

TfL Pension Consultative Council (PCC)

Summary of minutes of meeting number 86 held on 27 November 2014

PCC Elections 2014

It was confirmed that David Biggs and Beverley Milner-Simonds were duly elected in Section One, Stephen Ellaby in Section Two with Steve Connolly and Gilly Leonard-Ross in Section Three. All candidates had been formally advised of the results.

Report of Trustee Board Meeting held on 26 September 2014

The Chair would meet with the TfL Commissioner and would raise the Extraordinary General Meeting matters.

Mr Allen, Finance Managing Director, delivered his annual address to the Board and informed the Board that TfL was largely tracking its budget forecasts. The TfL business plan relied upon savings and reducing operating costs through initiatives and these were being implemented. He went on to say that TfL were dependent upon government grants, increasingly focused upon capital and investment projects, however over the next few years, the TfL grant from central government would come under pressure and require TfL to make continual savings whilst still supporting its capital investment. The Pay for Performance proposals were also being implemented and this would help deliver savings.

London's economy was strong and continued to grow as the population was expected to increase from around 8.5m to 10m by 2030 and therefore demand for services would continue to grow meaning more investment in infrastructure would be needed.

Mr Allen confirmed that TfL remained committed to keeping the final salary TfL Pension Fund open for current members and new entrants and the Trustee welcomed the commitment.

Mr Allen confirmed that the matter of Tube Lines employees TUPEd to TfL was not in the Fund's remit and was being negotiated in another forum.

The Investment Adviser (Towers Watson) presented an Executive Summary to the Investment Committee for the Quarter Ended 30 June 2014 and reported on changes to the total fund performance benchmark. The Fund remained on target to be fully funded around two years before Recovery Plan because of expected returns being higher than those allowed in the Recovery Plan. The Total Fund performance was broadly in line with the market benchmark net of fees over the quarter and ahead over twelve months and 5 years. UK equity portfolio share had been reduced by 1.5% as part of a move to achieve a more globally diversified portfolio. This involved reallocation of a passive UK equity portfolio to a passive developed overseas equity portfolio.

It was confirmed that with the selection of Neuberger Berman as Private Equity manager, the new mandate would bring the Fund more in line with its target allocation of 25% investments in alternatives. It was confirmed that the investment adviser would not recommend any investment manager that charged more than one third of the value it created and the Board

would annually review the investment manager fees versus value for the Fund on a quarterly basis

The Actuarial Valuation Committee confirmed that over the period since 31 March 2014 the Tube Lines' funding position had improved significantly due to levels of agreed deficit contributions being made. Also to a lesser extent, the Technical Provisions funding level increased from 91.5% to 92% over the quarter for the Public Sector Section, due primarily to the expected deficit contributions paid by the employer.

The Audit Committee approved the draft annual report and accounts for the year ended 31 March 2014 together with the Financial Statements for each section for 2013/14.

The Chair confirmed that she had written to the Principal Employer to share the views raised at the Extraordinary General Meeting and had requested its formal response.

The Employer's response confirmed that discussions were continuing with the recognised trades unions on permitting Tube Lines employees into the Fund if it was cost neutral to allow this.

In regards to lifting the suspension applying to transfers-in, the Principal Employer stated that suspension would continue until 31 March 2016 when it would be reviewed again, as it had entered this issue in good faith with the Trustee.

AMM Feedback

The PCC reported positive feedback from members who found it constructive, informative and delivered on time. It was noted that the Q & A's were now on the Fund's website.

TfL Administration Report for the quarter ended 30 June 2014

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

Pensioners' Forum Minutes for Meeting held on 20 August 2014, Pensioners' Forum Agenda for Meeting held on 19 November 2014 and Pensioner Liaison Scheme Report

These were noted.

PWG Agenda for Meeting held 26 November 2014

This were noted