



HILLINGDON  
LONDON



# Pensions Board

**Date:** THURSDAY, 30 JULY 2015

**Time:** 7.00 PM

**Venue:** COMMITTEE ROOM 4 -  
CIVIC CENTRE, HIGH  
STREET, UXBRIDGE UB8  
1UW

## **Councillors on the Committee (Employer Representatives)**

Alan Chapman  
John Morse  
David Simmonds

## **Employee Representatives**

Roger Hackett  
Venetia Rogers  
Andrew Scott

### **Meeting**

#### **Details:**

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***Putting our residents first***

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**The terms of Reference of the Pensions Board is as follows:**

1. The Pensions Board will be chaired by an elected Member of the Council and will meet quarterly in the month following Pensions Committee.
2. Reports to the Board will either reflect decisions taken by Pensions Committee or be reports for noting already seen by Pensions Committee.
3. The role of the Board will be to assist London Borough of Hillingdon Administering Authority as Scheme Manager: to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
4. To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and in such other matters as the LGPS regulations may specify.
5. To secure the effective and efficient governance and administration of the LGPS for the London Borough of Hillingdon Pension Fund.
6. To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest. NB: Being a member of the LGPS is not seen as a conflict of interest.

# Agenda

- 1 Appointment of Chairman and Vice-Chairman
- 2 Apologies for Absence
- 3 Explanation of Statutory Requirement on Conflicts of Interest
- 4 Declarations of Interest and any conflicts of Interest
- 5 Exclusion of Press and Public

To confirm the items of business marked Part I will be considered in public and that items marked Part II will be considered in private.

- 6 The London Borough of Hillingdon - Pensions Board - Terms of Reference 1 - 4

- 7 Overview of the Role of the Pensions Board

The Board will be provided with a PowerPoint presentation from officers.

- 8 Development of Work Programme 5 - 8

- 9 Review of Pensions Committee reports from meeting held on 17 June 2015 9 - 10

The Board will be asked to review the reports which were considered by the Pensions Committee at their meeting on 17 June 2015. **Copies of the reports of the Pensions Committee agenda will be sent separately to Board Members.**

## **PART II**

- 10 Pension Fund Risk Register and Control Issues 11 - 18

## THE LONDON BOROUGH OF HILLINGDON - PENSIONS BOARD - TERMS OF REFERENCE

**Contact Officers:** Khalid Ahmed  
**Telephone:** 01895 250833

### REASON FOR ITEM

This document sets out the terms of reference for the Local Pension Board of the London Borough of Hillingdon Pension Fund as required by the Public Service Pensions Act 2013 and the Local Government (Amendment) (Governance) Regulations 2014. .

### OPTIONS OPEN TO THE COMMITTEE

**The Pensions Board is asked to adopt the Terms of Reference of the Board.**

### INFORMATION

1. At Council on 6 November 2014 delegated authority was given to the Head of Democratic Services to establish a Hillingdon Local Pension Board by 1 April 2015, in accordance with the draft Local Government Pension Scheme (Amendment) (Governance) Regulations 2014.
2. After a selection process for employee representative and after appointments made by Council of employer representatives (Members), the London Borough of Hillingdon Local Pensions Board membership is as follows:-

Cllr David Simmonds  
Cllr Alan Chapman  
Cllr John Morse  
Venetia Rogers (active member)  
Andrew Scott (active member, external employer)  
Roger Hackett (retired member)

3. In addition and to ensure no conflict of interest, Alison Murray of AON Hewitt has been engaged for an initial period of one year to support the development of the Pension Board and to advise on their work plan.

### REMIT OF PENSION BOARD

4. The main purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Pension Scheme. Such assistance is described under two key headings to:

**(i) Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;**

**(ii) To ensure the effective and efficient governance and administration of the Scheme.**

(i) Under this heading, reports developed for consideration at the quarterly meetings of the Board will focus on the following areas when relevant:

- a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
- c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
- e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
- f) Monitor complaints and performance on the administration and governance of the scheme.
- g) Assist with the application of the Internal Dispute Resolution Process.
- h) Review the complete and proper exercise of Pensions Ombudsman cases.
- i) Review the implementation of revised policies and procedures following changes to the Scheme.
- j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- k) Review the complete and proper exercise of employer and administering authority discretions.
- l) Review the outcome of internal and external audit reports.
- m) Review draft accounts and Fund annual report.
- n) Review the compliance of particular cases, projects or process on request of the Committee.
- o) Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.

(ii) Under this heading, the Board may determine the areas it wishes to consider including but not restricted to:

- a) Monitor performance of administration, governance and investments against key performance targets and indicators.

- b) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
  - c) Monitor investment costs including custodian and transaction costs.
  - d) Monitor internal and external audit reports.
  - e) Review the risk register as it relates to the scheme manager function of the authority.
  - f) Assist with the development of improved management, administration and governance structures and policies.
  - g) Review the outcome of actuarial reporting and valuations.
5. In support of its core functions the Board may make a request for information to the Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

### **Reporting**

6. The Board will, in the first instance report its requests, recommendations or concerns to the Pensions Committee. In support of this any member of the Board may attend Pensions Committee meeting as an observer.
7. In support of its core functions the Board may make recommendations to the Pensions Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

### **Terms of Reference**

8. The terms of Reference of the Pensions Board is as follows:
- 1. The Pensions Board will be chaired by an elected Member of the Council and will meet quarterly in the month following Pensions Committee.
  - 2. Reports to the Board will either reflect decisions taken by Pensions Committee or be reports for noting already seen by Pensions Committee.
  - 3. The role of the Board will be to assist London Borough of Hillingdon Administering Authority as Scheme Manager: to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
  - 4. To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and in such other matters as the LGPS regulations may specify.
  - 5. To secure the effective and efficient governance and administration of the LGPS for the London Borough of Hillingdon Pension Fund.
  - 6. To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest. NB: Being a member of the LGPS is not seen as a conflict of interest.

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# Agenda Item 8

## DRAFT WORK PROGRAMME 2015/16

**Contact Officer:** Khalid Ahmed  
**Telephone:** 01895 250833

## REASON FOR ITEM

This report is to enable the Pension Board to review meeting dates and forward plans.

## OPTIONS AVAILABLE TO THE COMMITTEE

1. To confirm dates for meetings
2. To make suggestions for future working practices and/or reviews.

## INFORMATION

**All meetings to start at 7.00pm**

<b>Meetings</b>	<b>Room</b>
<b>30 July 2015</b>	<b>CR 4</b>
<b>07 October 2015</b>	<b>CR 6</b>
<b>12 January 2016</b>	<b>CR 5</b>
<b>05 April 2016</b>	<b>TBC</b>
<b>Date in July 2016 tbc</b>	<b>tbc</b>

**PENSION BOARD**

**2015/16 DRAFT Work Programme**

<b>Meeting Date</b>	<b>Item</b>	<b>Officer/member</b>
<b>30 July 2015</b>	<b>Adoption of Terms of Reference / Conflicts of Interest</b>	
	<b>Role of Pensions Board &amp; Statutory Requirements</b>	
	<ul style="list-style-type: none"> <li>• <b>Training &amp; Development</b></li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Reporting of Breaches procedure</b></li> </ul>	
	<b>Review of Pension Committee Papers</b>	
	<b>Risk Management Report Part II</b>	
	<b>Pension Board Work Programme</b>	<b>Democratic Services Manager</b>

<b>7 October 2015</b>	<b>Training &amp; Development Item</b>	
	<i><b>Review of Pension Fund Policies</b></i>	
	<b>Review of Pension Committee Papers</b>	
	<b>Risk Management Report – PART II</b>	
	<b>Pension Board Work Programme</b>	<b>Democratic Services Manager</b>

<b>12 January 2016</b>	<b>Training &amp; Development Item</b>	
	<i><b>Review of Member Communications including Annual Benefit Statements</b></i>	
	<b>Review of Pension Committee Papers</b>	
	<b>Risk Management Report – PART II</b>	
	<b>Pension Board Work Programme</b>	<b>Democratic Services Manager</b>

<b>5 April 2016</b>	<b>Training &amp; Development Item</b>	
	<b>Review of Pension Committee Papers</b>	
	<b>Risk Management Report Part II</b>	
	<b>Pension Board Work Programme</b>	<b>Democratic Services Manager</b>

<b>Date to be confirmed in July 2016</b>	<b>Training &amp; Development Item</b>	
	<i><b>Draft Annual Report and Accounts</b></i>	
	<b>Review of Pension Committee Papers</b>	
	<b>Risk Management Report Part II</b>	
	<b>Pension Board Work Programme</b>	<b>Democratic Services Manager</b>

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## **Review of Pension Committee Reports**

**Contact Officer:** Nancy Leroux & Ken Chisholm  
**Telephone:** 01895 250353

### **REASON FOR ITEM**

As a standard agenda item, Pension Board should review reports considered by the most recent meeting of the Pension Committee and consider any resultant decisions on how they could impact on governance of the Fund.

### **OPTIONS AVAILABLE TO PENSIONS BOARD**

**To review Pension Committee reports and to agree if there are any issues arising which could merit a review by the Pension Board.**

### **ADDITIONAL INFORMATION**

#### **Pension Administration**

Particular attention is drawn to items 6 and 10 both relating to the administration of the fund. Officers are continuing to work closely with Capita on performance and contractual issues. A verbal update on the latest position will be provided at the Board meeting.

Item 6 also provides further information on Pension Freedoms and the impact on the Hillingdon LGPS fund. The specific forms Capita uses are included in the report. Pension Committee felt that these forms were not very user friendly and could be improved. As scheme member communications is suggested as a particular area of focus for Pension Boards by the Pensions Regulator, this could be taken forward by the Pension Board.

The Summer 2015 Budget confirmed tax changes which impact on pension savings. Administration of this area is managed by Capita, however the rules are very complex and often requires both Hillingdon Officer and further external support to refine calculations for scheme members. This may also be an area for review by the Pension Board in future.

#### **Fund Investment**

Whilst the Investment Strategy is determined and managed by Pensions Committee, it will be useful for Pension Board to understand the Investment Strategy, to enable them to understand the complete picture of how benefits are both calculated and funded.

Agenda item 9, in Part II, explains the new Investment Framework agreed at last Committee. As part of that report, the KPMG paper provides a very useful summary of the roles of both the Pension Committee and the Pension Board.

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