

**TfL Pension Consultative Council (PCC)
Summary of minutes of meeting number 58 held on 14 January 2010**

New Councillors

The Chair welcomed new Councillors to the meeting and all Councillors and attendees introduced themselves.

TfL Pension Fund Valuation

The Scheme Actuary, Richard Williams from Towers Watson, presented his paper entitled 'Proposals for the Public Sector Section, LUL BCV and LUL SSL Section' which contained the Summary of Results for 2009 valuation, prepared on behalf of the Actuarial Valuation Committee of the Trustee of the TfL Pension Fund.

TfL Pension Fund Administration Report for the quarter ending 30 September 2009

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

Election of Chair and Vice-Chair

Michael Swiggs was re-elected to Chair and John Howie to Vice-Chair.

Section One Trustee Director

The PCC noted that Section One confirmed its nomination of Linda Arwood.

Report of Trustee Board Meeting held on 8 December 2009

Appointment and Retirement of Director and Chairman

It was agreed to remove the name of Ian Kierans as a Director of the Company and to appoint Stephen Ellaby as a Director of the Company with effect from 8 December 2009. The Board also agreed that he fill the existing vacancy on the Operations Committee.

Stephen Critchley advised the Board that he would be stepping down as Chairman of the Board and the Actuarial Valuation Committee, from 1 January 2010. TfL had nominated Maria Antoniou to the Chairmanship, on a rolling 18 month basis, with 6 months notice required from either side, and not remunerated. This was agreed. It was also noted that she was to be replaced on the Operations Committee by Steve Perry.

It was also noted that Peter Regan had stepped down from the Appeals Committee to be replaced by Steve Perry, and that Steve Gray was retiring as the TSSA nominated Trustee, with effect from the end of the year. Steve was presented with a tankard in recognition of his service, at the end of the meeting.

Actuarial Valuation 2009

The Board noted that the Summaries of Results for each Section of the Fund, as required under the Rules, had now been issued to the Board and simultaneously to TfL as Principal Employer. They will also be shared with the PWG and the PF. Richard Williams, Scheme Actuary, explained that the assumptions used in the initial calculations of the Technical Provisions – which are the Fund's liabilities – had been shared with the Principal Employer. The assumptions were consistent with the approach adopted for the 2006 Valuation. In negotiation, some of these, but not the Mortality or demographic assumptions, had been amended and the final position reached was reflected in the summaries issued.

Hence the Actuarial Valuation Committee had reached agreement in principle with TfL, subject to reaching agreement on the Recovery Plan. It was noted that the Rules did not permit a plan for recovery of deficit that exceeded 10 years, but that the employer's multiple could be different for different years. The Board agreed the recommendation of the Actuarial Valuation Working Group on the Technical Provisions. Representatives of the Committee, Stephen Critchley and Chris Miller, were to meet with TfL on 22 December to start negotiations on the Recovery Plan. As required under the Rules, the Board also considered and agreed not to recommend any changes to the Rules in relation to any of the Sections.

Operations Committee Matters

Missing Membership – The Fund Secretary provided an update

Service Level Agreement – the revised Agreement agreed – to be reviewed triennially. Many of the time targets expected of TfL as the Service Provider had shortened.

III-Health Guidelines – agreed the guidelines for implementation with effect from 1 January 2010.

Transfer In Proposal – TfL had written to the Trustees requesting that they exercised their discretion and suspend the acceptance of transferred benefits into the Fund, for a period of 3 years from 1 April 2010 until 1 April 2013, with exceptions, if agreed for TUPE transfers to a company in the TfL group. It was noted that granting added years exposed the Fund – and hence TfL – to additional liabilities, at a time when they were under great pressure.

In agreeing to the proposal, by a majority, TfL was asked to publicise the change in time for affected current employees to take action, directing them to our web-site for full details

Investment Committee matters

Investment Performance – Mercers, the Fund's Investment Advisers, reported that the value of assets, at 30 September 2009 was £4.64 bn. The Fund had returned 13.1% against a benchmark of 13.6, and this would have been closer to the benchmark if Semperian's higher percentage return had been factored in Goldman Sachs continued to recover but had again performed below benchmark for the last quarter. Mercers continued to rate them as a manager.

Appointment of new managers and transition to the new asset allocation – the Investment Committee has appointed three global equity investment managers, with widely differing investment styles : JO Hambro, IronBridge and THS. It was agreed that £300m each would be allocated to IronBridge and THS and £100m to JO Hambro –a further £100m to be allocated once their assets under management had increased to a higher level. L&G had been appointed to manage the transition of assets from their passive holdings, and the process was expected to be completed by the end of January 2010.

Rule Changes And Deed

The Board agreed to the terms of a Deed to implement the annual update of the Rules, including changes

- to Rule 20 so that the minimum period of service for entitlement to a deferred pension or transfer-out would be 3 months
- to facilitate the transfer of the LUL BCV and LUL SSL Sections into the Public Sector section and changes following the transfer of BTP and Dalkia in the Composite Section

Missing membership

The PCC noted that progress continued in considering applications.

Ill-health pensions

The PCC noted and welcomed the revised guidelines.

Additional Voluntary Contributions Review

The PCC noted that the Trustees had reviewed the position in the last twelve months and that there were no plans to make any changes to the practice of employing external providers offering a wide range of investment options.

Transfer in arrangements

The PCC noted the suspension of transfers in from 1 April 2010 until 31 March 2013.

Minutes of Pensioners' Forum Meeting held on 9 November 2009

The minutes were noted.