

TFL Pension Consultative Council (PCC)

Summary of minutes of meeting number 82 held on 27 March 2014

New Councillors

The Chair welcomed new councillors, Peter Amos, Carole Davies, Steve Poole and Roy Carey to the meeting.

It was explained that the February meeting was cancelled due to the intended industrial action on London Underground and that all agenda items had been rolled over to the March meeting.

Election of Chair and Vice-Chair

Luke Howard was re-elected to Chair and Mark Harding was re-elected Vice-Chair.

2013 Election

Section One councillors confirmed that Ms Arwood had decided not to stand for a further term as Section Trustee and provided the Council with a summary of the Sections meeting held on the 26 February which detailed their decision to nominate Paul Kilius-Smith to the Trustee Board to fill the vacancy of Pensioner Trustee.

Equitable Life AVC Update

The Council noted the update by Atos which showed that out of the 2,168 eligible for compensation, 1,991 members had now been paid.

Report of Trustee Board Meeting held on 3 December 2013

Mr Mike Weston, Operations Director, London Bus Services, was nominated by TfL to replace Clare Kavanagh with effect from 3 December 2013, and will take her place on the Operations Committee.

The Deed of Variation in relation to the Variable Pension Option had now been signed and the 305 members affected had been written to – 83 had agreed to take up the option and 28 had been declined. Members who had not replied would be given a further opportunity on approaching age 60.

The Fund's overall performance for the quarter was a return of 2.2% against the benchmark of 1.6% and for the last 12 months 12.9% against 11.9%. Funding level had improved to 92%. It was reported that, if the return on assets continued to be in line with Towers Watson's central estimates, then it was expected that the Fund would achieve full funding level in 2017, earlier than the target of 2020.

An additional £24m had been allocated to Semperian which had increased the Fund's holding to 29%, following the disposal of their holding by another shareholder.

Overseas pensions are now being paid through Western Union as there are no transaction fees and better exchange rates as compared with RBS.

It was confirmed that, under the rules, an increase of 3.2% would be given to both 'new' and 'existing' members from 01 April 2014 and this would be communicated via a number of routes including the Fund website and 'on the move'.

It was confirmed that 15 HP Enterprise Services UK Limited ("HP") employees had transferred to Cubic Transportation Systems Limited ("Cubic") and that the Trustees had used their power of discretion and agreed to set up a Separate Fund and that the remaining assets should mirror the liabilities and be transferred to the Cubic Section. A deed of determination will be signed to wind up the HP Section.

The Board sought guidance on the protection which affected members had through the Fund Rules, under the Fit for the Future Reward and Fit for the Future Station Proposals. It was reported that a future increase in the Lower Earnings Limit would lead to a reduction in the member's calculated Contributory Pensionable Salary, in which case the protection afforded through Rule 17(3) would apply in relation to accrued benefits. Employees displaced to a new role with a lower base salary would have the same protection. In addition if the reduction was as a result of organisation change, members would have the option through Rule 10(5) to maintain the level of their Contributory Pensionable salary at the pre-reduction rate – although this would not necessarily be of benefit to every member affected. It would depend on their individual circumstances such as length of pensionable service, degree of reduction in pensionable salary, their expectation of future pension increases and pay awards, as well as how long they intended to remain contributing members. In all cases, benefits accrued to the point of any reduction in Contributory Pensionable Salary would be increased in line with pension increases granted under the Fund Rules. The Chairman suggested the issues be discussed when the proposals had been finalised by the Employer and where Trustee involvement was necessary.

TfL Administration Report for the quarters ended 30th September 2012 and 31 December 2013

The PCC noted the service provider's report to the Trustees of the TfL Pension Fund.

Pensioners' Forum Summary for meetings held on 28 November 2013 and 26 February 2014

The paper and report were noted.

Pensions Working Group for meetings held 1 July 2013 and 4 December 2013

Both papers were noted