a pre-tax profit of £3.2bn for 2016, up £1.1bn year on year. Little has been made in the press of the stream of good news coming out of Europe; 14 consecutive quarters of growth, a falling unemployment rate back into single figures and business sentiment at a 6 year high. Q4 Eurozone growth was estimated at 0.5%, outstripping the US. The great hope is that the downward EM trend is over and that businesses will take the initiative as the driver of global growth. With the oil price has stabilising, Emerging Markets are outperforming Developed counterparts. Globally, Technology gained most value over Q1 one but Basic Materials was the top performer over 12 months. Oil & Gas lost most value over the quarter and Telecoms was the worst sector over one year. The FTSE World was up by 5.6% (GBP) over quarter one 2017 and returned 32.9% (GBP) over the year. Within the UK bond market, the 10-year Gilt traded in a wide range over the quarter, seeing a print as low as 1.07% and trading as high as 1.53% before settling at 1.14%. The FTSE All Stock Gilt Index returned 1.62% and the ML Sterling Non-Gilts returned 1.81%.

Against this backdrop the London Borough of Hillingdon returned 2.88% which leads to an underperformance of -26 basis points against the Total Plan benchmark of 3.14%. In monetary terms this is a growth in assets of £25.7 million and the value of the combined scheme now stands at £956.5 million as at 31st March 2017. This period the GMO Global mandate was terminated and the capital used to fund another Legal & General balanced mandate. While £11.6 and £7.2 million was taken from Private Equity and M&G respectively, with £15 million transferred to JP Morgan and £2.5 million to Premira. Looking further into the analysis the results seen were driven by selection effects, the most notable being in Private Equity and Newton both with an impact of -21 bps, with a further -16 bps caused by UBS, the largest positive coming from the terminated GMO mandate with +17 bps. While within allocation, with weights closely in line with the strategic position leading to a minimal impact.

With the previous run of four consecutive quarters posting both positive absolute and relative figures the Scheme's one year return of 18.46% is 1.55% ahead of the benchmark of 16.65%. The largest impact once again comes from selection, the most significant in Ruffer (+1.27%) coupled with UBS UK Equity (+1.10%), although these are slightly offset by the negative effect from Newton (-0.93%). While allocation has a negative impact coming from underweighting the now terminated State Street Gilts and Newton, while overweighting AEW and Premira. While over the longer periods, the Scheme continues to outperform, producing a return of 9.96% over three year versus 9.34%, while for 5 years we see figures of 9.80% versus 8.94% per annum. Then since inception in September 1995, the Fund remains ahead of target by 15 basis points with an annualised return of 7.23% against a target of 7.07%.

Manager Commentary

AEW UK

In the latest quarter AEW UK Property produced a growth of 1.79%, although this falls -18 basis points below the IPD UK PFI All Balanced Funds index figure of 1.97%. However, with positive absolute returns in all but one period since inception and only four quarters in the red on a relative basis, growth ahead of benchmark is seen in all longer periods. For the rolling one year a return of 5.78% against the benchmark of 5.15% translates as a 0.59% relative return. Then in the short period since inception in June 2014, the fund return is 10.96%, leading to an outperformance of 0.86% when compared to the IPD figure of 10.02%.

GMO Global

During the first quarter of 2017 the GMO Global mandate was terminated, with the £63.1 million of funds invested in a new Legal & General balanced mandate.

JP Morgan

In the latest quarter JP Morgan offset the previous quarter's losses by posting a growth in assets of 2.30% leading to an outperformance of 1.42% when compared to the 0.87% target for the 3 Month LIBOR + 3% p.a. Then with good results in the three other quarters in 2016, the one year return of 8.15% is ahead of the 3.66% target by 4.33%. Then over three and five years they are aligned with the benchmark with figures of 3.69% vs 3.66% and 3.68% vs 3.64% respectively. Then in just over 5 years since the mandate funded their return of 4.16% is +47 basis points above the target return of 3.67% on an annualised basis.

Legal & General 1

At the end of October 2016 the Legal & General mandate was funded, in its first full quarter of investment they post a return of 4.42% against 4.27% for the custom fixed weight blended benchmark consisting of FTSE equity indices, FTSE Index Linked and iBoxx UK Non-Gilts. In the short 5 month period since inception, they return 5.31% against 5.18% for the benchmark. Further analysis demonstrates the passive strategy with all funds roughly in line with their respective benchmark return.

Client Commentary (cntd)

Manager Commentary

London CIV Ruffer

This quarter assets within the London CIV Ruffer portfolio remained flat, meaning the 0% return when compared to the LIBOR 3 Month GBP figure of 0.13%, leads to a relative return of -0.12%. However with the previous three quarters of positive absolute and relative returns, the one year period exhibits a growth of 12.48% against the target of 0.65%. Then with only three quarters in the red in the last five years, outperformance remains in the longer periods. This is seen in a three year return of 7.32% versus 0.66%, then similarly for the five years with figures of 6.68% against 0.73%, culminating in since inception (May 2010) figures of 6.48% versus 0.87% per annum, which translates as a relative return of 5.56%.

M&G Investments

In contrast to the previous period, in the latest quarter M&G demonstrates the lowest absolute return and one of the worst relative returns, after the Private Equity. Their return of -1.77% against the 3 Month LIBOR +4% p.a. target of 1.11%, translates as an underperformance of -2.85%. Driven by the previous good results, the full year return leads the benchmark by 13.35%, coming from figures of 18.62% against 4.65%. Over the three and five year the account registers figures of 10.04% vs 4.65% and 8.24% vs 4.64% respectively; since inception (May 2010) return falls slightly to 7.20% pa whilst the benchmark is 4.71% pa. Although the since inception Internal Rate of Return moves further ahead of target with a figure of 8.51% opposed to the comparator of 4.47%.

Macquarie

Over the last three months, Macquarie produced a growth of 2.25%, against the 0.87% for the 3 Month LIBOR +3% p.a. this translates as an outperformance of 1.37%. With eleven consecutive quarters of positive absolute and relative returns, outperformance is seen in all longer periods. Over the rolling year a growth of 22.41% beats the target of 3.65% by 18.11%, the highest relative return over this period; similarly the three year result of 18.28% versus 3.65% also exhibits the best relative return at 14.12%. The annualised return over 5 years falls to 10.38%, but still ahead of the 3.64% seen for the benchmark; then since inception (September 2010) the 3.96% is just ahead of the target of 3.70%. Although the since inception Internal Rate of Return for this portfolio jumps to 12.83%, which is ahead of the benchmark figure of 3.65%.

Newton

In the first quarter of 2017 Newton produced a return of 4.71%, although this was a relative return of -1.48% when compared to the 6.28% seen for the FTSE World Index +2%. With four consecutive quarters of underperformance, they fall -6.91% short of the benchmark over the year, generated from figures of 25.83% versus 35.16%. Then with nine underperforming quarters over the last twelve the three year return falls just short with figures of 17.43% versus 18.54%; then since inception in January 2013, the fund return of 15.30% falls short of the yardstick of 17.10% by -1.54% on an annualised basis.

Manager Commentary

Premira Credit

The Premira Credit Fund saw a growth of 2.51% over the first quarter of 2017, this compares favourably with the 3 Month LIBOR +4% p.a. target of 1.11%. Coupled with the previous period's results, the one year is ahead of target with figures of 9.58% versus 4.65%, creating an outperformance of 4.71%. Then since the start of December 2014 when the fund inceptioned, the fund posts a return of 10.02% against the benchmark of 4.61%, leading to a relative position of 5.18%.

UBS

During Q1 the UBS UK Equity investments returned of 2.80% compared to the FTSE All Share figure of 4.02%, lading to an underperformance of -1.18%. Looking into the attribution analysis, allocation was the main driver with the most significant being underweight Consumer Goods (-0.96%), coupled with overweighting Oil & Gas (-0.42%) and the cash drag. Within selection the slight positive impact is caused by the effect in Basic materials (+0.35%), slightly offset by the underperformance in Utilities (-0.26%). With the previous good run of results they remain ahead over the one year, figures of 32.89% vs 21.95% translates as a relative return of 12.20%. This is attributable to both allocation and selection, the biggest impacts come from both overweighting Basis Materials (2.41%) and selection in the sector (2.00%), combined with the selection effect in Financials (2.38%); while the largest negative impact was once again the drag from the 3% cash exposure. This feeds into the longer time periods, with three and five years ahead of the index, culminating in a since inception return of 10.31% versus 8.94% on an annualised basis.

UBS Property

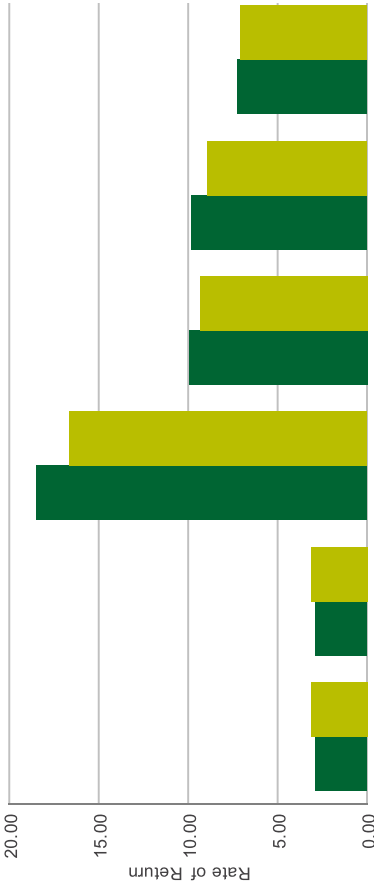
In the latest period the UBS Property broke the run of underperformance by beating the IPD UK PPFI All Balanced Funds index by 0.51%, generated from figures of 2.49% against 1.97%. Although this is not quite enough to overturn the one year deficit, with a full year return of 2.51% falling -1.14% behind the IPD target of 3.69%. However, the previous good run of results prior to the last year leads to high absolute returns staying ahead of the IPD target over the longer periods, peaking over the three year with a return of 12.18% against 10.18%. Then since inception, in March 2006, the fund return falls to 3.61% per annum while the benchmark shows 3.40%, translating as an outperformance of 20 basis points.

Private Equity

Over the latest period private equity assets remained constant - a drop in value of -1.66% for Adam Street and a 2.18% increase for LGT). Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. LGT maintain a run of over 3 years of growth with a figures of 22.80%, 18.13% and 14.03% for the one, three and five year periods respectively, while Adam Street posted 20.58%, 20.18% and 16.50% over the same periods; both exhibit some of the highest returns seen. Although they fall short of the proxy benchmark of MSCI AC World +4% p.a. which shows 37.05%, 20.49% and 17.14%. Then since their respective inceptions in January 2005 and May 2004, Adam Street drops to 6.58% pa, while LGT sees a slight dip to 10.52%.

Executive Summary

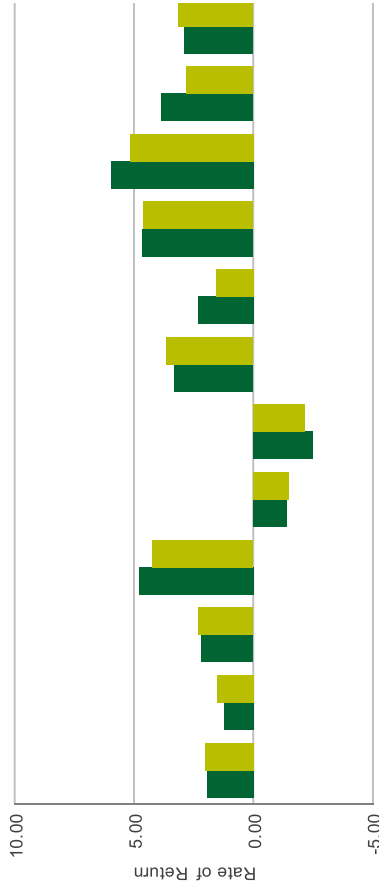
LONDON BOROUGH OF HILLINGDON TOTAL FUND GROSS OF FEES



	Three Months	Year to Date	One Year	Three Years	Five Years	ITD
Fund	2.88	2.88	18.46	9.96	9.80	7.23
Index	3.14	3.14	16.65	9.34	8.94	7.07

Index: Total Plan Benchmark

LONDON BOROUGH OF HILLINGDON ROLLING QUARTERS TOTAL FUND GROSS OF FEES



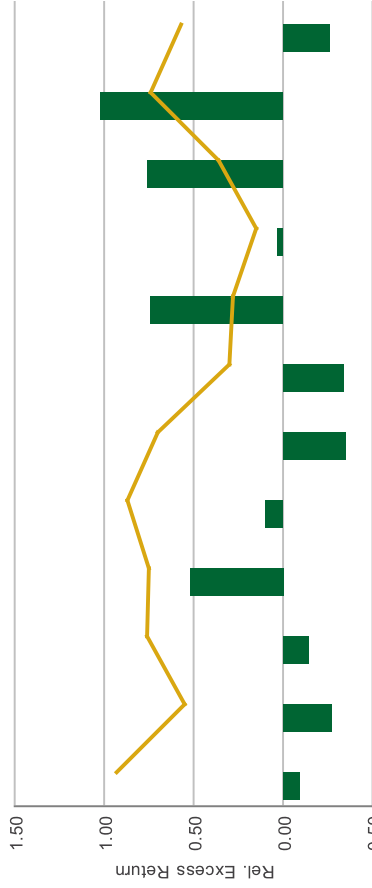
	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17
Fund	1.93	1.23	2.16	4.78	-1.39	-2.48	3.30	2.32	4.64	5.96	3.85	2.88
Index	2.02	1.51	2.30	4.23	-1.48	-2.14	3.64	1.57	4.61	5.17	2.79	3.14

Index: Total Plan Benchmark

Risk Statistics	3 Yrs	5 Yrs
Return	9.96	9.80
Index Return	9.34	8.94
Excess Return	0.62	0.86
Standard Deviation	4.96	5.28
Index Standard Deviation	4.69	4.95
Tracking Error	1.13	1.10
Information Ratio	0.55	0.78
Sharpe Ratio	1.88	1.72
Index Sharpe Ratio	1.85	1.66
Sortino Ratio	-	3.19
Treynor Ratio	9.04	8.68
Jensen's Alpha	0.33	0.44
Relative Volatility (Beta)	1.03	1.05
R Squared	0.95	0.96

Index: Total Plan Benchmark, Risk Free Index: JP Morgan 3 month Cash (GBP)
Category: Total Fund Gross of Fees.

LONDON BOROUGH OF HILLINGDON ROLLING QUARTERS TOTAL FUND GROSS OF FEES



	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17
3M R.Excess	-0.09	-0.27	-0.14	0.52	0.10	-0.35	-0.34	0.74	0.03	0.76	1.02	-0.26
3Y R.Excess	0.93	0.55	0.76	0.75	0.87	0.70	0.30	0.28	0.15	0.36	0.74	0.57

Index: Total Plan Benchmark

Investment Hierarchy

Account/Group - % Rate of Return	Ending Market Value GBP	Ending Weight	Three Months			Year to Date			One Year		
			Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess
London Borough of Hillingdon Total Plan Benchmark	956,496,312	100.00	2.88	3.14	-0.26	2.88	3.14	-0.26	18.46	16.65	1.55
AEW UK	47,565,189	4.97	1.79	1.97	-0.18	1.79	1.97	-0.18	5.78	5.15	0.59
LBH22 AEW Benchmark											
JP Morgan	54,622,301	5.71	2.30	0.87	1.42	2.30	0.87	1.42	8.15	3.66	4.33
LBH15 JPM LIBOR +3%pa											
Legal & General 1	224,558,272	23.48	4.42	4.27	0.15	4.42	4.27	0.15	-	-	-
LBH26 L&G Benchmark											
Legal & General 2	63,374,228	6.63	-	-	-	-	-	-	-	-	-
LBH27 L&G Benchmark											
London CIV Ruffer	104,453,932	10.92	0.00	0.13	-0.12	0.00	0.13	-0.12	12.48	0.65	11.76
LBH11 Ruffer BM LIBOR											
M&G Investments	23,822,576	2.49	-1.77	1.11	-2.85	-1.77	1.11	-2.85	18.62	4.65	13.35
LBH10 3 Month LIBOR +4%pa											
Macquarie	27,651,020	2.89	2.25	0.87	1.37	2.25	0.87	1.37	22.41	3.65	18.11
LBH14 Macquarie LIBOR +3%pa											
Newton	137,948,370	14.42	4.71	6.28	-1.48	4.71	6.28	-1.48	25.83	35.16	-6.91
LBH19 FTSE World Index +2%											
Premira Credit	38,316,673	4.01	2.51	1.11	1.38	2.51	1.11	1.38	9.58	4.65	4.71
LBH24 Premira LIBOR +4%pa											
UBS	130,151,100	13.61	2.80	4.02	-1.18	2.80	4.02	-1.18	32.89	21.95	8.97
LBH04 UBS Benchmark											
UBS Property	69,443,005	7.26	2.49	1.97	0.51	2.49	1.97	0.51	2.51	3.69	-1.14
LBH06 UBS Property Benchmark											
Adam Street	17,624,053	1.84	-1.66	6.77	-7.89	-1.66	6.77	-7.89	20.58	37.05	-12.01
Adam Street PE Bmark											
LGT	9,455,636	0.99	2.18	6.77	-4.30	2.18	6.77	-4.30	22.80	37.05	-10.40
LGT PE Bmark											

Investment Hierarchy(2)

Account/Group - % Rate of Return Total Plan Benchmark	Three Years			Five Years			Inception to Date			
	Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess	Inception Date
London Borough of Hillingdon	9.96	9.34	0.57	9.80	8.94	0.79	7.23	7.07	0.15	30/09/1995
AEW UK	-	-	-	-	-	-	10.96	10.02	0.86	30/06/2014
LBH22 AEW Benchmark										
JP Morgan	3.69	3.66	0.03	3.68	3.64	0.04	4.16	3.67	0.47	08/11/2011
LBH15 JPM LIBOR +3%pa										
Legal & General 1	-	-	-	-	-	-	5.31	5.18	0.13	31/10/2016
LBH26 L&G Benchmark										
Legal & General 2	-	-	-	-	-	-	1.88	1.88	-0.00	22/02/2017
LBH27 L&G Benchmark										
London CIV Ruffer	7.32	0.66	6.61	6.68	0.73	5.91	6.48	0.87	5.56	28/05/2010
LBH11 Ruffer BM LIBOR										
M&G Investments	10.04	4.65	5.15	8.24	4.64	3.44	7.20	4.71	2.38	31/05/2010
LBH10 3 Month LIBOR +4%pa										
Macquarie	18.28	3.65	14.12	10.38	3.64	6.51	3.96	3.70	0.25	30/09/2010
LBH14 Macquarie LIBOR +3%pa										
Newton	17.43	18.54	-0.94	-	-	-	15.30	17.10	-1.54	24/01/2013
LBH19 FTSE World Index +2%										
Premira Credit	-	-	-	-	-	-	10.02	4.61	5.18	30/11/2014
LBH24 Premira LIBOR +4%pa										
UBS	8.60	7.69	0.85	12.97	9.67	3.01	10.31	8.94	1.26	31/12/1988
LBH04 UBS Benchmark										
UBS Property	12.18	10.18	1.82	9.53	8.47	0.98	3.61	3.40	0.20	31/03/2006
LBH06 UBS Property Benchmark										
Adam Street	20.18	20.49	-0.26	16.50	17.14	-0.54	6.58	-	-	31/01/2005
Adam Street PE Bmark										
LGT	18.13	20.49	-1.95	14.03	17.14	-2.65	10.52	-	-	31/05/2004
LGT PE Bmark										

Market Value Summary - Three Months

Account/Group	31/12/2016 Market Value	31/12/2016 Weight	Net Contribution*	Income	Fees	Appreciation	31/03/2017 Market Value	31/03/2017 Weight	Change in Weight
London Borough of Hillingdon	930,748,900	100.00	-1,000,062	3,977,623	62	22,769,851	956,496,312	100.00	0.00
AEW UK	46,730,459	5.02	0	546,524	0	288,207	47,565,189	4.97	-0.05
GMO Global	60,319,132	6.48	-62,124,073	0	0	1,832,925	27,985	0.00	-6.48
JP Morgan	38,695,892	4.16	15,000,000	0	0	926,410	54,622,301	5.71	1.55
Legal & General 1	215,052,876	23.11	0	0	0	9,505,396	224,558,272	23.48	0.37
Legal & General 2	-	-	62,250,073	0	0	1,124,155	63,374,228	6.63	-
London CIV Ruffer	104,451,447	11.22	-105	285,093	0	-282,504	104,453,932	10.92	-0.30
M&G Investments	31,320,084	3.37	-7,220,152	-1,734	0	-275,622	23,822,576	2.49	-0.87
Macquarie	26,844,879	2.88	197,020	319,953	0	289,169	27,651,020	2.89	0.01
Newton	131,743,855	14.15	0	0	0	6,204,516	137,948,370	14.42	0.27
Premira Credit	34,940,082	3.75	2,500,000	1,181,250	0	-304,659	38,316,673	4.01	0.25
State Street Gilts	0	0.00	0	0	0	0	0	0.00	0.00
UBS	126,606,807	13.60	0	1,008,594	0	2,535,700	130,151,100	13.61	0.00
UBS Property	67,755,726	7.28	0	608,302	0	1,078,977	69,443,005	7.26	-0.02
Adam Street	19,290,336	2.07	-1,348,201	26,464	0	-344,546	17,624,053	1.84	-0.23
LGT	9,701,461	1.04	-455,430	6	0	209,600	9,455,636	0.99	-0.05
Cash & Other Assets	17,295,865	1.86	-9,799,194	3,172	62	-17,872	7,481,971	0.78	-1.08

Min -6.48 1.55 Max

*Net Contributions include Cash Contributions/Distributions, Security Deliveries/Receipts, Fees/Fee Rebates, Inter Account transfers for Consolidations & Benefits Payments. Copied History or Backloaded Data may not display the correct Contributions/Withdrawals creating misrepresentation.

Historical Performance EQUITY



Index: Total Equity Benchmark

OVERSEAS EQUITIES



Index: Total Overseas Equity Benchmark

UNITED KINGDOM



Index: FTSE All Share UK Equity

NORTH AMERICA



Index: FTSE North America

Historical Performance EUROPE EX UK



Index: FTSE AW Dev Europe ex UK

EMERGING MARKETS



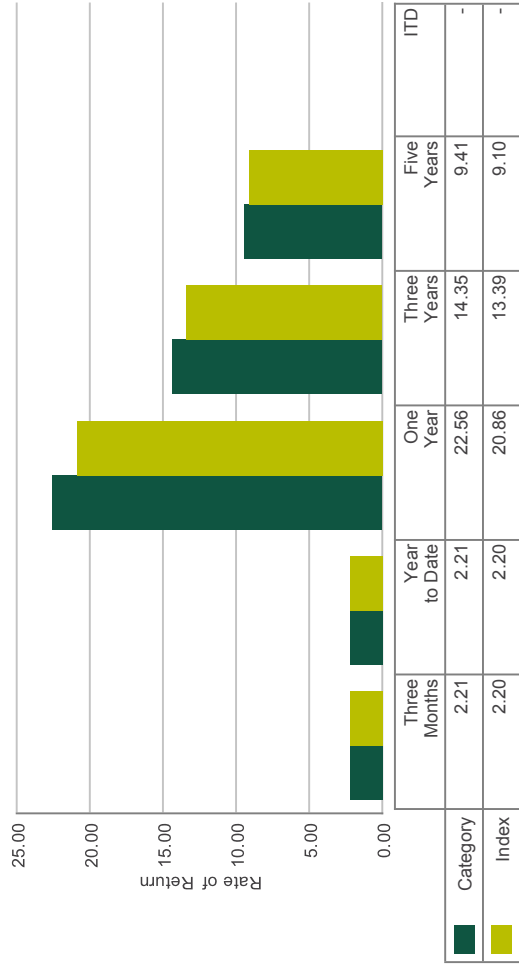
Index: LBH Emerging Markets

ASIA PACIFIC INC JAPAN



Index: FTSE AW Dev Asia Pacific

INDEX LINKED GILTS



Index: LBH Index Linked Benchmark

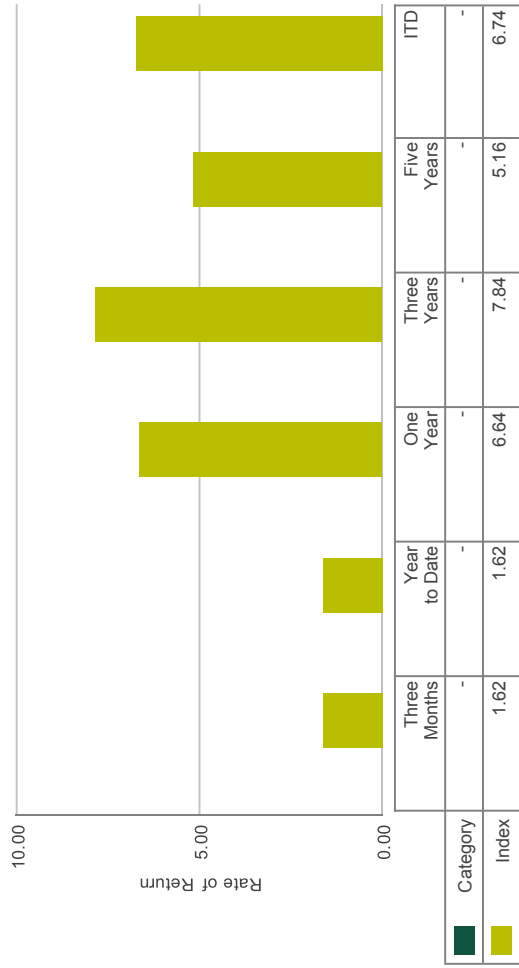
Historical Performance

FIXED INCOME



Index: LBH Fixed Income Benchmark

GOVERNMENT BONDS



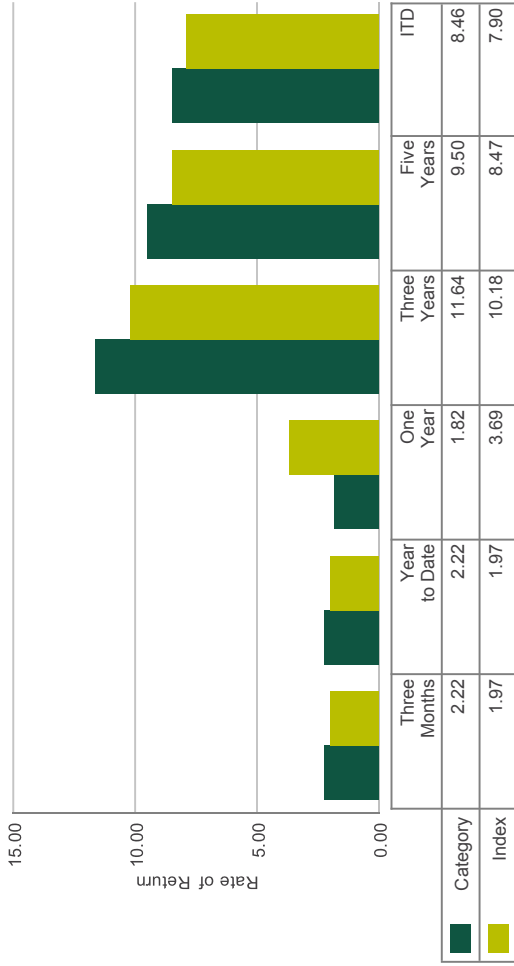
Index: FTSE All Stock Index

CORPORATES



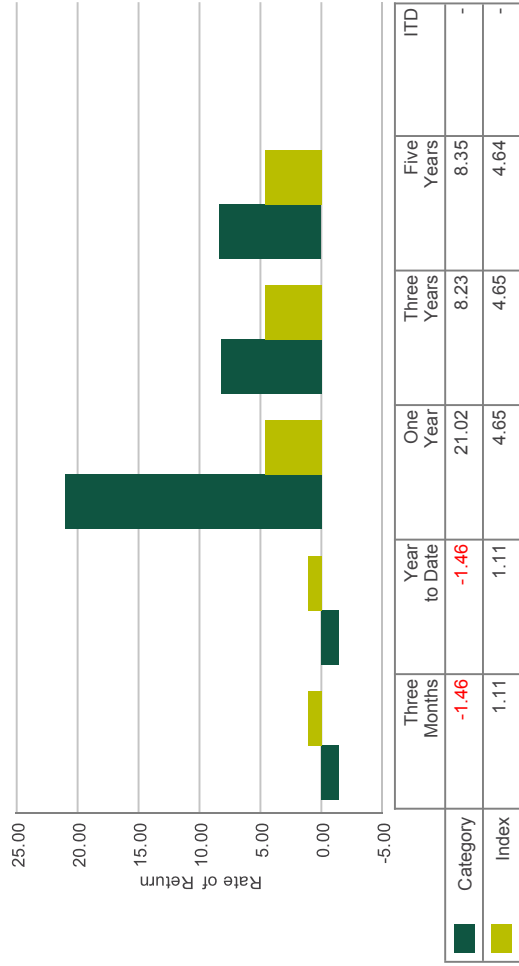
Index: LBH Non-Gilts Benchmark

Historical Performance REAL ESTATES



Index: IPD UK PPF All Bal Funds Index

HEDGE FUNDS



Index: LIBOR GBP 3 Month +4%

PRIVATE EQUITY



Index: Private Equity Benchmark

INFRASTRUCTURE



Index: Infrastructure Benchmark

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Pensions Administration Report

Contact Officers

Nancy Leroux, 01895 250353

Papers with this report

April Performance Report
Draft Communications Strategy

SUMMARY

This report provides an update on the administration of the London Borough of Hillingdon Fund of the LGPS, both in relation to Surrey and internally at Hillingdon.

Attached to the report is a draft Communications Strategy for approval by Pensions Committee. This strategy was developed by officers, assisted by AON Hewitt, the Fund's governance advisor and it is proposed to bring into effect from 1 July 2017.

RECOMMENDATION

That Pensions Committee approves the Communications Strategy for the London Borough of Hillingdon Pension Fund.

INFORMATION

Surrey Administration Update

As reported to last Committee, the Pension Administration system used by Surrey - Altair - includes a sophisticated task management system which allows the progress of all case work to be managed and monitored on a daily basis. The Key Performance Indicators (KPIs) against which Surrey are being monitored were all contained within the agreed Section 101 agreement.

It was agreed with Surrey, that due to the considerable backlog they inherited from Capita, formal Committee monitoring and reporting would commence from April 2017. Therefore, at the time of writing this report, only one full month's performance has yet been reported. The details of April's performance are attached as Appendix 1 with a commentary beside each KPI which scores less than 100% to explain the reason for the performance. It is evident from this report that the biggest issue with performance relates to the backlog inherited from Capita.

At this stage, Surrey is struggling to cope with the volume of issues transferred from Capita. They have indicated that they will need to increase staffing, at least on a temporary basis, to make any real progress in recovering the dire position (both in terms of data and outstanding workloads) they inherited from Capita. But unfortunately their latest round of recruitment has not provided much in the way of strong external candidates to support their internal progressions so it may be a little while before they can obtain the resources they require. That said the Pension

PART I - MEMBERS, PRESS AND PUBLIC

Pensions Committee - 14 June 2017

Manager is very keen that they deliver some progress with recovering the data quality issues which are causing so much additional work. He has reiterated Surrey's commitment to working together with LB Hillingdon to recover the administration service on behalf of the Hillingdon fund and has every confidence we can jointly move towards providing an efficient and effective service in the future.

Hillingdon Process update

The last report to Committee also explained that to support the work with Surrey, internal LBH processes had been amended to ensure that all new starters and leavers are identified and checked against information held in the Altair system. Scheme employers are aware that it is their responsibility to fully inform Surrey of all activity. Monthly monitoring of pension contributions deducted, for both Employees and Employers is undertaken and as part of the process amounts deducted from scheme members are reconciled with contributions paid in to the Pension Fund bank account. Discrepancies are immediately referred back to the Employer. These checks also allow identification of any new employees or leavers where no documentation had been sent to Surrey. Issues are being addressed as they are identified to ensure quality of data is maintained going forward.

Communications Strategy

During the last financial year, as part of its governance role, Pensions Board undertook a review of the current Communications Policy, which was considerably out of date. The review, led by Daniel Kanaris of AON Hewitt, the Fund's governance advisor, identified several areas for improvement and some proposals for inclusion. Officers, working with Daniel Kanaris and the team at Surrey, then developed a refreshed Communications Strategy. The aim of the Strategy is to ensure that scheme members appreciate the benefits of the scheme and all stakeholders are kept informed of developments within the Pension Fund, and effective communications will also help to maintain the efficient running of the Scheme. It is proposed that the strategy will be effective from 1 July 2017. The draft strategy is attached as appendix 2.

FINANCIAL IMPLICATIONS

There are no financial implications this report.

LEGAL IMPLICATIONS

There are no legal implications within this report.



Hillingdon Pensions Administration - Key Performance Indicators 2017-18

Activity	Measure	Impact	Target	Apr	May	Jun	Commentary			
Scheme members	Pensioners, Active & Deferred			21639						
New starters set up/welcome letters				102						
ABS sent - Councillors	Statutory deadline		Due by 31 Aug							
ABS sent - Active	Statutory deadline									
ABS sent - Deferred	Statutory deadline									
				Volume	Score	Volume	Score	Volume	Score	
Death notification acknowledged, recorded and documentation sent	5 working days	M	100%	14	93%	0		0		1 case late
Payment of death grant made	10 working days	H	100%	0	NA	0		0		
Retirement notification acknowledged, recorded and documentation sent	10 working days	M	100%	19	89%	0		0		2 cases late - one of which was inherited backlog from pre 1 Nov 2016
Payment of lump sum made	10 working days	H	100%	16	100%	0		0		
Calculation of spouses benefits	10 working days	M	100%	5	0%	0		0		These cases are all late because of complexities and resource required to reconstruct the pensioner records
Transfers In - Quote (Values)	20 working days	L	100%	1	100%	0		0		
Transfers In - Payments	20 working days	L	100%	1	100%	0		0		
Transfers Out - Quote	20 working days	L	100%	6	100%	0		0		
Transfers Out - Payments	20 working days	L	100%	1	100%	0		0		
Employer estimates provided	10 working days	M	100%	5	100%	0		0		
Employee projections provided	10 working days	L	100%	12	58%	0		0		5 cases took longer than 10 days but forward projections only and we aim to make MSS available for this purpose
Refunds	20 working days	L	100%	4	100%	0		0		
Deferred benefit notifications	20 working days	L	100%	8	63%	0		0		3 cases late but these were all inherited backlog from pre 1 Nov 2016
Complaints received- Admin				2		0		0		1 complaint relating to late calculation of spouse's benefits (see above) 1 to late projection (see also above)
Complaints received- Regulatory				0		0		0		
Compliments received				Not recorded		0		0		
Queries Handled by Helpdesk				580		0		0		

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London Borough of Hillingdon
Administering Authority for the
London Borough of Hillingdon Pension Fund

COMMUNICATIONS STRATEGY

July 2017

COMMUNICATIONS STRATEGY

Introduction and Background

This is the Statement outlining our Pension Communication Strategy for the London Borough of Hillingdon Pension Fund (“the Fund”) and has been developed following consultation with employers in the Fund, scheme member representatives, Pension Board members and other interested stakeholders.

The aim of this Communication Strategy is to ensure that scheme members appreciate the benefits of the scheme and all stakeholders are kept informed of developments within the Pension Fund, and effective communications will also help to maintain the efficient running of the Scheme.

London Borough of Hillingdon (the “administering authority”) is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme (“the LGPS”). Operationally, the administration of the Fund is undertaken by Surrey County Council under a delegation agreement and the team at Surrey and Hillingdon Council staff work together to provide a seamless service to scheme employers and members, and as such effective communication *between* the two organisations is vitally important. This policy focuses on effective communication between the Fund (i.e. the Council and Surrey County Council as administrator) and its external stakeholders.

The Statement sets out who we will communicate with, how this will be done and how the effectiveness of that communication will be monitored.

Implementation

This Strategy outlines the type of communications the administering authority would like to provide to scheme members and employers. It includes making more use of technology to provide quicker and more efficient communications for the Fund's stakeholders.

The London Borough of Hillingdon Pension Fund's administration was moved from the outsourced administrator Capita Employee benefits to a delegation agreement with Surrey County Council in November 2016, which was a significant project. As part of improving our service to scheme members we are looking at a number of projects which will improve communications and help meet the aims and objectives of this Strategy. These include:

- a review of the Fund's website, and what information will be available on the Surrey website;
- a review of the information provided to members by Surrey;
- implementing self-service web functionality to scheme members and employers.

This Strategy will be effective from 1 July 2017 and the performance indicators mentioned herein will demonstrate ongoing progress towards the Strategy's aims and objectives.

Regulatory Basis

The LGPS is a statutory scheme, established by an Act of Parliament. Regulation 61 of the Local Government Pension Scheme Regulations 2013, reproduced below, provides the conditions and regulatory guidance surrounding the production and implementation of Communications Strategies:

Statements of policy concerning communications with members and Scheme employers

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with —

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

(2) In particular the statement must set out its policy on —

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- (b) the format, frequency and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

This statement has been developed to include the information required by those provisions and to describe our approach in relation to meeting these requirements in the delivery of communications.

Our Aims and Objectives

Mission Statement

The primary objectives of the London Borough of Hillingdon Pension Fund are:

- to be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

In addition, we have specific aims and objectives in relation to our communication responsibilities as set out below.

Communication Aims and Objectives

This Communications Strategy has a number of specific objectives relating to how we communicate with our stakeholders, as follows;

- Promote the Scheme as a valuable benefit and provide sufficient information to educate members to help them to make informed decisions about their benefits.
- Communicate in a clear, concise manner.
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders.
- Look for efficiencies in delivering communications, including through greater use of technology and partnership working, with the view that digital communications is the preferred long term communications solution.
- Regularly evaluate the effectiveness of communications and shape future communications appropriately.

Ultimately, achieving these objectives should result in fewer member and employer queries, which will help all stakeholders whilst maintaining and improving the efficient running of the Scheme.

Delivery of Communications

London Borough of Hillingdon has delegated responsibility for the management of the Pension Fund to the London Borough of Hillingdon Pensions Committee, taking into consideration the thoughts of the Pensions Board. The Committee will monitor the implementation of this Strategy on a regular basis as outlined later in this statement.

Operationally, the communications of the Fund are undertaken partially by Surrey and partly 'in-house' within London Borough of Hillingdon. The London Borough of Hillingdon will also look for opportunities to work collaboratively with other Administering Authorities so as to reduce development costs and enhance the quality of information. This might include:

- working with other administering authorities through the Pensions Officer Group networks to produce communications, which can then be customised further where necessary to the needs of the London Borough of Hillingdon Pension Fund
- participating in joint training sessions with other administering authorities.

How we Communicate

Ensuring that key stakeholders are well informed about the LGPS is of paramount importance, and London Borough of Hillingdon recognises that communicating in a clear informative style is vital in achieving this aim.

Who we Communicate with

London Borough of Hillingdon recognises that there are several distinct stakeholder groups, such as:

- Scheme Members (active, deferred, pensioner and dependant members) and prospective Scheme Members
- Scheme Employers and prospective Scheme Employers
- Pension Fund Committee and Pension Board members
- Pension Fund Staff
- Other interested organisations including Government Departments, Scheme Advisory Board and Advisors to the Pension Fund.

The main means of communication with these key stakeholders are outlined in the next section.

Diversity of Communication

The London Borough of Hillingdon Pension Fund's information is also available in alternative formats for example, Braille or large print on request. The London Borough of Hillingdon Pension Fund always aims to use the most appropriate communication medium(s) for the audience receiving the information. However, the London Borough of Hillingdon acknowledges that digital communications is the preferred long term communications solution.

Methods of Communication

a) With Scheme Members and Prospective Scheme Members

Effective communication reminds, or alerts, employees to the value of the LGPS which negates misleading media information and aids recruitment, retention and the motivation of the workforce.

Website

All members have access to the Fund's website <http://www.hillingdon.gov.uk/pensions> which contains information about the Fund and the LGPS, and members are able to download scheme literature and forms. The website also links to the Surrey website <https://mypension.surreycc.gov.uk/> which provides a self-service facility for them to update their personal details online (including their expression of wish for any death grant that may become payable), calculate their own pension projections and check their membership history.

Annual Benefit Statements

These statements are distributed annually to all active and deferred scheme members and are currently distributed to home addresses. From 2018 these will be made available online rather than posted to home addresses

Newsletters

The Fund issues a periodic newsletter to contributing members, bringing to their attention information such as changes to scheme rules. The Fund also sends an annual newsletter to its pensioners. This is sent with the annual pensions increase notification and explains how their new annual rate of pension has been calculated. It also includes topical information such as relating to the budget and State benefits. The newsletter to contributing members is distributed electronically and the pensioner's notification is sent to home addresses

Telephone and email

All members have the opportunity to telephone, fax or email the London Borough of Hillingdon Pension Fund / Surrey County Council Pension Fund (as appropriate) for information in addition to the other lines of communication open to them.

Literature

The London Borough of Hillingdon Fund makes pension-related literature available to scheme members, including:

- A New Joiner Option Form which is the responsibility of employers to issue to all new members upon joining the London Borough of Hillingdon Pension Fund.
- A retirement pack sent to all members about to retire from the London Borough of Hillingdon Pension Fund.
- A welcome letter which is sent to all members joining the scheme to confirm their membership and provide information about the option to transfer in benefits and pay additional contributions if they wish.

Pensions Taxation Correspondence

Where appropriate, letters are distributed to all members who are affected by the Annual Allowance or the Lifetime Allowance, explaining changes to taxation rules and how this may affect their pension savings.

Annual Report

The Annual Report is published to highlight how the Fund has performed during the previous financial year. It also includes statements with regards to investment principles, funding strategy, and governance. It is available on the Fund's website.

b) With Employers

Effective communication between an administering authority and its Fund employers reduces errors, improves efficiency and leads to good working relationships. The main means of communication with employers are outlined below.

Employer key contact officers and meetings

We expect each employer in the Fund to designate a named individual to act as their key contact officer; this individual will be the main contact with regard to any aspect of administering the LGPS and the employer must keep the administering authority aware of the contact details for that person.

The Fund, where appropriate, will contact, and where relevant, meet with the employer key contact officer to discuss any issues relating to the LGPS and/or raise any issues around the performance of the employer or services provided by the administering authority. Meetings will be arranged if necessary (particularly if specific issues around the performance of the employer arise).

Individual Employer Meetings

Employers have the opportunity to meet with members of staff from the London Borough of Hillingdon Pension Fund / Surrey County Council Pension Fund (as appropriate) to discuss any issues with regard to the Local Government Pension Scheme. These meetings take place as and when they are required.

Administration Strategy

Introduced in April 2016, the administration strategy provides an overview of how the administering authority and employers will work together to achieve a high quality service. It is available on the Fund's website.

Website

The London Borough of Hillingdon Pension Fund website <http://www.hillingdon.gov.uk/pensions> includes a range of information relating to the scheme benefits and also management of the London Borough of Hillingdon Pension Fund. Employers are able to download password protected pensions forms which must be completed by the employer in order for pension benefits to be calculated. The London Borough of Hillingdon Pension Fund can also update employers via the website on urgent LGPS issues. Greater self-service functionality will be introduced for employers on the website during 2017/18 including the ability for employers to set up new joiner records online and calculate early retirement projections in respect of their employees.

Email Updates

We will often communicate with employers using an email distribution list of all employers. This is how we highlight general updates about the LGPS. This email distribution list is also used to remind employers of facilities available to them and their staff, i.e. pension presentations and drop-in sessions.

Employer specific events

The Pension Administration Section will also be happy to attend any employer specific events to assist employers understand their responsibilities.

c) With Pension Committee and Pension Board members:

Effective communication ensures that Pension Committee and Pension Board members are appropriately knowledgeable and able to act in the best interests of the Fund and its members:

Members are provided with regular reporting on all areas relevant to pensions, including investment, funding, audit, governance, administration and risk. This is communicated in a variety of formats including via the external website, the intranet, the annual report and accounts, through committee meetings and through regular training in line with the Fund's training policy. The majority of reports provided to Pension Committee / Pension Board members, together with the meeting minutes, are available on the Democratic Service pages of the Council's website.

d) With Fund Staff:

Effective communication ensures that both Hillingdon and Surrey staff are confident and prepared to undertake their role, as follows:

Pension Manager

The London Borough of Hillingdon and Surrey County Council Pension Managers maintain open-door policies and are available to staff both within and outside the Pensions Teams. In addition, staff have unrestricted access to their supervisors and senior colleagues to discuss and resolve work related issues.

Team Meetings

Office and/or Team meetings are held on a monthly basis to discuss operational issues, ensuring there is a shared understanding of any issues and developing a consistent approach towards addressing them. Any items arising from such meetings are escalated to the relevant Pension Manager and raised at Senior Management Team Meetings if required.

Intranet

Each member of staff has access to the relevant Fund's intranet so that it can be used as an information resource.

E-mail

All staff have access to the e-mail facility.

Internet

All staff have authority to access the internet to assist them in their role within Pension Services.

Induction and training

All new members of staff undergo an induction procedure to acquaint them with the operational running of the Pension Fund. Subsequently, all pension staff also receive both in-house and external training to enable them to administer the scheme effectively, answer member queries, and offer a good customer service and also to assist in their personal development.

Appraisal and Assessment

Staff at all levels in the Pension Team have annual assessments, with a mid-year review, during which there are open discussions of work issues and areas for development. This dialogue is supplemented by regular one-to-one meetings within team structures.

e) Communicating with other bodies:

There are a number of other interested parties with whom we communicate as required, including:

The Department for Communities and Local Government (DCLG)

We have regular contact with DCLG as Responsible Authority of the LGPS, participating and responding to consultations as required.

Scheme Advisory Board

The national Scheme Advisory Board was established following the Public Services Pensions Act 2013 to provide advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme and their funds. We therefore liaise with the Scheme Advisory Board as appropriate.

The Pensions Regulator

The Pensions Regulator's remit has been extended to the Public Sector as a result of the Public Services Pensions Act 2013. We therefore liaise with the Regulator as required, and ensure that the London Borough of Hillingdon Fund is compliant with the Pensions Regulator's Code of Practice.

Trade Unions

We work with relevant trade unions to ensure the Scheme is understood by all interested parties. Efforts are made to ensure all pension related issues are communicated effectively with the trade unions.

Employer Representatives

We work with relevant employer representative bodies to ensure that the Fund's views are represented to employer groups. Employers are represented on the Pension Board.

Pension Fund Investment Managers, Advisers and Actuaries

We have regular meetings with;

- the Fund Managers who invest funds on behalf of the Fund
- Investment Advisers who provide help and advice on the asset allocation and investments of the Fund
- the Fund Actuary to discuss funding levels, employer contributions and valuation of the assets and liabilities of the Fund

Pension Fund Custodian

The Fund's Custodian ensures the safekeeping of the Funds investment transactions and all related share certificates.

AVC Provider

Additional Voluntary Contributions (AVC) are a way for members to top up their pension benefits, and in some instances provide tax free lump sum depending on the policy, and are held and invested separately from the LGPS. The Fund's preferred AVC provider is Prudential.

Pensions and Lifetime Savings Association (PLSA)

The Fund is a member of PLSA (formerly NAPF), which provides an opportunity for administering authorities to discuss issues of common interest and share best practice.

Regional Forums

The London Pension Officers Group takes place quarterly. It is an opportunity for the Pensions Managers and other Pension Officers from administering authorities in the region to share information and ensure uniform interpretation of the Local Government Pension Scheme, and other prevailing regulations.

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Requests for Information (FOI)

Requests for information either under the Freedom of Information Act or otherwise, will be dealt with as openly and swiftly as allowed providing that such information does not breach confidentiality.

Consultations

There are occasions when the administering authority will consult with interested parties either as a result of potential changes to the regulations governing the LGPS or specific policy changes relating to the London Borough of Hillingdon Fund. In these instances, the most effective way of communicating with interested parties is to hold a period of consultation, during which, they are given the opportunity to respond to specific changes. Interested parties and representative groups will be approached to provide feedback to the policy changes before amendments are enacted.

Key Risks

The key risks to the delivery of this Strategy are outlined below. The London Borough of Hillingdon Corporate Pension Manager will work together with the Lead Pensions Manager at Surrey and with the Pension Committee and Pension Board in monitoring these and other key risks and considering how to respond to them.

- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff members and also staff absence due to sickness
- Significant increase in the number of employing bodies causes strain on day to day delivery
- Significant external factors, such as national change, impacting on workload
- Issues in production of annual benefits statements, e.g. wrong address and printing errors due to external supplier
- Issuing incorrect or inaccurate communications
- Failure to maintain employer database leading to information not being sent to correct person
- Lack of clear communication to employers, scheme members and pensioners

Preparation and Review

This Strategy Statement was approved in June 2017 by the London Borough of Hillingdon Pension Committee. It is effective from 1 July 2017.

It will be formally reviewed and updated at least every three years or sooner if the communication management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

In preparing this Strategy we have consulted with the scheme member and employer representatives on the London Borough of Hillingdon Pension Board and other persons considered appropriate.

This Strategy Statement will be included within the Fund's Annual Report and Accounts and available on our website at: <http://www.hillingdon.gov.uk/pensions>.

Further Information

Any enquiries in relation to the Fund's communications or the principles or content of this Strategy should be sent to:

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High Street
Uxbridge
UB8 1UW

E-mail - kchisholm@hillingdon.gov.uk
Telephone - 01895 250847

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

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