

Minutes

Pensions Committee

23 September 2014

Meeting held at Committee Room 4 - Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Philip Corthorne (Chairman), Tony Eginton, Raymond Graham, Phoday Jarjussey, John Morse, Richard Mills, Susan O'Brien and David Simmonds.</p> <p>Advisory Members: John Holroyd and Andrew Scott.</p> <p>Apologies: Councillors Beulah East (Councillor Phoday Jarjussey substituting) and Michael Markham (Councillor Susan O'Brien substituting).</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Nancy LeRoux, Paul Whaymand and Khalid Ahmed.</p> <p>Also Present: Heather Bygrave (Deloitte), Scott Jamieson (Advisor) and David O'Hara (Advisor).</p>	
13.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</p> <p>Councillors Corthorne, Eginton, Jarjussey, Mills, O'Brien and Simmonds all declared Non-Pecuniary Interests in all Agenda Items, because they were "deferred" members of the Local Government Pension Scheme. They all remained in the room.</p> <p>Advisory Member, John Holroyd 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
14.	<p>MINUTES OF THE MEETING OF 18 JUNE 2014</p> <p>Agreed as an accurate record.</p>	
15.	<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>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>	
16.	<p>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS</p> <p>Consideration was given to the report which summarised the findings of the External Auditor on the audit of the 2013/14 Pension Fund</p>	

	<p>Annual Report and Accounts.</p> <p>Heather Bygrave from Deloitte introduced the report and reported that subject to final points, they expected to issue an unmodified opinion on the financial statements.</p> <p>Reference was made to the significant audit risks and how these had been addressed.</p> <ul style="list-style-type: none"> • Completeness and Accuracy of Contributions- A satisfactory conclusion had been reached in this area which had been based on the results from the procedures performed. • Valuation of Investments- Reference was made to there being less than 5% of funds in private equity funds and this was noted. In addition it was noted that consideration was to be given to the Committee annually reviewing the Funds audited accounts. The Committee was informed that no issues had been identified during testing. • Accuracy of Benefit Calculations – Complexities in the calculation of both benefits in retirement and ill health and death benefits had been reviewed with no identified issues. • Management Override of Controls – All testing had been completed with satisfactory results. <p>Members were informed that in relation to accounting and internal control systems, one recommendation had been made which concerned a misstatement relating an adjustment which had been made to the split between normal and deficit contributions. It was reported that a process was now in place which would confirm the appropriate split with the latest actuary valuation.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the auditor's findings be noted and approval be given to the Annual Report of the Pension Fund. 	<p>Action by</p>
<p>17.</p>	<p>REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND</p> <p>The reported provided Members with a summary of the fund manager performance for the quarter ended 30 June 2014. The Committee was informed that the total value of the fund's investments were £756m.</p> <p>Reference was made to the investment objective for the Fund, which was to generate over the long term a real rate of return of 4% per annum. Members were informed that the current asset allocation was judged appropriate to that objective but that there would be a review into the target at the next Investment Strategy Sub-Committee.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the contents of the report be noted. 	

<p>18.</p>	<p>PENSIONS ADMINISTRATION PERFORMANCE</p> <p>Consideration was given to the report which provided an update on the outsourced Pensions Administration contract, the latest pension administration performance data and early retirements in the first quarter of 2014/15.</p> <p>Discussion took place on the improved performance of Capita Employee Benefits (CEB), however, there were concerns expressed in relation to the sending of condolence letters. Officers explained that there was a weakness in the contractor's internal process when deaths were reported directly to their payroll and required information was not being recorded. This resulted in delays on finding details of the next of kin in some cases.</p> <p>Reference was made to officers working with CEB to ensure that a stable and acceptable level of performance was attained and maintained by the target date of December 2014. Members were informed that a good indication of whether good progress was being made would be around the issuing of employees Annual Benefit Statements.</p> <p>Discussion took place on the monitoring of performance in relation to the Annual Benefits Statements and officers would contact other employers to check that their members had received statements.</p> <p>The Committee noted the administration performance statistics and the early retirement statistics.</p> <p>Reference was made to the procedure for death grant authorisations and the proposal that in the future, only two senior officers would need to agree the recommendation.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the ongoing officer action in relation to the Capita Pensions Administration contract be noted. 2. That the latest administration performance statistics and early retirement statistics be noted. 3. That approval be given to the revision of the designated decision makers in the award of Death Grant payments as detailed in the report. 	<p>Action by Nancy Leroux</p>
<p>19.</p>	<p>LOCAL GOVERNMENT PENSION SCHEME CONSULTATIONS</p> <p>The Committee was provided with information relating to Regulations which would require Administering Authorities of LGPS Funds to establish Local Pension Funds by 1 April 2015.</p> <p>Members were informed that officers were undertaking some work to</p>	

	<p>determine a process to establish a local Pensions Board.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the update be noted. 	
<p>20.</p>	<p>REPORT ON STRATEGIC INVESTMENT ACTIVITY, INCORPORATING REPORTS FROM INVESTMENT STRATEGY SUB-COMMITTEE AND FUND MANAGER ACTIVISM</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>The confidential report provided Members with an overall update on strategic investment activity of the Pension Fund over the last quarter. In addition it provided Members with details of the key discussions held at the two Investment Strategy Sub-Committee meetings held on 17 July and 9 September 2014.</p> <p>Discussion took place on the recommendation made to this Committee in relation to the removal of some of the Fund's assets from one of its Fund Managers. The Committee's advisor provided the background to this proposed strategic decision and the reasoning behind it.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the decisions of the Investment Strategy Sub-Committee to close the Euro currency Hedge, implemented on 18 July 2014 be noted. 2. That it be noted that the Statements of Internal Control supplied by each investment manager's Auditor were reviewed and appropriate responses prepared. 3. That the decision of the Investment Strategy Sub-Committee to make an investment in Direct lending through the Permira pooled fund as detailed in the confidential report be noted. 4. That approval be given to the redeeming of the current investment of 9% of the Fund's assets with the Fund Manager, as detailed in the confidential report. 5. That approval be given to the investing of the 9% of the Fund's assets with the like-for-like Fund, as detailed in the confidential report. 6. That approval be given to the revisions to the Statement of Investment Principles as detailed in the confidential report. 7. That the information of the Fund Manager Activism over the 	

	last quarter be noted.	
	The meeting, which commenced at 7.00pm closed at 7.50pm	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.