

Minutes

PENSIONS COMMITTEE

23 June 2010

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



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Philip Corthorne (Chairman), Michael Markham (Vice Chairman), Paul Harmsworth (Labour Lead), George Cooper and Richard Lewis</p> <p>Advisory Members /Co-optee Members Present: John Holroyd and Andrew Scott</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Nancy LeRoux and Nikki Stubbs</p> <p>Also Present: Valentine Furniss, John Hastings and Scott Jamieson</p>	
1.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Duncan.</p>	Action by
2.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>Councillors Harmsworth, Cooper and Corthorne declared a personal interest in all Agenda Items, in that they were all members of the Local Government Pension Scheme, and remained in the room.</p> <p>Councillor Cooper declared a personal interest in all Agenda Items, in that he was a trustee of the CAB, and remained in the room.</p>	Action by
3.	<p>MINUTES OF THE MEETING - 30 MARCH 2010 (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the minutes of the Pensions Committee meeting on 30 March 2010 be agreed as a correct record.</p>	Action by
4.	<p>MINUTES OF THE MEETING - 14 APRIL 2010 (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the Pensions Committee meeting on 14 April 2010 be agreed as a correct record.</p>	Action by
5.	<p>MINUTES OF THE MEETING - 13 MAY 2010 (<i>Agenda Item 5</i>)</p> <p>RESOLVED: That the minutes of the Pensions Committee meeting on 13 May 2010 be agreed as a correct record.</p>	Action by

6.	<p>TO CONFIRM THAT THE ITEMS OF BUSINESS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT THE ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 6</i>)</p> <p>RESOLVED: That:</p> <ol style="list-style-type: none"> 1. Agenda Items 1 to 12 be considered in public; and 2. Agenda Items 13 to 15 be considered in private for the reasons stated on the agenda. Members of the press and public would be excluded from the meeting during the consideration of these items. 	Action by
	<p>PRESENTATION (PART II)</p> <p>The Committee received a presentation regarding the transition update from Mr Tariq Khalifa and Mr Craig Blackbourn from Nomura plc. Members thanked Mr Khalifa and Mr Blackbourn for the excellent work that Nomura plc had done.</p> <p>RESOLVED: That the presentation be noted.</p>	Action by
7.	<p>REVIEW OF PERFORMANCE MEASUREMENT OF THE FUND (<i>Agenda Item 7</i>)</p> <p>The Chairman introduced the report which reviewed the fund management performance of the London Borough of Hillingdon Pension Fund for the quarter to 31 March 2010. Members were encouraged that Hillingdon had outperformed against the WM average by 0.05% and that the one year performance figure had outperformed the average by 2.70%. It was noted that this was partly as a result of the investments in equities which had performed well over the last 12 months.</p> <p>The recent problems experienced by BP had resulted in a large decrease in its share price. As approximately 15% of UK dividend income in the last year had come from BP, it was unclear what the income effect of recent events would be on the Hillingdon Pension Fund.</p> <p>RESOLVED: That the content of the report and the performance of the Fund Managers be noted.</p>	Action by
8.	<p>BUDGET REPORT AND OUTTURN (<i>Agenda Item 8</i>)</p> <p>The Chairman introduced the report and noted that it supported good governance for the Committee to receive regular updates on the pension fund budget. Members were advised that the Committee would receive a quarterly report.</p> <p>The figures contained within the report had been based on a projection on Hillingdon's position in December 2009. The outturn for 2009/2010 had been better than expected and ensured that the Fund operated on</p>	Action by

	<p>the surplus generated.</p> <p>RESOLVED: That the Committee note the budget outturn position for the 2009-10 financial year.</p>	
9.	<p>EARLY RETIREMENT MONITOR (<i>Agenda Item 9</i>)</p> <p>The Chairman introduced the report which summarised the number of early retirements in the last quarter. It was noted that the figures were well within the required parameters. Given the anticipated Government funding reductions to local authorities, it was likely that there would be redundancies made at the London Borough of Hillingdon and a resultant increase in the number of early retirements. However, as the Council had been under its 1% target for the last few years, the authority had some leeway.</p> <p>Members were advised that, although enhancements had been removed from the scheme, the Committee had the ability to agree to enhancements in exceptional circumstances.</p> <p>RESOLVED: That the content of the report be noted.</p>	Action by
10.	<p>REPORT ON GOVERNANCE (<i>Agenda Item 10</i>)</p> <p>Consideration was given to the report which updated Members on Pension Fund governance issues. The report also advised of a recommended update to the Statement of Investment Principles (SOLP) and informed Members of training opportunities.</p> <p>Officers reported that they would not be attending the LGC Local Authority Pensions Summit in September 2010 due to the cost, in the current financial climate.</p> <p>RESOLVED: That Committee approve the revised Statement of Investment Principles.</p>	Action by
11.	<p>PENSION FUND ANNUAL REPORT AND ACCOUNTS 2010 (<i>Agenda Item 11</i>)</p> <p>The Chairman introduced the report and advised the Committee that additional background information from Deloitte regarding the 2009/2010 Pension Fund Audit Plan had been circulated to Members by email and tabled at the meeting.</p> <p>It was noted that the Pension Fund had been audited in its own right for the first time last year. As the Audit Committee had no working knowledge of this area, it had been agreed that the Pensions Committee would approve and sign off the Pension Fund Annual Report prior to it being considered by the Audit Committee and then released to external audit to undertake the annual audit of the accounts. A report would be produced by Deloitte once it had completed its audit. Members were advised that the external auditor's fee was paid from the Pension Fund.</p>	Action by

	<p>The CLG had been prescriptive about what was included in the Annual Report. As it was quite large and complicated, it was agreed that, in future, a summary would be produced so that the content could be better understood by Fund members without having to read through the main report. Both the summary and main report would be made available in the public domain. Future consideration would be given to how the Council communicated with its Fund members.</p> <p>It was recognised that there was a need to strengthen governance arrangements around the Pension Fund and that additional funding had been secured for a post to support this need. This new post would look to update policies as well as the information available on the website and would work closely with the Council's Communications Team. Work would also be undertaken to set up a Service Level Agreement (SLA).</p> <p>RESOLVED: That Committee approve the Pension Fund Annual Report & Accounts for the financial year ended 31 March 2010.</p>	
12.	<p>DISCRETIONS POLICY (<i>Agenda Item 12</i>)</p> <p>The Chairman introduced the report which recommended that the Council's guidelines for the exercise of discretions under the <i>Local Government Pension Scheme (Benefits, Memberships & Contributions) Regulations 2007</i> and the <i>Local Government Pension Scheme (Administration) Regulations 2008</i> be updated. This policy update would ensure equal treatment of all scheme members, including Councillor members, and would need to be published once it came into effect.</p> <p>It was believed that the proposal would not impact significantly on the Council. Following the recent local election, three Councillors would have fallen into this category. This would have equated to a cost of approximately £10k.</p> <p>RESOLVED: That:</p> <ol style="list-style-type: none"> 1. the Council's guidelines for the exercise of its discretion under Regulation 30 of the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 in relation to Councillor members be amended to allow the early payment of benefits without reduction, from age 55, where, following an election, a Councillor member has either lost his seat, been deselected as a candidate by his party or chosen to stand down as a Councillor; 2. recommendation 1 comes into effect from 1 May 2010; and 3. the Council's guidelines for the exercise of all other discretions under the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 remain as previously 	Action by

	published.	
13.	<p>REVIEW OF INVESTMENT STRATEGY & INVESTMENT SUB COMMITTEE (<i>Agenda Item 13</i>)</p> <p>This item was discussed as a Part 2 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).</p>	Action by
14.	<p>RISK MANAGEMENT REPORT (<i>Agenda Item 14</i>)</p> <p>This item was discussed as a Part 2 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).</p>	Action by
15.	<p>CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT (<i>Agenda Item 15</i>)</p> <p>This item was discussed as a Part 2 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).</p>	Action by
<p>The meeting, which commenced at 5.30 pm, closed at 6.47 pm.</p>		

This is a summary of the Pensions Committee proceedings. If you would like more detailed information on any of the resolutions, please contact Nikki Stubbs on 01895 250472. Circulation of this decisions sheet is to Members of the Pensions Committee and appropriate officers.