

Pensions Committee

22 March 2017

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



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| | <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> | |

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| | <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 be given on the revised investment strategy.</p> | <p>Action By:</p> |

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| | <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>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 / Khalid Ahmed</p> |

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| <p>39.</p> | <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> | |
| <p>40.</p> | <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> | |
| <p>41.</p> | <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</p> | |

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| | <p>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> | |

The meeting, which commenced at 7.00pm closed at 8.10pm

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.