

Minutes

PENSIONS COMMITTEE

26 March 2025

Meeting held at Committee Room 5 - Civic Centre



	<p>Committee Members Present: Councillor Reeta Chamdal (Chair), Councillor Kaushik Banerjee (Vice-Chair), Councillor Douglas Mills, Councillor Stuart Mathers and Councillor Tony Burles</p> <p>LBH Officers Present: Tunde Adekoya, Finance Manager – Pensions & Governance Richard Ennis, Corporate Director of Finance and Section 151 Officer Karl Pereira, Trainee Pension Fund Accountant Vicky Trott, Equality & Wellbeing Manager (virtual) Ryan Dell, Democratic Services Officer</p> <p>Also Present: Marian George, Independent Adviser Andy Lowe, Hampshire County Council (virtual) Andrew Singh, Isio (virtual) Silvia Knott-Martin, LCIV Martin Gloyne, LCIV Rodger Hackett, Chair of Pensions Board Tony Noakes, Pensions Board</p>
99.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>None.</p>
100.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>Councillor Douglas Mills declared a non-pecuniary interest in all agenda items as he had family members who were members of the Local Government Pension Scheme. Councillor Mills remained in the meeting during discussion of all items.</p>
101.	<p>MINUTES OF THE PREVIOUS MEETING (<i>Agenda Item 3</i>)</p> <p>RESOLVED: It was agreed that the minutes of the meeting on 10 December 2024 be confirmed as an accurate record.</p>
102.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that agenda items 5 – 10 would be considered in Part I and agenda items 11 – 16 would be considered in Part II.</p>

103.	<p>ADMINISTRATION REPORT (<i>Agenda Item 5</i>)</p> <p>Officers introduced the administration report.</p> <p>This report provided a synopsis of Hampshire's performance from September to December 2024. It was noted that Hampshire had delivered 100% performance against the targets and KPIs agreed during the onboarding process.</p> <p>Highlights included an increase in portal uptake, from 46% to 49%. Roughly 69% of pensioners had either signed up or opted out.</p> <p>On cybersecurity, an external penetration test had been completed in December 2024. Four medium and nine low vulnerabilities were identified, and these were planned to be addressed, and the Committee would be updated at the next meeting.</p> <p>Full assessment of member eligibility of the McCloud eligibility tool was being processed.</p> <p>Hillingdon was on course with implementation of a new Government pension dashboard.</p> <p>Members asked about the expected cost of the implementation of McCloud. Officers estimated that this would be roughly £1.4-1.5 million.</p> <p>RESOLVED: That the Pensions Committee noted the administration update</p>
104.	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE - PART I (<i>Agenda Item 6</i>)</p> <p>Officers introduced the report.</p> <p>Officers updated the Committee on the performance of the fund for the three-month period from October to December 2024. The fund had returned 2.6% over the quarter, underperforming its benchmark by 0.5% (the benchmark returned 3.1%). Officers explained that despite underperforming the benchmark, the fund had not lost money.</p> <p>The current funding level was at 128%, meaning the assets exceed liabilities by 28%. It was noted that liabilities had increased but were still below the assets.</p> <p>Officers provided a summary of the fund's performance over different periods (three months, one year, three years, five years) and mentioned that since inception, the fund was marginally behind the benchmark by 0.2%.</p> <p>Officers highlighted the contribution of each fund manager to the 2.6% return, as detailed on page 26 of the performance executive summary.</p> <p>Members raised concerns about the volatility of equities and the increased equities allocation in the strategy. Officers acknowledged the concerns and noted that the fund was currently about 5% overweight in equities, with a tolerance level of $\pm 10\%$.</p> <p>On equity markets, strong performance was noted up until the US election, followed by</p>

	<p>sideways movement. While the US market was down 9% year-to-date until mid-March, Europe was up 9%. The importance of active managers in navigating market volatility was emphasised.</p> <p>It was noted that President Trump's announcements on tariffs would likely impact inflation, global trade and short term interest rates.</p> <p>The importance of the pension fund as a long-term investor and the need to get asset allocation right was emphasised.</p> <p>The sensitivity of tech stocks in the US was noted.</p> <p>The overall equity allocation for the Hillingdon fund was about middle of the range for LGPS allocations.</p> <p>On the performance of fund managers, it was noted that the growth style had struggled but started to recover.</p> <p>It was important to have a range of styles to manage volatility.</p> <p>RESOLVED: That the Pensions Committee noted the funding and performance update</p>
105.	<p>RESPONSIBLE INVESTMENT (<i>Agenda Item 7</i>)</p> <p>Officers introduced the responsible investment update.</p> <p>This report provided a summary of how fund managers had acted as responsible investors over the past three months.</p> <p>LGIM, who were passive managers, had been very active, noting over 2,000 meetings and almost 13,000 resolutions.</p> <p>Legal & General had vast outreach and resources available to them.</p> <p>LCIV had also been active. LCIV engaged with 195 companies on various issues.</p> <p>RESOLVED: That the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Noted the fund managers' ESG activities and compliance efforts; and 2. Noted LCIV and LAPFF activities
106.	<p>RISK REGISTER REPORT (<i>Agenda Item 8</i>)</p> <p>Officers presented the pension fund risk register.</p> <p>The revised risk management policy was due for renewal every three years. The last approval was in 2019, and the current revision was for 2022. The revised policy needed Committee approval for publication.</p> <p>The risk register helped monitor all risks related to the management of the pension fund. Risks were categorised into closed risks (tolerated and not actively monitored) and open risks (actively monitored). There were 1,236 open risks, with one recently</p>

	<p>upgraded due to a consultation on "feed for the future," which impacted LCIV's capacity to provide services.</p> <p>Members clarified that concerns about the pool were not about its current state but about readiness for future changes. The Committee had a good relationship and communication with the pool, and it's important to be prepared for upcoming regulations.</p> <p>RESOLVED: That the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Approved the revised risk management policy; 2. Considered and agreed the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks; and 3. Noted the revised format agreeing the retired risks and those which remain open
107.	<p>PENSION BOARD ANNUAL REPORT 2024 (<i>Agenda Item 9</i>)</p> <p>The Chair of the Pensions Board presented its annual report, covering January to December 2024. The Chair of the Board had been elected to that position for a third term, for the 2024 calendar year.</p> <p>The Board met on four occasions and now had regular presentations from the Hampshire Pension Service to provide an additional layer of governance.</p> <p>Pensions Committee Members were invited to Pensions Board meetings, and it was noted that the Chair of the Committee had attended the previous Board meeting.</p> <p>During 2024, the Board has collaborated closely with officers and the Fund to ensure full compliance with the new General Code of Practise by the September 2025 deadline.</p> <p>Future work would include the Pensions Dashboard programme and improvements to data accuracy.</p> <p>Like the Committee, the Board were awaiting the outcome of Government reviews.</p> <p>The Pensions Committee, officers, advisors, and fellow board members were thanked for their cooperation and support during 2024 and also for their continued support in 2025.</p> <p>Members referred to the presentation of training for Board members and noted that it may be a good idea to start thinking in this way for the Committee.</p> <p>RESOLVED: That the Pensions Committee noted the annual report of the Local Pension Board for the year 2024</p>
108.	<p>GOVERNANCE – COMMS, RISK MANAGEMENT, EDI, SECTION 13, GCOP UPDATE (<i>Agenda Item 10</i>)</p>

Officers introduced the Governance report.

Officers outlined the work plan and what the Committee would focus on over the next four quarters. The training plan was also included, showing agenda items and training plans for each quarter. There had been an omission regarding Members' attendance at the LPF Conference from 04-06 December, which would be rectified.

Officers then introduced the EDI policy, a new policy compliant with the General Code of Practice effective September 2025.

The Equality & Wellbeing Manager gave a short training session on equality, diversity and inclusion, which had previously been presented to the Board. The aim of this presentation was to support the introduction of the equality, diversity and inclusion policy. It was important to understand the differences between these different terms and how they related to the functions of the Pensions fund, Committee, and Board.

Diversity related to human differences. These included sex, sexual orientation, religion, ethnicity and disability. Equality was about treating people equally and ensuring equal opportunities. Equity is treating people according to those individual needs. Inclusion was the concept of being included and thereby not excluding people. This was relevant to the Committee because the Pensions Regulator required an equality, diversity and inclusion policy. The Equality Act 2010 is an Act of Parliament that places duties specifically on public sector organisations, but also it is unlawful to discriminate against people on the grounds of protective characteristics. Related to this was diversity of thought. research shows that the more diverse people that you have in a room, this is beneficial to that group because you may have people who may bring different perspectives, different views, and different opinions.

Members noted that it was helpful that the EDI policy integrated with the corporate policy. It was also noted that the action plan was very practical.

Officers discussed the revised communication strategy, which was brought back to the Committee due to a complaint from a pensioner about not being able to receive information over the phone. The policy was amended to clearly state that specific pension figures and sensitive information will not be provided by phone. Members asked if it was necessary to add in information advising on accessible documents. The policy included provisions for various formats like Braille and large print, and agreed to review the policy with Hampshire to ensure it covers all necessary aspects. The Equalities Manager agreed to review the communications policy. The Chair noted that agreement of the communications policy would be deferred to the next meeting.

Officers presented the revised Pensions Board operating procedures, following a suggestion from the Chair of the Pensions Board. This included appointing a Vice-Chair of the Board, and updates to the membership.

Members highlighted that there had been a delay in communication with new Committee Members, which was acknowledged by officers.

RESOLVED: That the Pensions Committee:

- 1. Noted the dates for Pensions Committee meetings;**
- 2. Noted the Committee's work and training plans;**

	<p>3. Noted the Committee’s Continuous Professional Development update;</p> <p>4. Approved the draft Equality, Diversity and Inclusion Policy (EDI);</p> <p>5. Deferred approval of the revised Communications Strategy to the next meeting; and</p> <p>6. Approved the revised Pension Board Operating Procedures</p>
109.	<p>APPROVE RESTRICTED MINUTES FROM MEETING ON 10 DECEMBER 2024 (Agenda Item 11)</p> <p>RESOLVED: That the Committee agreed the Part II minutes from the meeting on 10 December 2024 as an accurate record.</p>
110.	<p>GOVERNANCE – CYBER POLICY (Agenda Item 12)</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>RESOLVED: That the Committee deferred the recommendation as detailed in the confidential report</p>
111.	<p>INVESTMENT PART II - STRATEGY REVIEW AND MANAGER UPDATES (Agenda Item 13)</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>RESOLVED: That the Pensions Committee noted recommendations 1 and 2 as detailed in the confidential report</p>
112.	<p>TRIENNIAL VALUATION (Agenda Item 14)</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>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report</p>
113.	<p>GUARANTEED MINIMUM PENSION (GMP) (Agenda Item 15)</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>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report</p>
114.	<p>BUDGET UPDATE (Agenda Item 16)</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>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report</p>
	<p>The meeting, which commenced at 5.00 pm, closed at 7.35 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Ryan Dell on democratic@hillingdon.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.