

Minutes

PENSIONS COMMITTEE

14 December 2010

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



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Philip Corthorne, Michael Markham, Paul Harmsworth, Neil Fyfe, Janet Duncan and Richard Lewis</p> <p>Advisory Members /Co-optee Members Present: John Holroyd and Andrew Scott</p> <p>LBH Officers Present: Tunde Adekoya, James Lake, Nancy LeRoux, Ken Chisholm and Nav Johal</p> <p>Also Present: Valentine Furniss and John Hastings</p>	
16.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor David Simmonds; Councillor Neil Fyfe was in attendance as a substitute, and from Scott Jamieson.</p>	Action by
17.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>Councillors Corthorne, Duncan, Harmsworth and Lewis, and advisory members Andrew Scott and John Holroyd, 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>	Action by
18.	<p>MINUTES OF THE MEETING - 22 SEPTEMBER 2010 (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the minutes of the Pensions Committee meeting on 22 September 2010 be agreed as a correct record.</p>	Action by
19.	<p>TO CONFIRM THAT THE ITEMS OF BUSINESS MARKED PART 1 WILL BE CONSIDERED IN PUBLIC AND THAT THE ITEMS MARKED PART 2 WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That:</p> <p>1. Agenda Items 1 to 9 be considered in public; and</p>	Action by

	<p>2. Agenda Items 10 to 13 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.</p>	
20.	<p>REVIEW OF PERFORMANCE MEASUREMENT OF THE FUND <i>(Agenda Item 5)</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 30 September 2010. Members noted that the last quarter saw an improvement in performance but still marked a further period of underperformance against the benchmark.</p> <p>At the last Investment Strategy Sub-Committee meeting there was a discussion regarding the presentation of this report. It was agreed that the report should include more background information on each mandate relating to market conditions which could have impacted on performance.</p> <p>Members noted that for the quarter ending 30 September 2010, Hillingdon returned 8.01%, underperformance against the WM average by 0.19%. Members also noted that Alliance Bernstein had underperformed by 0.17%.</p> <p>RESOLVED: That the content of the report and the performance of the Fund Managers be noted.</p>	Action by
21.	<p>BUDGET MONITOR <i>(Agenda Item 6)</i></p> <p>The Chairman introduced the report which provided Members with an update at the end of quarter 2 against the budget.</p> <p>It was noted that member's expenditure was projected to be 13% higher than last year. This was mainly due to the cost of lump sum retirement grants as a large volume of people retiring were taking the maximum lump sum. There had also been death cases in the last 6 months which resulted in large payouts. As a result the figures in the report appeared distorted.</p> <p>Officers commented on the level of budget savings required to be made by the council could result in early retirement redundancies which could have an impact on the fund both in the current financial year and the next.</p> <p>Members noted that the vast majority of the figures on the spreadsheet were beyond their control.</p> <p>RESOLVED: That the Committee noted the forecast budget outturn position at 30 September 2010.</p>	Action by

22.	<p>EARLY RETIREMENT MONITOR (<i>Agenda Item 7</i>)</p> <p>The Chairman introduced the report which summarised the number of early retirements in the first quarter. The report also gave an update on the current situation on the cost to the fund of early retirements.</p> <p>RESOLVED: That the content of the report be noted.</p>	Action by
23.	<p>ADMINISTRATION PERFORMANCE REPORT (<i>Agenda Item 8</i>)</p> <p>The Chairman introduced the report which summarised the key work areas of the pensions administration section. The report highlighted nationally agreed targets. It was noted that the full year performance data was included in the Annual report for the fund.</p> <p>Members asked officers why the percentage within target of refunds was 60%. Officers explained that the figure was partially skewed due to the low number processed and also that the refund amounts were relatively small.</p> <p>It was also noted that the number benefit statement enquires that had been recorded was zero.</p> <p>RESOLVED: That the content of the report be noted.</p>	Action by
24.	<p>REPORT ON GOVERNANCE (<i>Agenda Item 9</i>)</p> <p>The Chairman introduced the report which provided an update on the Pension Fund Governance issues. This included recommended revisions to the Statement of Investment Principles to include details of the new Fund Managers and to comply with the Financial Reporting Councils Stewardship Code.</p> <p>A self assessment was carried out and an analysis was done. In response to financial crisis an outcome was to seek to improve the extent and effectiveness of shareholder engagement with companies.</p> <p>Officers explained that Hillingdon had requested responses from its managers with equity holdings and reviewed their statements regarding the adoption of the code. A further piece of work was to be done which would look at Hillingdon. An action plan was required for CIPFA Principles of Investment Decision Making and Disclosure. How the effectiveness of the Committee was engaged was important, and this was a factor in why the Investment Strategy Sub-Committee was set up.</p> <p>The Committee had previously agreed to participate in the knowledge and skills framework administered by The Chartered Institute of Public Finance and Accountancy. CIPFA in partnership with Hymans Robertson had developed a website for training and information for the</p>	Action by

	<p>Local Government Pensions Scheme, and Members and Officers.</p> <p>Members and Officers had been issued log ins and passwords, and this would take them to different areas of the site. There was an area specifically for Officers and another for Members. This website could assist in identifying areas for training and increase Members knowledge.</p> <p>Officers had asked Hyman’s Robertson to include a power bar so the individual using it could see what had been looked at. A record of what had been viewed could be recorded. Members felt that they should use the website and decide individually how it could suit them, and use it as an self-assessment.</p> <p>Officers reminded Members that in a previous Committee meeting that they had agreed to a total of 3 days of training on Pensions per year. This training could be various things, from fund managers meetings, workshops, reading, etc.</p> <p>Members discussed the review of public sector pensions. Officers would prepare a report for the next Pensions Committee in March 2011 when further developments are announced.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the Committee agreed to approved the revised Statement of Investment Principles. 2. That Committee discussed their approach to the roll out and use of the Training and Skills Framework. It was agreed that Members would look at the Framework and use it in a way that suited them individually. 3. That Committee noted the contents of the report. 	
25.	<p>REPORT FROM INVESTMENT SUB COMMITTEE (<i>Agenda Item 10</i>)</p> <p><i>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).</i></p>	Action by
26.	<p>RISK MANAGEMENT REPORT (<i>Agenda Item 11</i>)</p> <p><i>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</i></p>	Action by

	<i>schedule to the Act).</i>	
27.	<p>CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT (<i>Agenda Item 12</i>)</p> <p><i>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).</i></p>	Action by
28.	<p>INVESTMENT ADVICE DISCUSSION (COMMITTEE ONLY) (<i>Agenda Item 13</i>)</p> <p><i>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).</i></p>	Action by
<p>The meeting, which commenced at 5.30 pm, closed at 6.32 pm.</p>		

These are the minutes of the above meeting. For more information on any of the resolutions please contact Nav Johal on 01895 250692. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.