

## Minutes

### PENSIONS COMMITTEE

6 December 2017

Meeting held at Committee Room 5 - Civic Centre,  
High Street, Uxbridge UB8 1UW



HILLINGDON  
LONDON

	<b>Committee Members Present:</b> Councillors Philip Corthorne (Chairman) Michael Markham (Vice-Chairman) Peter Davis Beulah East Tony Eginton	
12.	<b>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</b> ( <i>Agenda Item 2</i> )  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 items.  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 items.  Councillor Beulah East declared a Non-Pecuniary Interest in all agenda items as she was a retired member of the Local Government Pension Scheme. She remained in the room during discussion on the items.	<b>Action by</b>
13.	<b>MINUTES OF THE MEETING - 25 SEPTEMBER 2107</b> ( <i>Agenda Item 3</i> )  Agreed as an accurate record.  [In relation to Minute No. 5 - External Auditor Report on the Pension Fund Accounts - it was requested that a breakdown of Management Expenses detailed in the Pension Fund Accounts be provided on a quarterly basis to the Committee.]	<b>Action by</b>
14.	<b>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</b> ( <i>Agenda Item 4</i> )  It was agreed that Agenda Item 9 would be considered in private.	<b>Action by</b>
15.	<b>INVESTMENT STRATEGY AND FUND MANAGEMENT PERFORMANCE</b> ( <i>Agenda Item 5</i> )  Consideration was given to a report which provided Members with an	<b>Action by</b>

overview of fund performance as at 30 September 2017, an update on recent investment decisions and progress on the London CIV.

The Committee was informed that the total size of the fund was £978m at 30 September 2017 which was an increase from £965m at the end of the last quarter. This represented an overall investment return over the quarter of 1.59% which was a relative underperformance of the benchmark by 0.01%.

Reference was made to the Fund now having London CIV holdings of £396m which accounted for 41% of total assets, which would increase to 55% after transition in November.

In Part II of the agenda, the Committee received information on the current market update which covered the current market climate and performance of various investment vehicles, updates on Managers' reports and an update of the London CIV.

**RESOLVED:**

- (1) That the Committee discussed and noted the performance update and agreed any required decisions in respect of mandates or Fund Managers.**
- (2) That the implementation of any decisions be delegated to the Officer and Advisor Investment Strategy Group.**
- (3) That the follow up activity to previous investment decisions and progress in the development of the London CIV be noted.**

16.	<p><b>ENVIRONMENTAL SOCIAL AND CORPORATE GOVERNANCE</b> <i>(Agenda Item 6)</i></p> <p>Consideration was given to a report which provided details on the requirements for funds to have an ESG policy, the funds approach to ESG and Fund's Investment Manager's approaches to ESG including climate change.</p> <p>The KPMG advisor provided the Committee with a short training session on ESG.</p> <p>The Committee was informed of the possible options:</p> <ul style="list-style-type: none"><li>• Active Management - which was to utilise an investment manager which specifically accounts for ESG related factors within the investment process.</li><li>• Positive bias - Invest in sustainable themed investments addressing social and environmental change.</li><li>• Negative Screening - Remove / reduce exposure to specific risk factors or sectors.</li></ul> <p>Discussion took place on all available options and it was agreed that a more detailed look be taken at this to enable a decision to be taken which would balance the Fund's objective of maximising returns on</p>	<b>Action by</b>
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	<p>investments against taking into account ESG factors.</p> <p><b>RESOLVED:</b></p> <p><b>(1) That the current Fund Manager's ESG policies be noted.</b></p> <p><b>(2) That it was noted that the Fund was signed up to "The UK Stewardship Code".</b></p> <p><b>(3) That Investment Managers be requested to advise whether they had signed up to UN Principles for Responsible Investment (PRI) and "The UK Stewardship Code".</b></p> <p><b>(4) That a more detailed report be submitted to a future meeting providing greater detail, to enable the Committee to make an informed decision on the Fund's approach to ESG and investments.</b></p>	
<p>17.</p>	<p><b>PENSIONS ADMINISTRATION REPORT</b> (<i>Agenda Item 7</i>)</p> <p>The Committee was provided with an update on the administration of the London Borough of Hillingdon Fund of the Local Government Pension Scheme, both in relation to Surrey, and internally at Hillingdon.</p> <p>Members were informed that errors from the previous Pensions Administrator were still being identified which Surrey and the in-house team were continuing to update. Reference was made to an issue with Spouses Benefits, with Capita not having correct information on their system. Surrey had to recreate these records and create a Spouses Benefit.</p> <p>In addition a new process had to be implemented in relation to Death Notifications to enable all future cases to be dealt with within the agreed KPI timeframes.</p> <p>The Committee was informed that there would be two pension seminars taking place in 2018 which would be promoting the "Mypension" online tool for members to access their own pension records.</p> <p><b>RESOLVED:</b></p> <p><b>(1) That the information contained in the report be noted.</b></p>	<p><b>Action by</b></p>
<p>18.</p>	<p><b>PENSION FUND RISK REGISTER</b> (<i>Agenda Item 8</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>Reference was made to two new risks contained in the register relating to the performance of the administration contract and the impact of the introduction of the new MiFID II directive which changed the investment status of Local Authorities to retail clients as a default position, which could lead to inability to carry out the investment strategy.</p>	<p><b>Action by</b></p>

	<p><b>RESOLVED:</b></p> <p><b>(1) That the Committee considered the Risk Register and noted the measures which were being taken to mitigate the identified risks.</b></p>	
19.	<p><b>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE</b> <i>(Agenda Item 9)</i></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 received confidential information on the current market update which covered details on the current market climate and performance of various investment vehicles, updates on Managers' reports and an update of the London CIV.</p> <p><b>RESOLVED:</b></p> <p><b>(1) That the information be noted, together with the performance of Fund Managers.</b></p>	Action by
<p>The meeting, which commenced at 7.00 pm, closed at 7.44 pm.</p>		

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.