

## Minutes

### PENSIONS COMMITTEE

11 December 2013

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



HILLINGDON  
LONDON

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|     | <p><b>Committee Members Present:</b><br/>Councillors Philip Corthorne (Chairman), Beulah East, Raymond Graham, Michael Markham and David Simmonds.</p> <p><b>LBH Officers Present:</b><br/>Tunde Adekoya, Ken Chisholm, Nancy LeRoux and Khalid Ahmed.</p> <p><b>Also Present:</b><br/>Scott Jamieson (Advisors)</p> <p><b>Apologies:</b><br/>Councillors Janet Duncan, Paul Harmsworth (Councillor Beulah East substituting), John Holroyd (Advisory Member), Andrew Scott (Advisory Member) and Catherine McFadyen (Fund Actuary).</p>  |           |
| 22. | <p><b>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</b></p> <p>Councillor Corthorne declared a Non-Pecuniary Interest in all Agenda Items, because he was a member of the Local Government Pension Scheme. He remained in the room.</p>  | Action by |
| 23. | <p><b>MINUTES OF THE MEETINGS OF 24 SEPTEMBER 2013</b></p> <p>Agreed as an accurate record.</p>   |           |
| 24. | <p><b>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</b></p> <p>That Agenda Items 9 and 10 be considered in private for the reasons stated on the agenda and the rest of the items be considered in public.</p>  |           |
| 25. | <p><b>REVIEW OF PERFORMANCE MEASUREMENT OF THE PENSION FUND</b></p> <p>Consideration was given to the report on the review of the fund manager performance for the London Borough of Hillingdon Pension Fund for the period ending 30 September 2013. The Committee was informed that the total value of the Fund's investments at 30 September was £698m, however the Fund's value had increased to around £713m up to the end of November 2013.</p> <p>Reference was made to the performance of the Fund for the quarter to 30 September 2013, showing and underperformance of 0.8%, with a</p> | Action by |

return of 2.44% compared to the benchmark of 2.5%. The underperformance by Macquarie had slightly skewed the whole fund position.

Discussion took place on this underperformance of Macquarie and Members were assured that returns on this long term investment would come in future years. Officers would provide further information on Macquarie's approach at the next meeting.

Reference was made to Kempden International and their performance in relation to the benchmark of 11.16%. Officers reported that this benchmark was based on income based investments.

**RESOLVED:**

- 1. That the report and the performance of the Fund Managers be noted.**

**Nancy Le  
Roux**

**26. 2013 ACTUARIAL VALUATION RESULTS**

The Committee noted the non-attendance at the meeting of the Fund Actuary.

The report provided Members with a summary of the 2013 valuation results which indicated that the funding level was now 72% which was decrease from the 77.6% 2010 valuation. This had resulted in the deficit increasing from £163m as at 31 March 2010 to £266m as at 31 March 2013. Members were informed that this deterioration of the funding position was largely due to the fall in gilt yields.

The Committee was informed that Hillingdon's results were similar to other London Boroughs who had Hymans Robertson as an actuary, however, it was hoped that once the new 2014 scheme came into effect and contribution stabilisation methods were enforced, that standardised assumptions would be used across the whole scheme.

Discussion took place on the potential merger with other Pension Funds and officers indicated that this would be an option in the long term.

**RESOLVED:**

- 1. That the report be noted.**

**27. RETIREMENT PERFORMANCE STATISTICS AND COST OF EARLY RETIREMENTS MONITOR**

Consideration was given to the report which summarised the number of early retirements in the second quarter of 2013/14.

The report also provided Members with an update on the current situation on the cost to the fund of early retirements.

**RESOLVED:**

- 1. That the contents of the report be noted.**

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| <p>28.</p> <p>29.</p> <p>30</p> | <p><b>PENSIONS ADMINISTRATION PERFORMANCE</b></p> <p>Consideration was given to the report which summarised the pension administration performance across key areas of work for the period 1 July 2013 to 30 September 2013. Members were informed that there had been a marked and ongoing fall in Capita’s overall performance and the report provided details on the specific management actions which were underway to address this poor performance.</p> <p>Members were informed that average performance over the quarter had deteriorated significantly compared to the previous quarter, with a reduction of 17.7% from the previous performance of 94.16%. Officers reported that the continuing downward trend was of concern.</p> <p>Reference was made to the suggested management action which would be taken to address the performance issues. Two recent experienced ex Local Government Pension Fund Managers had recently been appointed who would be tasked with driving forward improvements.</p> <p>Officers reported by regular monitoring reports would be submitted to the Committee</p> <p><b>RESOLVED:</b></p> <p>1. That the contents of the report be noted.</p> <p><b>REPORT FROM INVESTMENT SUB-COMMITTEE</b></p> <p>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).</p> <p><b>RESOLVED:</b></p> <p>1. That the contents of the report be noted.</p> <p><b>CORPORATE GOVERNANCE &amp; SOCIALLY RESPONSIBLE INVESTMENT</b></p> <p>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).</p> <p><b>RESOLVED:</b></p> <p>1. That the contents of the report be noted.</p> | <p>Action By:</p> <p><b>Nancy Le Roux</b></p> |
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| The meeting, which commenced at 5.30 pm, closed at 6.15 pm. |
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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.