



HILLINGDON
LONDON



Pensions Board

Date: TUESDAY, 5 APRIL 2016

Time: 5.00 PM

Venue: COMMITTEE ROOM 3 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE UB8
1UW

**Meeting
Details:** Members of the public and
Press are welcome to attend
the meeting

Councillors on the Committee (Employer Representatives)

David Simmonds CBE (Chairman)

Alan Chapman (Vice-Chairman)

John Morse

Employee Representatives

Roger Hackett

Venetia Rogers

Andrew Scott

Published: 23 March 2016

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This Agenda is available online at:

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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 Apologies for Absence
- 2 Declarations of Interest and any Conflicts of Interest
- 3 Minutes of meeting held on 12 January 2016 1 - 6
- 4 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.
- 5 Training and Development Item - Investment
- 6 Review of the Pension Regulator's Compliance Checklist
- 7 Discussion on Reporting of the work of the Pensions Board
- 8 Pensions Board Work Programme 7 - 10
- 9 To agree the date of the next meeting of the Pensions Board

PART II

- 10 Review of Reports which were considered at the Pensions Committee held on 23 March 2016

Members of the Board are asked to bring their copy of the Pensions Committee agenda to the meeting.



Minutes

Pensions Board

Tuesday 12 January 2016

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

	<p>Board Members Present:</p> <p>Employer Representatives: Councillors David Simmonds (Chairman) and John Morse.</p> <p>Employee Representatives: Roger Hackett, Venetia Rogers and Andrew Scott.</p> <p>Apology: Councillor Alan Chapman.</p> <p>Also Present: Dan Kanaris (AON Hewitt).</p> <p>LBH Officers Present: Ken Chisholm, Nancy LeRoux, Sian Kunert and Khalid Ahmed.</p>	
<p>20.</p>	<p>DECLARATIONS OF INTEREST AND ANY CONFLICTS OF INTEREST</p> <p>Councillor David Simmonds declared a general Non-Pecuniary Interest as he was a member of the Teachers' Pensions Board. He remained in the meeting during discussion on all items.</p> <p>There were no conflicts of interests reported.</p>	
<p>21.</p>	<p>MINUTES OF MEETING HELD ON 7 OCTOBER 2015</p> <p>Agreed as an accurate record.</p>	
<p>22.</p>	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</p> <p>That Agenda Items 8 and 9 be considered in private for the reasons stated on the agenda and the rest of the items be considered in public.</p>	
<p>23.</p>	<p>PENSION REGULATOR'S CODE OF PRACTICE</p> <p>Dan Kanaris from AON Hewitt attended the meeting and provided the Board with a presentation on the Pension Regulator's Code of Practice and Breaches.</p> <p>The Board was informed that the Pensions Regulator issued the Code of Practice under the Public Service Pensions Act 2013. The Code</p>	<p>Action By:</p>

gave the Pensions Regulator the ability to appoint a skilled person to assist the Pension Board, to issue improvement notices and for the production of an annual report to cover public service pension scheme matters.

Reference was made to the Governance and administration of public service pension schemes which set up the following scheme management responsibilities:

- Pensions Board Members to have knowledge and understanding.
- Conflicts of Interest and representation.
- Publishing information about schemes.
- Managing risk and internal controls.
- Maintaining accurate member data.
- Maintaining contributions.
- Providing information to members and others.
- Resolving disputes.
- Reporting breaches and late payment of employer contributions.

The Board was reminded that there were legal requirements regarding the knowledge and understanding of Pension Board Members. Members had to be conversant with the rules of the Pension Scheme, together with policies. In addition, Members must have knowledge and understanding of the law relating to pensions and any other matters which were prescribed in the regulations.

Reference was made to a training Policy which was being devised and to the Pension Regulator's toolkit which was user friendly and highly recommended for Board Members to use. A personal training needs analysis would be undertaken with both Pension Board and Pension Committee Members.

Discussion took place on the legal requirements around managing risks and internal controls. The Board was informed that internal controls meant that procedures had to be followed in the administration and management of the scheme. Systems and arrangements for monitoring were in place and that arrangements and procedures were to be followed for the safe custody and security of the assets of the scheme.

The Board was informed that before implementing an internal controls framework, schemes had to carry out risk assessments. The key elements of internal controls should include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risks, reviewing breaches and managing contributions.

Members asked that consideration be given to putting internal controls into Service Level Agreements as a responsibility of the Administering Authority.

Action By:

**Nancy Le
Roux**

Officers informed the Board that Hillingdon did have a Risk Register but required a Risk Policy. The objectives were understood by officers but had not been put into a succinct document.

Discussion took place on the key elements of accurate member data for Pension schemes, and that employers included schools and the Council. Employers had to provide timely and accurate data, and if correct processes were not followed, consideration should be given to reporting breaches.

On maintaining contributions, the Board was informed that there was a legal requirement for Employer contributions to be paid in accordance with requirements in the scheme regulations. The regulator had to be informed as soon as reasonably practicable if there was a payment failure of material significance. There had to be effective procedures and processes in place to identify payment failures which would include a contributions monitoring record and putting internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member.

The Board was informed of the legal requirement of providing information to members and others, which included annual benefit statements, and the Board noted that the present Pension Administrator had failed in relation to providing annual statements, and to communicating other information to members. The present Pension Administrator had reported themselves to the Pensions Regulator in respect of this breach.

Reference was made to the legal requirement to report breaches of the law and the role that Pension Board members had in this. Training would be provided to Board members to enable members to be aware of legal requirements and guidance.

The presentation given also provided information on enforcement powers which could be used if legal requirements were not met. The Board was informed that officers were developing an Administration Strategy which would cover the standards of governance and administration which were legally required.

It was stressed that the Board had an important responsibility for assisting in ensuring compliance with the Pension Regulator requirements and training would be provided to increase member's knowledge and skills.

The role of the Pension Board was to monitor processes and to look at whether they had been correctly followed. Discussion took place on the relationship of the Board to the Pensions Committee and in particular the role of the Board in checking that the decisions of the Committee were compliant with both the relevant legal requirements and the relevant Fund policies and strategies. Reference was made to the Pensions Committee Investment Strategy and the role of the Board to examine their mandate and whether it was designed to meet the objectives of the Investment Strategy.

Action By:

**Nancy Le
Roux**

	<p>Reference was made to the proposals for the pooling of assets across LGPS funds which would change the scope of the Pensions Committee role in making decisions on investments.</p> <p>Officers reported that the Board would work with officers on the compliance checklist which would measure where the Scheme was in relation to the Pensions Regulator requirements and identify any gaps in governance where improvements were needed.</p> <p>The Board noted Hillingdon's Plan of Action.</p> <p>RESOLVED:</p> <p>1. That the information provided be noted.</p>	Action By:
24.	<p>LOCAL GOVERNMENT PENSION SCHEME - GOVERNANCE ISSUES</p> <p>The Board was provided with an update on Governance issues relating to the LGPS.</p> <p>Reference was made to the changes relating to caps and exit payments, which would impact on some early retirements. The Board was reminded that the Government was considering introducing a cap of £95,000 on the total value of exit payments. In addition to this measure to cap the value of the highest exit payments, the government was also keen to ensure that exit payments in the public sector more widely offered a proportionate level of support to employees and were value for money to the taxpayer.</p> <p>The Board was informed that work was being carried out on proposals to set up life cover for those Council employees who had opted out of the Pensions Scheme.</p> <p>A general discussion took place and officers were asked to provide details on the rights of deferred members of the Pension Scheme, particularly in relation to death in service cover.</p> <p>The Board was informed that the Pensions Fund response to the proposals for the pooling of assets across LGPS funds needed to be submitted by 19 February 2016.</p> <p>RESOLVED:</p> <p>1. That the information provided be noted.</p>	
25.	<p>DRAFT PENSION BOARD WORK PROGRAMME</p> <p>Discussion took place on the draft work programme and it was agreed that the draft Communications Strategy be included in the work programme at the earliest opportunity. However, it was also agreed that this would need to be with the new Pension scheme administrators.</p>	

	<p>For the Board's next meeting on 5 April 2016, officers were asked to include items on the Administration Strategy and the compliance checklist.</p> <p>In addition the Board asked that a training item be included at the April meeting, providing the Board with details of the investment choices which were available for the Pension Fund and that the investment advisor be invited to attend.</p> <p>The Board noted that there would be training items at every meeting to improve the skills and knowledge of members.</p> <p>The draft work programme as updated was noted.</p>	<p>Action By:</p> <p>Nancy Le Roux / Khalid Ahmed</p>
<p>26.</p>	<p>REVIEW OF PENSION COMMITTEE REPORTS</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 Board was provided with the agenda and the minutes for the last Pensions Committee which took place on 9 December 2015 and noted the reports.</p> <p>Particular discussion took place on the item on the Pensions Administration Contract and the decision which had been taken to terminate the contract with Capita and approve that Surrey County Council provide a pension administration service for the Hillingdon Fund of the Local Government Pension Scheme with effect from 1 November 2016.</p> <p>The Board members were invited to attend future Pensions Committees to assist them in their roles as Board members and to improve their knowledge.</p> <p>RESOLVED:</p> <p>1. That the reports which were considered by the Pensions Committee and the update provided by officers be noted.</p>	
<p>27.</p>	<p>MINUTES OF MEETING HELD ON 7 OCTOBER 2015</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>Action By:</p>

	Agreed the confidential minutes as an accurate record.	
	The meeting, which commenced at 5.00pm closed at 6.20pm	

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.

Agenda Item 8

WORK PROGRAMME 2015/16 and 2016/17

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. The Board will be asked for suggestions for items to be discussed at future meetings.

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 5.00pm

Meetings	Room
05 April 2016	CR 3
*29 June 2016	CR 3a
5 October 2016	CR 4
10 January 2017	CR 3
4 April 2017	CR3

*Date to be re-arranged

PENSION BOARD

2015/16 DRAFT Work Programme

5 April 2016	Training & Development Item Investment	Scott Jamieson
	Review of The Pensions Regulator Compliance Checklist	Dan Kanaris, AON / Nancy Le Roux, Deputy Director - Strategic Finance
	Review of Pension Committee Papers Part II	Nancy Leroux, Deputy Director - Strategic Finance
	Discussion on Reporting of work of Pension Board	Dan Kanaris, AON / Nancy Le Roux, Deputy Director - Strategic Finance
	Pension Board Work Programme	Democratic Services Manager

29 June 2016	Training & Development Item	Dan Kanaris, AON
	Draft Annual Report and Accounts	Sian Kunert
	Administration Strategy	Dan Kanaris, AON / Nancy Le Roux, Deputy Director - Strategic Finance
	Draft Risk Management Strategy / Policy	Dan Kanaris, AON / Nancy Le Roux, Deputy Director - Strategic Finance
	Review of Pension Committee Papers Part II	Nancy Leroux, Deputy Director - Strategic Finance
	Pension Board Work Programme	Democratic Services Manager

5 October 2016	Training & Development Item	
	Draft Communications Strategy including Annual Benefit Statements	Nancy Leroux, Deputy Director - Strategic Finance / Representative from Surrey
	Review of Pension Committee Papers Part II	Nancy Leroux, Deputy Director - Strategic Finance
	Pension Board Work Programme	Democratic Services Manager

10 January 2017	Training & Development Item	
	<i>Review of Revised Funding Strategy Statement</i>	Nancy Le Roux, Deputy Director - Strategic Finance
	Review of Pension Committee Papers Part II	Nancy Leroux, Deputy Director - Strategic Finance
	Pension Board Work Programme	Democratic Services Manager

4 April 2017	Training & Development Item	
	<i>Review of Findings from Training Needs Analysis</i>	Dan Kanaris, AON / Nancy Le Roux, Deputy Director - Strategic Finance
	Review of Pension Committee Papers Part II	Nancy Leroux, Deputy Director - Strategic Finance
	Pension Board Work Programme	Democratic Services Manager

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