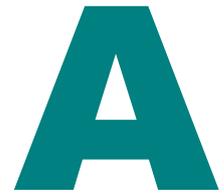




HILLINGDON
LONDON



Virtual Pensions Committee

Date: WEDNESDAY, 24 MARCH
2021

Time: 5.00 PM

Venue: VIRTUAL - LIVE ON THE
COUNCIL'S YOUTUBE
CHANNEL: HILLINGDON
LONDON

**Meeting
Details:** Virtual Meeting

To Members of the Committee:

Martin Goddard, (Chairman)
Philip Corthorne, (Vice-Chairman)
Tony Eginton
Raymond Graham
John Morse (Opposition Lead)

This agenda is available online at:
www.hillingdon.gov.uk or use a smart
phone camera and scan the code below:



Published: Tuesday, 16 March 2021

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Putting our residents first

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

Agenda

CHAIRMAN'S ANNOUNCEMENTS

- 1 Apologies for Absence
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of the meeting dated 26 January 2021 1 - 6
- 4 To confirm that items marked Part I will be considered in public and those marked Part II will be considered in private

PART I - Members, Public and Press

- 5 Audit Plan 2020/2021 7 - 38
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- 7 Investment Strategy and Fund Manager Performance - Part I 43 - 64
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PART II - Members Only

That the reports in Part 2 of this agenda be declared not for publication because they involve the disclosure of information in accordance with Section 100(A) and Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended), in that they contain exempt information and that the public interest in withholding the information outweighs the public interest in disclosing it.

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Minutes

PENSIONS COMMITTEE

26 January 2021

Meeting held at VIRTUAL - Live on the Council's
YouTube channel: Hillingdon London



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Martin Goddard (Chairman) Philip Corthorne (Vice-Chairman) Tony Eginton Raymond Graham John Morse (Opposition Lead)</p> <p>LBH Officers Present: Tunde Adekoya, Pensions Fund Accountant James Lake, Chief Accountant Liz Penny, Democratic Services Officer Yvonne Thompson-Hoyte, Interim Pensions Fund Manager Paul Whaymand, Corporate Director of Finance</p> <p>Also Present: Roger Hackett, Pensions Board Member Tony Noakes, Pensions Board Member Hayley Seabrook, Pensions Board Member David O'Hara – representing Isio Andrew Singh – representing Isio Clare Scott, Independent Advisor</p>
84.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
85.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>Councillor Philip Corthorne declared a Non-Pecuniary interest in all agenda items because he was a deferred member of the Local Government Pension Scheme. He remained in the virtual meeting during discussion of the items.</p> <p>Councillor Tony Eginton declared a Non-Pecuniary interest in all agenda items as he was a retired member of the Local Government Pension Scheme. He remained in the virtual meeting during discussion of the items.</p>
86.	<p>MINUTES OF THE MEETING DATED 28 OCTOBER 2020 (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the minutes of the meeting dated 28 October 2020 be approved as an accurate record.</p>

87.	<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 items 1-9 were marked Part I and would be considered in public and items 10-12 were marked Part II and would be considered in private.</p>
88.	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE - PART I (<i>Agenda Item 5</i>)</p> <p>James Lake, Chief Accountant, presented the report. Members heard that the total value of the Fund was £1,076m at 30 September 2020 and £1,135m at 31 December 2020. The latest unaudited Fund value was £1,142m which was an all-time high. The graph in the report showed Fund values from January 2019 demonstrating the improvement in value since the start of the Covid-19 pandemic.</p> <p>Overall portfolio performance over a one-year rolling period was -5.46% behind the benchmark with the largest detractors being UBS Equity and LCIV-Epoch. Action was being taken to address this. Returns over 5 years and since inception were ahead of the 4% return target set by the actuary.</p> <p>Members expressed concern that the Fund was behind benchmark and enquired why this was the case. It was confirmed that this was largely due to the underperformance of UBS and Epoch. As mentioned the Committee had agreed corrective action to address this.</p> <p>RESOLVED:</p> <p>1. That the Pensions Committee noted the Fund performance update.</p>
89.	<p>SUSPENSION OF ABATEMENT POLICY REVIEW (<i>Agenda Item 6</i>)</p> <p>Yvonne Thompson-Hoyte, Interim Pensions Fund Manager, presented the report. Committee Members heard that, in April 2020, a decision had been taken to support the Government programme to encourage social workers and similar professionals who had retired from local government in the last two years to re-join the workforce without penalty in terms of their pension at the start of the Covid-19 outbreak. This had originally been agreed for a period of one year.</p> <p>Forecasts indicated that the emergency still existed and was likely to continue during 2021. The Committee was therefore asked to continue to support this initiative by extending the suspension of the abatement of pensions for a further 12 months.</p> <p>Members enquired whether any additional costs to the Pension Fund would be incurred. It was confirmed that they would not; however, this initiative was difficult to administer therefore some LGPSs did not allow such abatement schemes. The Chairman indicated that he was happy to consider a permanent change should there be no reason not to do so. It was agreed that this would be explored further and the matter would be revisited at a future meeting of the Pensions Committee.</p>

RESOLVED:

- 1. That the Pensions Committee agreed to extend the suspension of its policy to abate pensions for a further 12 months to support the Covid-19 emergency.**

90. **ADMINISTRATION REPORT** (*Agenda Item 7*)

Yvonne Thompson-Hoyte, Interim Pensions Fund Manager, presented the report.

With regards to Member Self Service Registration, the Committee heard that there had been an increase in the number of members who had signed up for self-service bringing the total to 7427 - 27% of total membership.

In terms of KPI reporting, it was confirmed that results were disappointing and inconsistent. Page 42 of the agenda pack provided a summary of the cases received along with the percentage processed within the service level agreement (SLA). An additional reporting column had been added to indicate whether late cases had missed the statutory deadline. Members heard that 5 Deferred benefit notification cases had missed the legal deadline; an explanation had been requested.

With regards to staffing and resources, all staff had returned to working from home in line with Government advice. It was reported that all annual allowance letters had been issued by the 6 April deadline; however, 8 of the 22 letters had been issued late by 2 to 7 days.

The Committee was informed that the annual address tracing project had commenced in January 2021 and was due to be completed in March 2021. The GMP Reconciliation project had previously been suspended while HMRC data was awaited. Said data had subsequently been received and Mercer had now completed the final analysis report. The rectification stage had now been reached.

Members heard that all public sector schemes were required to carry out analysis on members' records between 2012 and 2014 to determine whether they were entitled to rectification under the McCloud ruling. SCC were in the process of considering how to carry out this project – whether to carry out the analysis themselves or whether to use a third party to do the work.

Members enquired whether there were any other ongoing projects at present. It was confirmed that a backlog project was underway; about 1500 cases had been identified as ready to be processed.

In response to the Committee's concerns regarding ongoing issues with Surrey, it was confirmed that there was a need to manage the contract very tightly over the next few months. It was acknowledged that it would be difficult to keep Surrey engaged until the end of the contract, but this would be managed in the best way possible. With regards to McCloud, Members heard that the contract would be with Hampshire by the time of implementation as it was expected that the McCloud project would take a few years to conclude. It was likely that the project would start with Surrey then move to Hampshire and it was vital that the transition period was not unseated at this stage. A data collection template had been agreed. Members heard that Surrey would decide whether to deal with McCloud themselves or whether to outsource the work; they would approach LBH with a proposal and a decision would be made at that point as to whether to accept it.

With regard to breaches, the Committee was advised that a breaches log was kept and was presented to the Pensions Board. It was agreed that, in future, the Pensions Committee would also be appraised of breaches and any action taken to address them.

RESOLVED:

- 1. That the Pensions Committee noted the administration report; and**
- 2. In future, the Pensions Committee be appraised of breaches and action taken to address them.**

91. **RISK REGISTER REPORT** (*Agenda Item 8*)

James Lake, Chief Accountant, presented the report. Members were informed that one adjustment to the risk register had been made regarding the transition from KPMG to Isio. The transition had now been completed successfully therefore this risk had been removed from the register. Other risks had remained unchanged.

Members requested clarification regarding PEN 12. It was confirmed that the Fund was 'rich' in terms of actual cash and there was therefore a need to invest surplus cash. This risk was precautionary, relating to contributions vs pension payments, not factoring investment income, and as such the risk was not a major concern at this stage.

RESOLVED:

- 1. That the Pensions Committee considered the Risk Register in terms of the approach, the specific risks identified and the measures being taken to mitigate those current risks.**

92. **DRAFT WORK PROGRAMME** (*Agenda Item 9*)

James Lake, Chief Accountant, presented the Work Programme 2021/2022. The Pensions Committee was informed that a Conflicts of Interest training session was planned for Pensions Board members on 3 February at 3pm and this was extended to Committee members. Changes to Committee dates were noted due to a change in accounting deadlines – the October 2021 meeting had been brought forward to September 2021 and other dates had been amended to align with this. Training on the Skills Framework would be revisited and sent out to Committee members for completion. Members were requested to submit other ideas for future training items. It was agreed that the Chairman and Labour Lead would liaise regarding the potential formation of an Investment Sub-group and would then discuss the matter further with Democratic Services. Clare Scott, Investment Advisor, noted that one option would be to hold Investment meetings outside the formal meeting process.

RESOLVED That the Committee:

- 1. Noted the proposed revised dates for Pensions Committee meetings;**
- 2. Was invited to make suggestions for future agenda items, working practices and / or reviews; and**
- 3. Noted potential formation of Investment Sub-group / Committee.**

93. **RESPONSIBLE INVESTMENT UPDATE** (*Agenda Item 10*)

	<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>
94.	<p>ADMINISTRATION PART II - PENSIONS ADMINISTRATION UPDATE (Agenda Item 11)</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>
95.	<p>INVESTMENT PART II - STRATEGY REVIEW AND MANAGER UPDATES (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>The meeting, which commenced at 5.00 pm, closed at 7.20 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Liz Penny on 01895 250185. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

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EY 2020/21 PENSION FUND ANNUAL AUDIT PLAN

Item 5

Committee	Pensions Committee
Officer Reporting	James Lake, Finance
Papers with report	EY Pension Fund Audit Plan 2020/21

HEADLINES

The attached document set out the initial plans for the 2020/21 audit of the Pension Fund and by the external auditors Ernst and Young LLP (EY). The plans set out the approach to the audit of the Pension Fund Accounts including a broad timetable which should enable the whole process to be completed by the end of September 2021. As part of the Audit EY will also review the Pension Fund Annual Report to ensure consistency with the Pension Fund Accounts.

RECOMMENDATION

The Committee is asked to note this report

SUPPORTING INFORMATION

Pension Fund Audit Plan

Materiality: Materiality remains on a basis of 1.0% of the prior year's net assets of the fund, with the figure unchanged for 2020/21 and estimated as £9.9m (2019/20 £9.9m). Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.5m (2019/20 £0.5m).

Key Financial Statement Risks: The plan highlights the key audit risks, these being the main areas on which specific audit work will focus. For 2020/21 the audit risk areas include:

- Misstatement due to fraud or error
- Misstatement of investment amounts through fraudulent journal entries
- Risk of incorrect valuation of Unquoted Investments
- Disclosure on Going Concern

Classification: Public
Pensions Committee 24 March 2021

Fees

EY remain in consultation with the PSAA regarding the proposed increase in scale fees. The basic scale fee for the 2020/21 audit is £16,170, with additional fees estimated at between £9,000 and £12,500 to cover areas of risk and specialists. Proposed increase in scale fees yet to be agreed is a further £28,290 (Fees for 2019/20 £33,306 excluding proposed increase).

Timetable

The timetable for the audit accommodates the deadline for completed draft accounts 30 June 2021 and the audit opinion due by 30 September 2021.

FINANCIAL IMPLICATIONS

The financial implications are included in the report

LEGAL IMPLICATIONS

The legal implications are included in the annual report



Hillingdon Pension Fund Outline audit planning report

Year ended 31 March 2021

8 March 2021



Private and Confidential
London Borough of Hillingdon
Hillingdon Civic Centre
225-226 High St,
Uxbridge UB8 1UW

8 March 2021

Dear Audit Committee and Pensions Committee Members

Outline audit planning report

We are pleased to attach our outline audit planning report for the forthcoming meetings of the Audit Committee and of the Pensions Committee. The purpose of this report is to provide the Committees with a basis to review our proposed audit approach and scope for the 2020/21 audit, in accordance with the requirements of the auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Audit Committee's service expectations.

This report summarises our initial assessment of the key issues which drive the development of an effective audit for Hillingdon Pension Fund. We have aligned our audit approach and scope with these. We held a planning meeting with management and are currently completing our planning procedures. We will update the Audit Committee if we identify any further risks.

This report is intended solely for the information and use of the Audit Committee, Pensions Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 24 March 2021 and 30 March 2021, respectively, as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully,

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP

Enc

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated April 2018)" issued by the PSAA sets out additional requirements with which auditors must comply, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee, the Pensions Committee and management of Hillingdon Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we can state to the Audit Committee, the Pensions Committee, and management of Hillingdon Pension Fund, those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, the Pensions Committees and management of Hillingdon Pension Fund for this report or for the opinions we have formed. It should not be provided to any third party without our prior written consent.



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01

Overview of our 2020/21 audit strategy



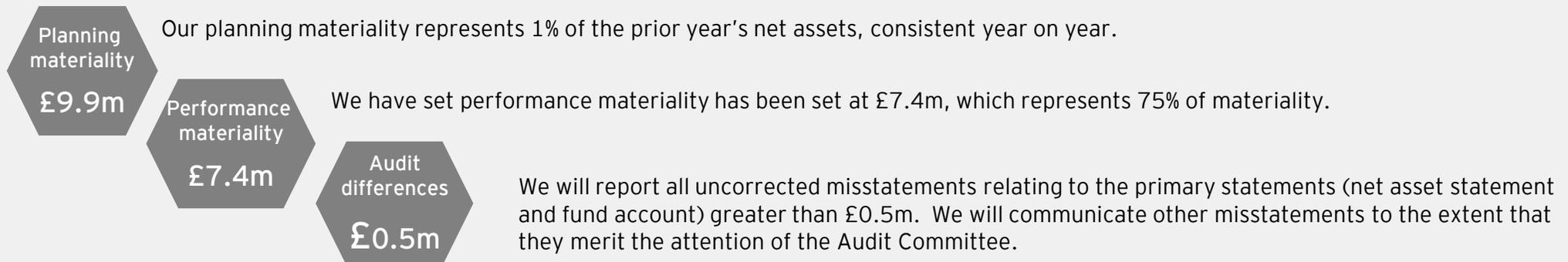
Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee and the Pensions Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Misstatement of investment amounts through fraudulent journal entries	Fraud risk	No change in risk or focus	There is a risk that, due to fraud or error, investment journals posted into the general ledger are incorrect.
Risk of Incorrect Valuation of Unquoted Investments	Significant risk	No change in risk or focus	Based on initial planning work on the Pension Fund and discussions with management we note that the Pension Fund holds a significant balance of unquoted investments, including Private Equity and Pooled Property funds. By their nature, these investments are more difficult to value because their valuation includes an element of judgement, which increases the risk of misstatement. This is even more uncertain in the context of Covid-19.
Disclosures on Going Concern	Other area of audit focus	No change in risk or focus	The unpredictability of the current environment gives rise to a risk that the Pension Fund would not appropriately disclose the key factors relating to going concern, underpinned by a management assessment with particular reference to Covid-19 and the Pension Fund's actual year end financial position and performance for the going concern period of 12 months after the auditor's report date.

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Materiality



Overview of our 2020/21 audit strategy

Audit scope

This Outline Audit Plan covers the work that we plan to perform to provide you with audit opinion on whether the financial statements of Hillingdon Pension Fund give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

In addition to the above, we also perform procedures in relation to the IAS 19 report for London Borough of Hillingdon. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems.

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Timeline

At the time of drafting this Outline Audit Plan, MHCLG were consulting on changing the date for the Fund to publish its draft accounts to 1 August 2021. However, MHCLG has not yet outlined how that change impacts the target date for the Fund to publish its approved and audited accounts. In their response to the Redmond Review, MHCLG indicated that for 2020/21 that target date would be 30 September 2021.

In Section 06 we therefore include a provisional timeline for the audit but this will be subject to change depending on MHCLG's communications on target dates for publishing the accounts.

Fees

We remain in discussion with PSAA about our proposed increase to the scale fee which we consider to be appropriate to deliver a Code compliant audit. We include in Section 08, our current view of the fees required to carry out the 2020/21 audit. We will update the Committee on any determinations by PSAA on fees.

Overview of our 2020/21 audit strategy

Audit scope

This Outline Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Hillingdon Pension Fund give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

In addition to the above, we also perform procedures in relation to the IAS 19 report for London Borough of Hillingdon audit purposes. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems.

Taking the above into account, and as articulated in this outline audit plan, our professional responsibilities require us to independently assess the risks of providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with Public Sector Audit Appointments (PSAA) allow auditors to vary the fee dependent on 'the auditors assessment of risk and the work needed to meet their professional responsibilities'. PSAA are aware that the setting of scale fees has not kept up to date with the changing requirements of external audit with increased focus on, for example, pension obligations and management judgements. Therefore, to the extent any of these are relevant in the context of Hillingdon Pension Fund's audit we will discuss with management as to the impact on the scale fee.



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02

Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

What is the risk?

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

As a result, there is a risk that the financial statements as a whole are not free of material misstatements whether caused by fraud or error.

What will we do?

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

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Misstatement of investment amounts through fraudulent journal entries

What is the risk?

We identified a specific risk that, due to fraud or error, investment journals posted into the general ledger are incorrect, which could result in a misstatement of year-end investment value and/or investment income.

What will we do?

- Our approach will focus on testing the appropriateness of manual journal entries recorded in the general ledger related to investments and ensuring that:
- ▶ The amounts are consistent with the fund manager/custodian report;
 - ▶ Appropriate authorisations are obtained for posting the journals; and
 - ▶ The transactions are in the normal course of business or, if they are outside of the normal course, the business rationale will be requested and assessed for reasonableness.

Our response to significant risks (continued)

Risk of Incorrect Valuation of Unquoted Investments

Financial statement impact

We have assessed that the risk of incorrectly valuing investments is high for level 3 investments held by the pension fund.

Total of level 3 investments held by the Fund at 31 March 2020: £275m (31 March 2019: £116 million).

What is the risk?

The Fund's investments include unquoted pooled investment vehicles, such as private equity and pooled property investments.

The fund makes judgements using information provided by investment managers to value those investments whose prices are not publically available. The material nature of these investments means that any error in judgement could result in a material valuation error.

Market volatility and uncertainties brought by Covid-19 means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

These investment types made up 28% of the fund's total net assets in 2019/20 (2018/19: 11%), and as these investments are more complex to value, we have assessed the valuation of these investments as higher risk, as even a small movement in the assumptions could have a material impact on the financial statements.

What will we do?

We will:

- ▶ Assess the competence of management experts;
- ▶ Review the basis of valuation for property investments and other unquoted investments, assessing the appropriateness of the valuation methods used;
- ▶ Where available, review the latest audited accounts for the relevant investment managers and ensuring there are no matters arising that highlight weaknesses in the Fund's valuation; and
- ▶ Perform analytical procedures by checking the valuation output for reasonableness against our own expectations.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Going concern disclosure

There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on its admitted and scheduled bodies and the continuing volatility in capital markets, there is a need for the Fund to ensure its going concern assessment, including its cashflow forecast, is thorough and appropriately comprehensive.

The Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

What will we do?

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Fund's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Fund's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We will discuss the detailed implications of the revised auditing standard with finance staff shortly and seek to agree with management to receive an early draft of the Fund's going concern assessment in advance of the 2020/21 year-end audit in order to provide management with feedback on the adequacy and sufficiency of the proposed disclosures in relation to going concern.



03

Audit materiality



Materiality

Materiality

For planning purposes, we have set planning materiality for 2020/21 at £9.9m. This represents 1% of the Pension Fund's prior year net assets. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Audit Committee confirm their understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality, consistent year on year.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the fund account and net asset statement. This was calculated as 5% of planning materiality, which is consistent year on year.

Other uncorrected misstatements, such as reclassifications and misstatements in the disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit Committee, or are important from a qualitative perspective.



04

Scope of our audit



Scope of our audit

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements to the extent required by the relevant legislation and the requirements of the Code. We issue an audit report that covers:

Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland). We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error; Significant disclosures included in the financial statements; Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements.

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit, as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to the Audit Committee, the Pensions Committee and management.

Internal audit:

We will meet regularly with the Head of Business Assurance and Counter-Fraud, and review internal audit plans and the results of the team's work. We will reflect any findings in our audit plan, where they raise issues that could have an impact on the financial statements.



06 Indicative audit timeline





Indicative audit timeline

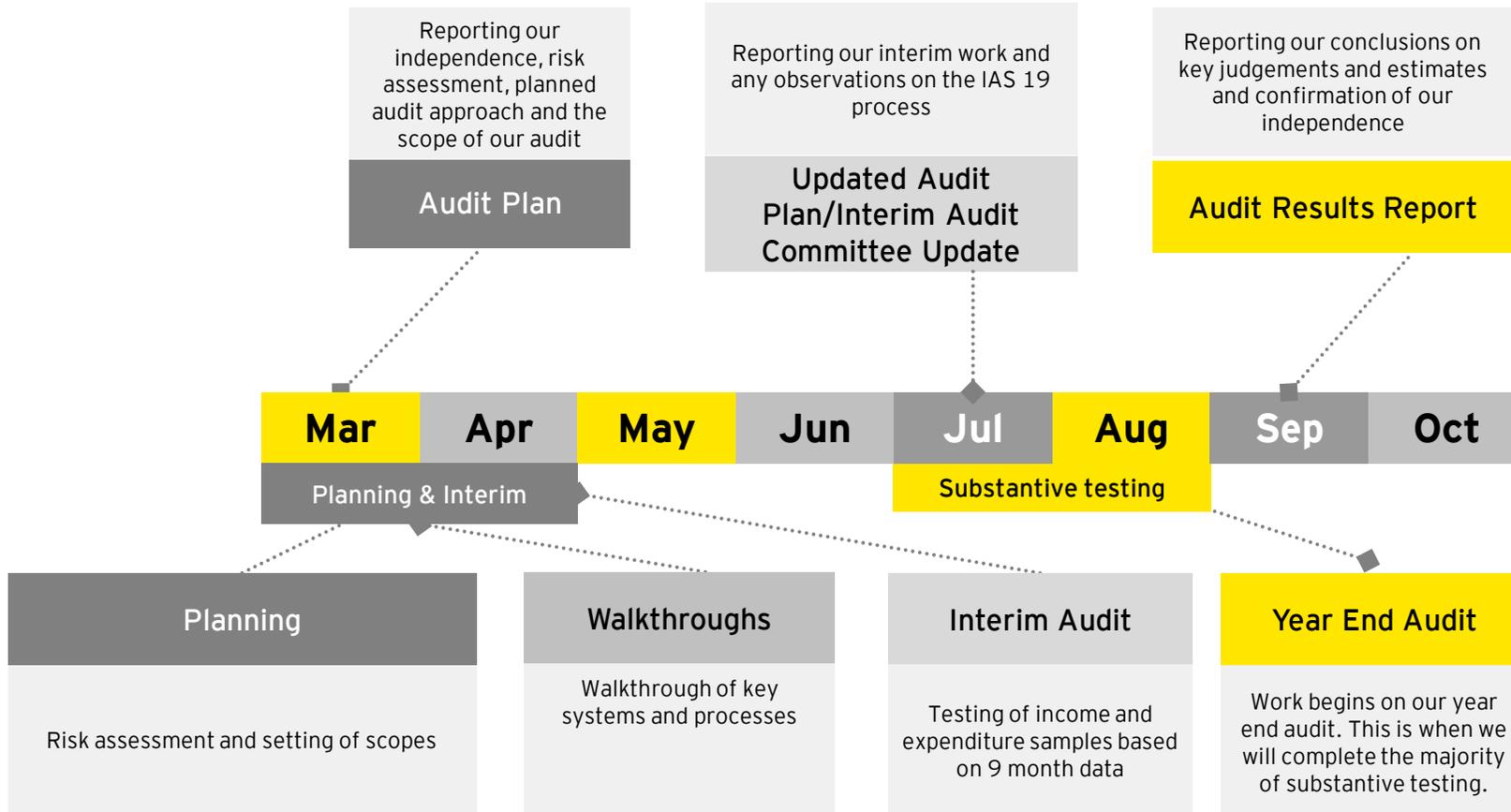
Indicative timetable of communication and deliverables

Indicative timeline

Below is an indicative timetable showing the key stages of the audit and the deliverables to provide to you through the audit cycle in 2020/21. The timeline will be agreed with the officers at the earliest convenience.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit and Pensions Committee Chairs, as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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Independence





Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

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In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, your audit engagement partner, and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>



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Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code, the financial reporting requirements set out in the Code of Practice on Local Fund Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Final Fee 2019/20
	£	£
Scale Fee - Code work (Note 1)	16,170	16,170
Additional work and associated fees (Note 2)		
Significant risks on investments	1,500-2,500	1,742
Restated membership numbers	-	894
Going concern, property material uncertainty and PBSE assessments and disclosures including EY consultations*	2,500-5,000	5,500
IAS19 assurances (Note 3)	5,000	5,000
Triennial membership data testing	-	4,000
Total fees	TBC	33,306

Notes:

1. We remain in discussion with PSAA about increasing the scale fee to reflect the additional work auditors are required to do to meet regulatory requirements. In our view the scale fee for the Hillingdon PF audit should be increased by £28,290.
2. The 2019/20 additional fees have been agreed with management but are subject to PSAA approval.
3. IAS19 work is annual to provide assurance to the auditor of the LB Hillingdon. These additional fees are not subject to approval from PSAA and for 2019/20 (where there was additional work on the triennial data) we have agreed fees with management.

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Pension Fund in advance.

Appendix B

Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Outline audit planning report - March 2021
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	Audit results report - September 2021 (TBC)

Appendix B

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report - September 2021 (TBC)
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report - September 2021 (TBC)
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	Audit results report - September 2021 (TBC)
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	Audit results report - September 2021 (TBC)

Appendix B

Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report - September 2021 (TBC)
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees 	<p>Outline audit planning report - March 2021</p> <p>Audit results report - September 2021 (TBC)</p>

Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
	<ul style="list-style-type: none"> ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - September 2021 (TBC)
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit results report - September 2021 (TBC)
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report - September 2021 (TBC)
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - September 2021 (TBC)
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - September 2021 (TBC)
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit results report - September 2021 (TBC)

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management’s use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board’s statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and Maintaining auditor independence.

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Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Assurance | Tax | Transactions | Advisory

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EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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REVIEW OF THE TERMS OF REFERENCE OF THE PENSIONS COMMITTEE Item 6

Committee name	Pensions Committee
Officer reporting	Mark Braddock (Democratic Services) James Lake (Finance)
Papers with report	Appendix A – proposed changes
Ward	N/A

HEADLINES

To consider updating the Pensions Committee's Terms of Reference to provide for a Pensions Sub-Group to flexibly review and monitor business whilst also clarifying the roles and responsibilities of the Committee and Officers with regard to making decisions.

RECOMMENDATIONS:

That the Committee consider and recommend the changes to its Terms of Reference outlined in this report.

SUPPORTING INFORMATION

The Pensions Committee currently meets on average 4 times per year to undertake its role in reviewing and approving the required Pensions Fund activities. With notable changes in the pensions sphere, it is considered that Members may benefit from more flexible arrangements to facilitate strategic discussions and in-depth monitoring of the Fund and investments.

Whilst such decisions are rare, Members will recall during the pandemic, there were three urgent decisions taken by the Corporate Director of Finance, which the Members of the Committee were consulted on prior. This consultation was an informal arrangement set-up in light of the circumstances. This approach was also recently adopted regarding a property investment decision. Therefore, Members may wish to consider how best to participate in any future urgent decisions required to be taken by the Corporate Director of Finance.

A proposal which has been considered in consultation with the Chairman would be the ability for the Committee to establish a **Pension Sub-Group**. This would be an informal arrangement to consider purely non-decision or consultative matters and would provide more flexibility compared to a formal sub-committee and the formal protocols required for this.

Classification: Public
Pensions Committee 24 March 2021

In respect of decision-making, as per the current Terms of Reference this is delegated to the Pensions Committee and, for urgent decisions, to the Corporate Director of Finance. No changes are proposed to this as decisions must legally be taken by either a formal committee or designated officer. However, the ability for a Sub-Group comprising of Members, officers and other advisors to make recommendations on future decisions by the Committee or the Corporate Director of Finance would provide a useful sounding board and consultative mechanism outside the formalised structure of quarterly Pensions Committee meetings.

If Members are in agreement with this, the proposal is that a Pension Sub-Group be permitted within a revised Terms of Reference of the Committee and would comprise 3 Elected Members (based on political balance 2:1) along with any officers or advisors required. The purpose of the Sub-Group would be to:

1. Be consulted on any urgent decisions to be taken by the Corporate Director of Finance
2. Undertake strategic discussions with regard to the Pensions Fund and Investment Strategy
3. Monitoring of fund manager performance and investigations being undertaken
4. Portfolio rebalancing decisions
5. Make recommendations to the Pensions Committee on future decisions required.

The proposed Sub-Group is not required to operate under statutory procedures outlined in the Local Government Act 1972 and access to information rules do not apply. This allows the group to operate in a flexible way, privately if required, to suit the requirements of business at hand.

Proposed amendments are shown in Appendix A to the current Pensions Committee's Terms of Reference set out in the Council Constitution to enable this. If the Committee is agreeable, then these changes can be recommended to the Leader of the Council for consideration as part of any review of the Council's Constitution, currently scheduled for the 13 May 2021 AGM.

Financial Implications

None

Legal Implications

Included in the body of the report.

BACKGROUND PAPERS

Add titles here (with hyperlinks to online content)

Classification: Public
Pensions Committee 24 March 2021

Appendix A – proposed changes to Terms of Reference

8.06 Pensions Committee

(a) Membership

Councillor membership of the Committee will be 5, will be politically balanced and have voting rights. In addition, the Independent Adviser and Investment Consultant would normally attend meetings along with relevant officers in an advisory, non-voting capacity.

(b) Terms of Reference

1. To review and approve all aspects of investment policy relating to the Pensions Fund, including agreeing the strategic asset allocation and authorisation or prohibition of particular investment activities.
2. To review the Investment Strategy Statement and amend it when necessary.
3. To agree benchmarks and performance targets for the investment of the Fund's assets and review periodically.
4. To agree to transfer funds into mandates managed by the London Collective Investment Vehicle (CIV) as soon as appropriate opportunities become available.
5. To receive regular reports from the London CIV and to agree and resultant actions from a review of the investments held with the London CIV.
6. To keep the performance of the investment managers under regular review and extend or terminate their contracts as required. To appoint new managers when necessary.
7. To agree policy guidelines for the exercise of voting rights attached to the Fund's shares.
8. To review the appointment of specialist advisors and service providers and make new appointments as necessary.
9. To consider the overall implications of the Council's policies for employment and benefits issues and their impact on the Pension Fund and agree any strategic changes.
10. To approve the appointment of persons to hear appeals under the Internal Dispute Resolution Procedure.
11. To consider issues concerning the administration of the Fund, including approving responses to consultation papers.

12. To consider and decide whether to approve proposals for discretionary enhanced early retirement packages for officers.
13. The Corporate Director of Finance be authorised to take urgent decisions in relation to the pensions fund and investment strategy on behalf of the Committee, and if established to also consult any Pension Sub-Group prior and then report back to the Pensions Committee any exercise of these powers for ratification.
14. To set up a Pensions Sub-Group, should it be required, comprising 3 Elected Members politically balanced and relevant officers and advisors to:
 - i. Be consulted on urgent decisions that are required to be taken by the Corporate Director of Finance in the absence of a Committee meeting;
 - ii. Assist in strategic discussions with regard to the Pensions Fund and Investment Strategy, including the monitoring of fund manager performance and associated investigations and making any recommendations on such matters to the Pensions Committee for decision.

INVESTMENT STRATEGY and FUND MANAGER PERFORMANCE (Part I)

ITEM 7

Committee

Pensions Committee

Officer Reporting

James Lake & Babatunde Adekoya, Finance

Papers with this report

Northern Trust Performance Report

HEADLINES

The total value of the fund was £1,134m at 31 December 2020, an increase of £58m from £1,076m at the end of previous quarter. There was an overall investment return of 5.41% over the quarter which resulted in a 0.48% outperformance over the benchmark.

A detailed analysis of the performance of each investment manager compiled by the independent investment advisor is included in Part II of this report.

Update

The latest fund value as at 28 February 2021 was £1,128m, a decrease of £6m in valuation compared to end of quarter under review. At the time of writing the report the unaudited Fund value stood at £1.127m. The chart in paragraph 2 shows Fund values from March 2019 for comparison.

RECOMMENDATIONS

It is recommended that Pensions Committee:

- 1. Note the Fund performance update.**

SUPPORTING INFORMATION

1. Fund Performance

Over the last quarter to 31 December 2020, the Fund returned 5.41%, outperforming the benchmark return by 0.48%. The Fund value increased over the quarter by £68m, to £1,134m.

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Pensions Committee 24 March 2021

Period of measurement	Fund Return %	Benchmark %	Arithmetic Excess
Quarter	5.41	4.93	0.48
1 Year	1.16	5.58	-4.42
3 Year	3.27	5.09	-1.82
5 Year	7.13	7.87	-0.74
Since Inception (09/1995)	6.76	6.87	-0.11

During the quarter, distributions received from alternative investments were \$1.5m, €190k & £1.2m. A total drawdown of £5m was called by the LCIV Infrastructure fund in the same period.

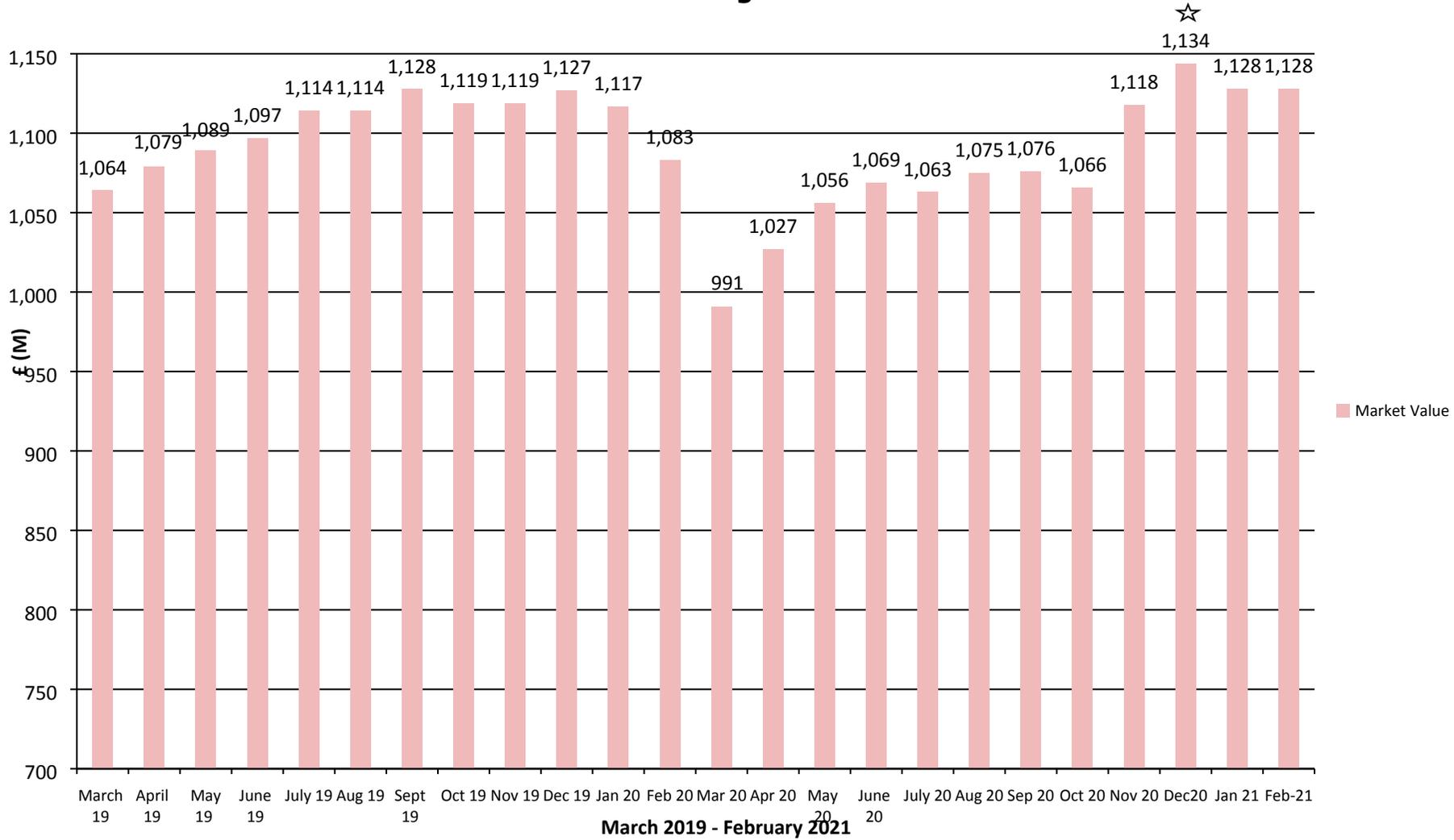
The recovery from effects of COVID-19 continued to be manifested in investment performance for the quarter and this resulted in positive returns by eleven of the thirteen portfolios. The biggest performance detractors were M&G Investments and Adams Street Partners with -4.50% & -3.58% behind respective benchmark; however, this is primarily due to the maturity of the funds and it should be noted investment values represent a very small portion within the Fund. AEW UK and LCIV Ruffer were the biggest contributors to performance with 8.88% and 4.44% relative excess returns compared to their respective benchmarks.

Overall portfolio relative performance over a one-year rolling period was arithmetically -4.42% behind the benchmark with the largest detractors being M&G Investments and LCIV-Epoch with returns of -35.38% & -15.58% below benchmarks. LCIV-Ruffer LLP was the largest contributor to performance over one year rolling period with 9.54% outperformance compared to its benchmark.

2. Fund Value

The chart below shows month-end Fund values from March 2019 to February 2021.

LBH Pension Fund Monthly Market Value Movement



3. Asset Allocation

The current asset allocation, the key strategic tool for the Committee, is in the table below. The assets of the Fund are invested across 11 different Fund Managers and 13 portfolios in a range of passive and active mandates, including a mix of liquid and illiquid allocations to reflect the Fund's long-term horizon.

Current Asset Allocation by Manager		Market Value As at 31 December 2020	Actual Asset Allocation	Market Value As at 28 February 2021
FUND MANAGER	ASSET CLASS	£'000	%	£'000
ADAMS STREET	Private Equity	8,337	0.74	7,793
LGT	Private Equity	3,216	0.28	3,144
AEW	Property	57,894	5.11	58,758
JP MORGAN	Multi Asset Credit	111,928	9.87	116,797
LCIV - EPOCH	Global Equities	59,842	5.28	59,040
LCIV - RUFFER	DGF/Absolute Returns	58,650	5.17	56,519
LCIV - STEPSTONE	Infrastructure	8,951	0.79	13,691
M&G	Private Credit	1,840	0.16	1,306
MACQUARIE	Infrastructure	24,965	2.20	20,075
PERMIRA	Private Credit	60,334	5.32	59,540
LGIM	Global Equities	268,531	23.68	271,141
	LPI Property	49,031	4.32	50,069
	Future World	185,556	16.37	183,894
	UK Index Linked Gilts	154,753	13.65	142,411
UBS EQUITIES	UK Equities	42	0.00	42
	Property		0.00	
	Private Equity		0.00	
UBS PROPERTY	Property	65,153	5.75	66,248
	Cash & Cash Equivalents	348	0.03	218
Non Custody	Cash & Cash Equivalents	14,467	1.28	17,609
		1,133,838	100	1,128,295

Classification: Public
Pensions Committee 24 March 2021

Current Asset Allocation by Asset Class				
	Market Value As at 31 December 2020	Actual Asset Allocation	Benchmark Allocation	Market Value As at 28 February 2021
ASSET CLASS	£'000	%	%	£'000
Global Equities	513,971	45.33	45	514,117
UK Index Linked Gilts	154,753	13.65	24	142,411
Multi Asset Credit	111,928	9.87		116,797
Property	123,047	10.85	12	125,006
DGF/Absolute Returns	58,650	5.17	0	56,519
Private Equity	11,553	1.02	1	10,937
Infrastructure	33,916	2.99	8	33,766
Private Credit	62,174	5.48	5	60,846
Long Lease Property	49,031	4.32	5	50,069
Cash & Cash Equivalents	14,815	1.31	0	17,827
Totals	1,133,838	100.00	100	1,128,295

The Fund has £4.5m awaiting drawdown on Private Credit. £55m is committed to LCIV Stepstone Infrastructure Fund; these funds are currently held in the LCIV Ruffer Absolute Return Fund, of which £13.7m has been drawn down at the time of writing this report.

4. Market and Financial climate overview

UK Equity

UK equities performed well over the quarter reversing some of the underperformance that they suffered versus other regions during the global pandemic's initial stages. The market responded well to November's vaccine news and then again to the Brexit trade deal, with domestically focused areas of the market outperforming.

US

US equities gained over the quarter, with November especially strong due to the vaccine news. The developments eclipsed Joe Biden's win in the US presidential election, as well as a \$900 billion stimulus package announced in late December. The Federal Reserve nonetheless reinforced its supportive message, stating it will continue with current levels of quantitative easing. Economically sensitive sectors made the strongest gains, with more defensive sectors making more modest progress.

Eurozone

European equities gained sharply in Q4, again on the news of effective vaccines. Sectors that had previously suffered most severely from the pandemic, such as energy and financials, were the top gainers. However, rising Covid infections saw many European countries tighten restrictions. EU leaders approved the landmark €1.8 trillion budget package, including the €750 billion recovery fund, after overcoming opposition from Hungary and Poland.

Japan

Japanese equities rallied in the quarter, driven from early November again by vaccine-related news and the US presidential election result. The style reversal seen in most markets has not yet materialised in Japan, with only a brief outperformance for value stocks, while small caps underperformed sharply in the quarter. The focus now is on the vaccine roll out, Japan's general election timetable and the timing of a full corporate earnings recovery.

Emerging Markets

Emerging market (EM) equities generated their strongest quarterly return in over a decade, with US dollar weakness amplifying gains. Korea, Brazil and Mexico all outperformed. The rally in commodity prices was supportive of EM net exporters. Conversely, Egypt, where daily new Covid-19 cases accelerated, posted a negative return. China finished in positive territory but also lagged. The launch of an anti-trust investigation into Alibaba and further escalation in US-China tensions dragged on sentiment.

Global Bonds

Government bond yields diverged markedly. The US 10-year yield was 25 basis points (bps) higher, finishing at 0.91%, while the German 10-year yield fell by 5bps to -0.57%. Italian and Spanish 10-year yields saw significant declines of 32 and 20bps respectively, as the European Central Bank increased quantitative easing. The UK 10-year yield was little changed at 0.20%.

Corporate bonds enjoyed a fruitful quarter, outpacing government bonds, with both investment grade and high yield delivering strong positive total returns. Investment grade bonds are the highest quality bonds as determined by a credit rating agency; high yield bonds are more speculative, with a credit rating below investment grade.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report

LEGAL IMPLICATIONS

There are no legal implications in the report.

Classification: Public
Pensions Committee 24 March 2021



NORTHERN
TRUST

London Borough of Hillingdon

Investment Risk & Analytical Services

December 31, 2020

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Client Commentary

Total Scheme Commentary

Total Scheme Commentary

Despite a difficult 2020 there were many other political, social and environmental events that dominated headlines outside of the global pandemic. On the social scene: there was the news of Megxit, George Floyd's death and the subsequent Black Lives Matter movement. In the US, two NASA astronauts were sent into orbit and news of Joe Biden winning the US presidential election. Furthermore, the Cryptocurrency Bitcoin surged past £20,000 for the first time at the end of Q4. Global government bond performance was mixed, there was a wide divergence in yields recorded here. US yields rose (which consequently meant prices fell) and corporate bonds gained ground, meanwhile German yields fell further into negative territory. The Barclays Global Aggregate GBP returned -2.32% for the quarter, the hedged version of the index returned +0.77%. In the UK, a Brexit deal was agreed on the 24th December despite Prime Minister Johnson having earlier warned that there was a "strong possibility" that the UK would fail to strike a post-Brexit trade deal. The growing likelihood of a no-deal Brexit and new lockdown measures drove bond yields lower over Q4, although this was offset by optimism around the news of vaccines in November. Economic recovery in the UK stalled in October with GDP growing by just 0.4% month-on-month, down from September's 1.1% month-on-month growth. The FTSE All Stock Index finished the quarter up by +0.63% and at +8.27% for the year. The equity comeback was quite remarkable; down 34% in March and ending the year up 16% (USD). Similar stories followed the Great Depression and the crash of 2009 but the speed of this recovery was notable. Much is owed to Consumer Discretionary, IT and North America, the companies that sit within those groups helped to keep the world turning while we all holed up (but largely continued to work) until the storm passed. Volatility hasn't gone away, at the end of October global equities endured their worst week since March then November and December were both strong. UK Pound Sterling's value fluctuated during the quarter, particularly during December as the UK-EU trade agreement deadline approached. By the end of Q4, GBP had gained 5.7% versus USD, 1.3% versus the Euro and 3.5% against the Yen. From one day to the next, guarded messages from either side of the negotiating table appeared to dictate the direction of GBP with any hint of a no deal leading to swift downturns, which were usually corrected at the first sight of more promising developments. In the end, a potential no deal crisis was averted as trade talks were successfully completed at the 11th hour. A combination of a weaker dollar and the successful culmination of the EU trade talks led to sterling reaching a 2-year high versus the greenback, before falling back slightly as news surfaced of a new, more contagious COVID strain originating from north Kent. However, this was not enough to stop the Pound reaching its highest point against the dollar on the final day of the year.

Within this environment the London Borough of Hillingdon returned +5.41% which was ahead of the Total Plan benchmark of +4.93%. In monetary terms this is a gain in assets of £58.2 million and the value of the combined scheme now stands at £1,134 million as at 31st December 2020. The Scheme's one year return of +1.16% is 4.18% behind the benchmark of +5.58% following this quarter's outperformance. While over the longer periods, despite nine positive quarters over the last 3 years, the Scheme has again underperformed, producing a return of 3.27% over three years versus 5.09%. Then the scheme continues to underperform over the 5 year period where we observe figures of 7.13% per annum (vs the benchmark 7.87%). Then since inception in September 1995, the Fund remains behind

Manager Commentary

AEW UK

The AEW UK Property Fund posted a total return of +10.98%, beating the IPD UK PPFI AI Balanced Funds Index and continuing the outperformance seen during the previous quarter. Rolling one year returns continue to see losses, with the mandate returning -4.97% versus -1.05% for the IPD Index

They are ahead over the three year period returning 2.94% against the benchmark of 2.32%. This translates as 0.60% relative underperformance. With positive absolute returns in all but two periods and three quarters in the red on a relative basis, growth is observed and ahead of benchmark over three years. Since the funds inception date of July 2014, the fund return is 7.71%, leading to an outperformance of approx 1.2% when compared to the IPD figure of 6.49%.

JP Morgan

In the latest quarter JP Morgan posted an increase in assets of +4.93% leading to an outperformance of +4.15% when compared to the 0.76% target for the 3 Month LIBOR + 3% p.a. Then with positive results in three of the last four quarters, the one year return of +6.91% is in positive territory and is ahead of the 3.62% target by over 3%. Then over three years they post returns ahead of the benchmark with figures of 4.28% vs 3.83%. Since the mandate funded their return of 4.24% is ahead of the target return of 3.70% on an annualised basis.

Legal & General 1

There was a reorganisation of assets in both Legal & General 1 and 2 portfolios towards the end of 2018. Equity assets were moved to the No 1 account and fixed income to the No2 account. LGIM portfolio now represent almost 23% of the scheme as of 31st December 2020. Over the last three months the Legal & General No. 1 mandate post a return of +2.9% in line with the custom fixed weight blended benchmark. In the period since inception in October 2016, they return 9.1%, which is just below the benchmark return of 9.2%.

Legal & General 2

The No 2 Legal & General mandate returned 0.47% against 0.82% for the fourth quarter against the custom fixed weight blended benchmark consisting of FTSE Index Linked 15+ years, FTSE Index Linked and iBoxx UK Non-Gilts. In the period since inception, they remain broadly in line with the benchmark returning 6.4% against 6.9% for the benchmark.

Client Commentary (cntd)

Manager Commentary

London CIV Ruffer

The absolute return strategies employed by London CIV Ruffer translated into a 443 basis point outperformance of the 3-mth Sterling LIBOR target. The investment is above the benchmark over all longer term periods. This is seen in a five year return of 5.21% versus 0.72%, then similarly for the since inception period (May 2010) figures of 5.47% versus 0.82% per annum, which translates as a relative return of over 4%.

M&G Investments

M&G posted further losses in Q4 by producing a return of -3.50% against the 3 Month LIBOR +4% p.a. target of 1.00%, demonstrating an underperformance of 4.45%. This is the fourth consecutive quarter of underperformance and the full year return remains behind the benchmark by 33.82%, coming from figures of -30.76% against 4.62%. Over the three and five year the account registers figures of -7.69% vs 4.83% and 0.22% vs 4.72% respectively; since inception (May 2010) returns improve to 3.03% pa whilst the benchmark is 4.72% pa. Although the since inception Internal Rate of Return moves further ahead of target with a figure of 7.56% opposed to the comparator of 4.60%.

Macquarie

Over the last three months, Macquarie produced losses of 0.84%, against the 0.76% for the 3 month LIBOR +3% p.a. this translates as an underperformance of 1.59%. With nine quarters of positive absolute returns and seven positive relative returns, outperformance is seen in all longer periods. Over the rolling year a growth of 6.06% is ahead of the target of 3.62% by 2.35%. By contrast the three year result of 10.07% versus 3.83% exhibits positive relative return over 6%. The annualised return over 5 years rises to 13.70%, and remains ahead of the 3.72% seen for the benchmark; then since inception (September 2010) the 6.20% is ahead of the target of 3.71%. Although the since inception Internal Rate of Return for this portfolio jumps to 11.77%, which is ahead of the benchmark figure of 2.99%.

Manager Commentary

Premira Credit

The Premira Credit Fund saw an increase of 1.69% over the fourth quarter of 2020, this was ahead of the 3 Month LIBOR +4% p.a. target of 1.00%. The fund has outperformed in three of the last four quarters but are behind target, leading to an underperformance of 1.01%, created from figures of 3.57% against 4.62%. Then since the start of December 2014 when the fund incepted, the fund posts a return of 7.43% against the benchmark of 4.69%, leading to a relative position of over 2%.

UBS Property

The latest quarter for the UBS Property posted an underperformance of 0.71%, generated from a return of 1.37% against the IPD UK PPFI All Balanced Funds index of 2.10%. Over the one year the manager is behind the index, with a full year return of -2.42% vs -1.05%. The previous good run of results particularly during 2015 leads to high absolute returns staying just ahead of the IPD target over the ten year period with a return of 6.59% against 6.42%. Then since inception, in March 2006, the fund return falls to 3.40% per annum which is broadly in line with the benchmark.

Private Equity

The private equity assets saw a 3.90% rise in value for Adam Street. LGT also saw an increase of 8.59%. Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. LGT maintain a run of over 3 years of growth with figures of 11.99% and 16.24% for the three and five year periods respectively, while Adam Street posted 11.99% and 12.74% over the same periods. Adam St are behind the proxy benchmark of MSCI AC World +4% p.a. over the three and five year period (which show double digit gains of 14.27% and 18.59%). LGT are behind over the five year underperforming by over 190bps. Then since their respective inceptions in January 2005 and May 2004, Adam Street drops to 7.44% pa, while LGT sees a more modest dip to 11.07%.

Epoch

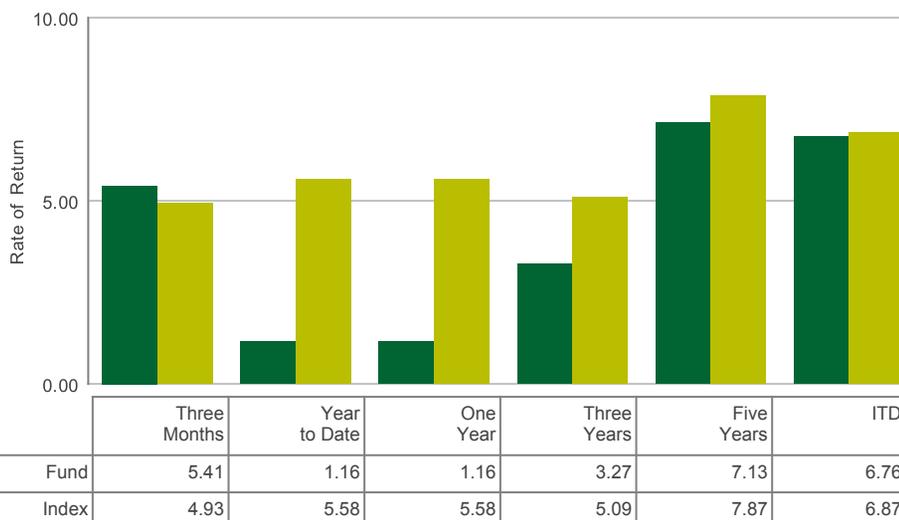
Over the fourth quarter the investment in Epoch's income equity fund generated a return of +5.70%. Since inception (November 2017) the fund has observed a modest rise in value 2.71% compared to the MSCI World figure of +9.51%, this leads to a relative return of over -6%.

LCIV Infrastructure Fund

The LCIV Infrastructure fund was launched in quarter two and the valuation at 31st December was £8.95m

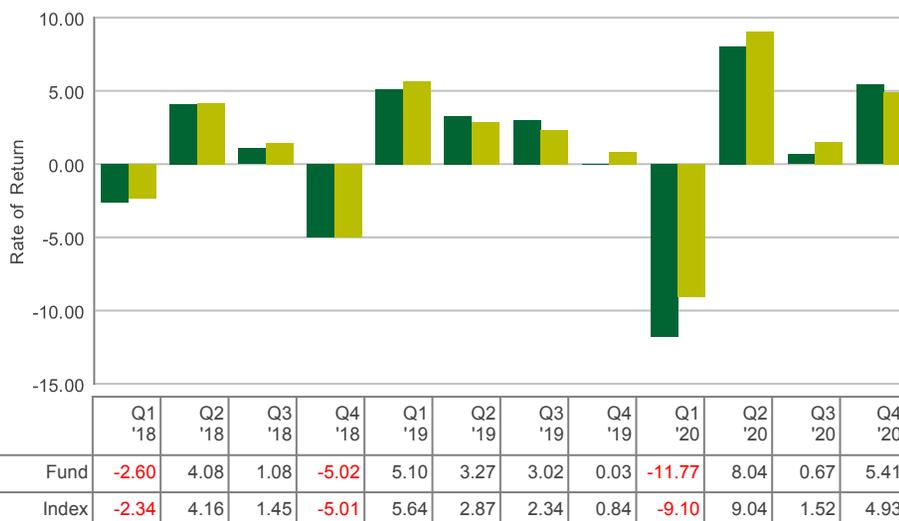
Executive Summary

LONDON BOROUGH OF HILLINGDON TOTAL FUND GROSS OF FEES



Index: Total Plan Benchmark

LONDON BOROUGH OF HILLINGDON ROLLING QUARTERS TOTAL FUND GROSS OF FEES



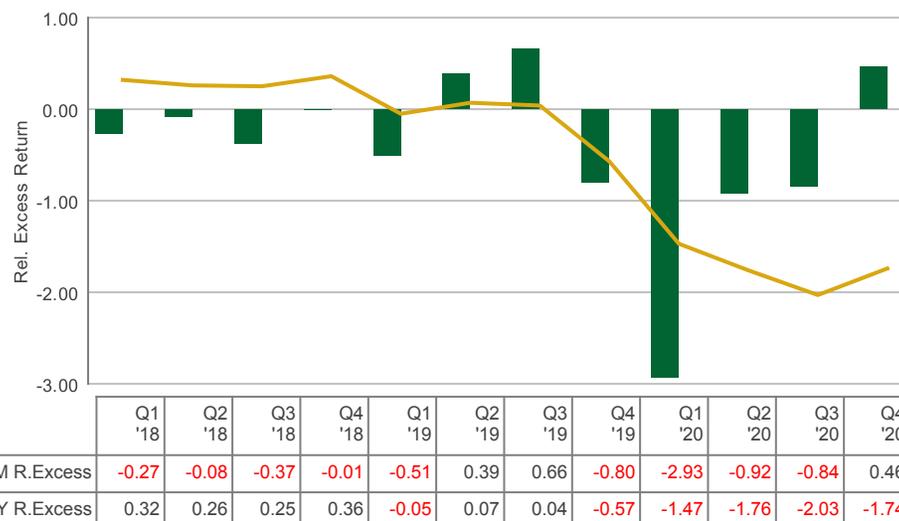
Index: Total Plan Benchmark

RISK STATISTICS

	3 Mos	1 Yr	3 Yrs	5 Yrs
Return	5.41	1.16	3.27	7.13
Index Return	4.93	5.58	5.09	7.87
Excess Return	0.49	-4.42	-1.83	-0.74
Standard Deviation	-	11.48	7.72	6.78
Index Standard Deviation	-	10.17	7.11	6.14
Tracking Error	-	1.85	1.47	1.43
Information Ratio	-	-2.39	-1.24	-0.52
Sharpe Ratio	-	0.05	0.32	0.95
Index Sharpe Ratio	-	0.49	0.60	1.17
Jensen's Alpha	-	-4.67	-1.99	-1.23
Relative Volatility (Beta)	-	1.12	1.07	1.08
R Squared	-	0.99	0.97	0.96
Beginning MV (in 000s)	1,075,588	1,125,558	1,008,837	793,975
Net Contributions (in 000s)	11	-4,564	19,075	11,883
Income (in 000s)	3,469	16,676	61,724	87,876
Appreciation (in 000s)	54,770	-3,832	44,202	240,104
Ending MV (in 000s)	1,133,838	1,133,838	1,133,838	1,133,838

Index: Total Plan Benchmark. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Gross of Fees. Calculation Frequency: Monthly

LONDON BOROUGH OF HILLINGDON ROLLING QUARTERS TOTAL FUND GROSS OF FEES



Index: Total Plan Benchmark

Investment Hierarchy

Account/Group -% Rate of Return	Ending Market Value GBP	Ending Weight	Policy Weight	Three Months			Year to Date			One Year			Inception Date
				Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess	
London Borough of Hillingdon	1,133,837,958	100.00	-	5.41	4.93	0.46	1.16	5.58	-4.18	1.16	5.58	-4.18	30/09/1995
Total Plan Benchmark													
Adam Street	8,336,673	0.74	-	3.90	9.27	-4.92	11.13	17.22	-5.19	11.13	17.22	-5.19	31/01/2005
Adam Street PE Bmark													
AEW UK	57,893,517	5.11	-	10.98	2.10	8.70	-4.97	-1.05	-3.97	-4.97	-1.05	-3.97	30/06/2014
LBH22 AEW Benchmark													
Cash & Other Assets	3,783,010	0.33	-	-	-	-	-	-	-	-	-	-	31/10/2017
Cash & Other Assets	10,757,880	0.95	-	-1.66	-	-	-1.79	-	-	-1.79	-	-	30/09/2008
Epoch Investment P Income	59,842,263	5.28	-	5.70	7.78	-1.93	-3.26	12.32	-13.88	-3.26	12.32	-13.88	08/11/2017
LBH11001 MSCI World ND													
JP Morgan	111,928,019	9.87	-	4.93	0.76	4.15	6.91	3.62	3.17	6.91	3.62	3.17	08/11/2011
LBH15 JPM LIBOR +3%pa													
LCF Infrastructure Fund	8,951,085	0.79	-	0.00	0.76	-0.75	0.00	3.62	-3.49	0.00	3.62	-3.49	14/11/2019
LBH11004 3M Libor +3%													
Legal & General 1	268,530,466	23.68	-	10.33	10.42	-0.08	12.50	12.85	-0.31	12.50	12.85	-0.31	31/10/2016
LBH26 L&G Benchmark													
Legal & General 2	154,752,667	13.65	-	1.20	2.11	-0.89	11.24	11.94	-0.62	11.24	11.94	-0.62	22/02/2017
LBH27 L&G Benchmark													
LGIM - Future World Equity IND	185,556,227	16.37	-	8.25	8.25	-0.00	-	-	-	-	-	-	23/09/2020
LBH29 L&G Benchmark													
LGIM LPI Income Property	49,030,498	4.32	-	1.54	0.37	1.17	-	-	-	-	-	-	11/03/2020
LBH28 L&G RPI													
LGT	3,215,756	0.28	-	8.59	9.27	-0.62	10.14	17.22	-6.04	10.14	17.22	-6.04	31/05/2004
LGT PE Bmark													
London CIV Ruffer	58,650,245	5.17	-	4.46	0.02	4.43	10.16	0.62	9.48	10.16	0.62	9.48	28/05/2010
LBH11003 Ruffer BM Libor													
M&G Investments	1,839,622	0.16	-	-3.50	1.00	-4.45	-30.76	4.62	-33.82	-30.76	4.62	-33.82	31/05/2010
LBH10 3 Month LIBOR +4%pa													
Macquarie	24,965,296	2.20	-	-0.84	0.76	-1.59	6.06	3.62	2.35	6.06	3.62	2.35	30/09/2010
LBH14 Macquarie LIBOR +3%pa													

Account/Group -% Rate of Return	Ending Market Value GBP	Ending Weight	Policy Weight	Three Months			Year to Date			One Year			Inception Date
				Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess	
Premira Credit LBH24 Premira LIBOR +4%pa	60,334,248	5.32	-	1.69	1.00	0.68	3.57	4.62	-1.01	3.57	4.62	-1.01	30/11/2014
UBS	-30,799	-0.00	-		-	-		-	-		-	-	31/12/1988
UBS Property LBH06 UBS Property Benchmark	65,501,285	5.78	-	1.37	2.10	-0.71	-2.42	-1.05	-1.39	-2.42	-1.05	-1.39	31/03/2006

Investment Hierarchy(2)

Account/Group -% Rate of Return	Ending Market Value GBP	Ending Weight	Policy Weight	Three Years			Five Years			Inception to Date			Inception Date
				Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess	
London Borough of Hillingdon	1,133,837,958	100.00	-	3.27	5.09	-1.74	7.13	7.87	-0.69	6.76	6.87	-0.10	30/09/1995
Total Plan Benchmark													
Adam Street	8,336,673	0.74	-	11.99	14.27	-2.00	12.74	18.59	-4.93	7.44	-	-	31/01/2005
Adam Street PE Bmark													
AEW UK	57,893,517	5.11	-	2.94	2.32	0.60	5.73	4.23	1.44	7.71	6.49	1.15	30/06/2014
LBH22 AEW Benchmark													
Cash & Other Assets	3,783,010	0.33	-	-	-	-	-	-	-	-	-	-	31/10/2017
Cash & Other Assets	10,757,880	0.95	-	0.93	-	-	2.40	-	-	-0.68	-	-	30/09/2008
Epoch Investment P Income	59,842,263	5.28	-	3.16	10.16	-6.36	-	-	-	2.71	9.51	-6.21	08/11/2017
LBH11001 MSCI World ND													
JP Morgan	111,928,019	9.87	-	4.28	3.83	0.44	5.35	3.72	1.57	4.24	3.70	0.52	08/11/2011
LBH115 JPM LIBOR +3%pa													
Legal & General Infrastructure Fund	8,951,085	0.79	-	-	-	-	-	-	-	0.00	3.64	-3.51	14/11/2019
LBH11004 3M Libor +3%													
Legal & General 1	268,530,466	23.68	-	8.64	8.84	-0.19	-	-	-	9.09	9.24	-0.14	31/10/2016
LBH26 L&G Benchmark													
Legal & General 2	154,752,667	13.65	-	5.43	6.04	-0.57	-	-	-	6.40	6.96	-0.52	22/02/2017
LBH27 L&G Benchmark													
LGIM - Future World Equity IND	185,556,227	16.37	-	-	-	-	-	-	-	2.67	2.67	-0.00	23/09/2020
LBH29 L&G Benchmark													
LGIM LPI Income Property	49,030,498	4.32	-	-	-	-	-	-	-	-2.10	1.09	-3.16	11/03/2020
LBH28 L&G RPI													
LGT	3,215,756	0.28	-	11.49	14.27	-2.43	16.24	18.59	-1.98	11.07	-	-	31/05/2004
LGT PE Bmark													
London CIV Ruffer	58,650,245	5.17	-	4.08	0.83	3.23	5.21	0.72	4.46	5.47	0.82	4.61	28/05/2010
LBH11003 Ruffer BM Libor													
M&G Investments	1,839,622	0.16	-	-7.69	4.83	-11.94	0.22	4.72	-4.30	3.03	4.72	-1.61	31/05/2010
LBH10 3 Month LIBOR +4%pa													
Macquarie	24,965,296	2.20	-	10.07	3.83	6.02	13.70	3.72	9.63	6.20	3.71	2.40	30/09/2010
LBH14 Macquarie LIBOR +3%pa													

Account/Group -% Rate of Return	Ending Market Value GBP	Ending Weight	Policy Weight	Three Years			Five Years			Inception to Date			Inception Date
				Port	Index	Relative Excess	Port	Index	Relative Excess	Port	Index	Relative Excess	
Premira Credit LBH24 Premira LIBOR +4%pa	60,334,248	5.32	-	5.45	4.83	0.59	6.29	4.72	1.50	7.43	4.69	2.63	30/11/2014
UBS	-30,799	-0.00	-		-	-		-	-		-	-	31/12/1988
UBS Property LBH06 UBS Property Benchmark	65,501,285	5.78	-	1.36	2.32	-0.94	2.88	3.94	-1.01	3.40	3.54	-0.13	31/03/2006

Market Value Summary - Three Months

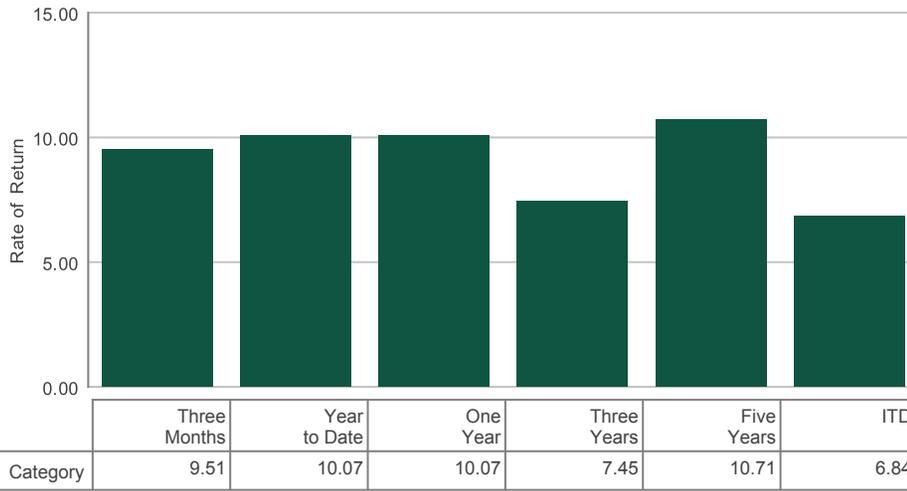
Account/Group	30/09/2020 Market Value	Net Contribution*	Income	Fees	Appreciation	31/12/2020 Market Value	31/12/2020 Weight	Change in Weight
London Borough of Hillingdon	1,075,588,420	10,978	3,468,976	99,694	54,769,584	1,133,837,958	100.00	0.00
Adam Street	9,440,836	-1,411,216	0	0	307,053	8,336,673	0.74	-0.14
AEW UK	52,165,265	0	820,023	0	4,908,229	57,893,517	5.11	0.26
Cash & Other Assets	0	3,783,010	0	0	0	3,783,010	0.33	0.33
Cash & Other Assets	14,139,621	-3,176,307	-46	0	-205,389	10,757,880	0.95	-0.37
Epoch Investment P Income	145,795,552	-94,000,000	1,249,966	0	6,796,746	59,842,263	5.28	-8.28
JP Morgan	96,848,986	10,000,000	0	0	5,079,034	111,928,019	9.87	0.87
LCIV Infrastructure Fund	3,752,100	5,198,985	0	0	0	8,951,085	0.79	0.44
Legal & General 1	243,404,069	-13,880	0	13,880	25,140,277	268,530,466	23.68	1.05
Legal & General 2	152,913,635	-1,936	0	1,936	1,840,968	154,752,667	13.65	-0.57
LGIM - Future World Equity IND	84,350,794	94,091,506	0	19,166	7,113,927	185,556,227	16.37	8.52
LGIM LPI Income Property	48,284,643	0	0	0	745,855	49,030,498	4.32	-0.16
LGT	3,251,550	-291,226	-12	0	255,444	3,215,756	0.28	-0.02
London CIV Ruffer	59,783,674	-3,783,010	-68	0	2,649,649	58,650,245	5.17	-0.39
M&G Investments	3,971,590	-1,993,206	-197	0	-138,565	1,839,622	0.16	-0.21
Macquarie	27,058,481	-1,880,907	313,971	0	-526,250	24,965,296	2.20	-0.31
Parra Credit	64,702,738	-5,368,620	528,000	0	472,130	60,334,248	5.32	-0.69
UBS	552,250	-582,951	-483	0	385	-30,799	-0.00	-0.05
UBS Property	65,172,636	-559,264	557,821	64,712	330,093	65,501,285	5.78	-0.28

Min -0.00  100.00 Max

*Net Contributions include Cash Contributions/Distributions, Security Deliveries/Receipts, Fees/Fee Rebates, Inter Account transfers for Consolidations & Benefits Payments.
Copied History or Backloaded Data may not display the correct Contributions/Withdrawals creating misrepresentation.

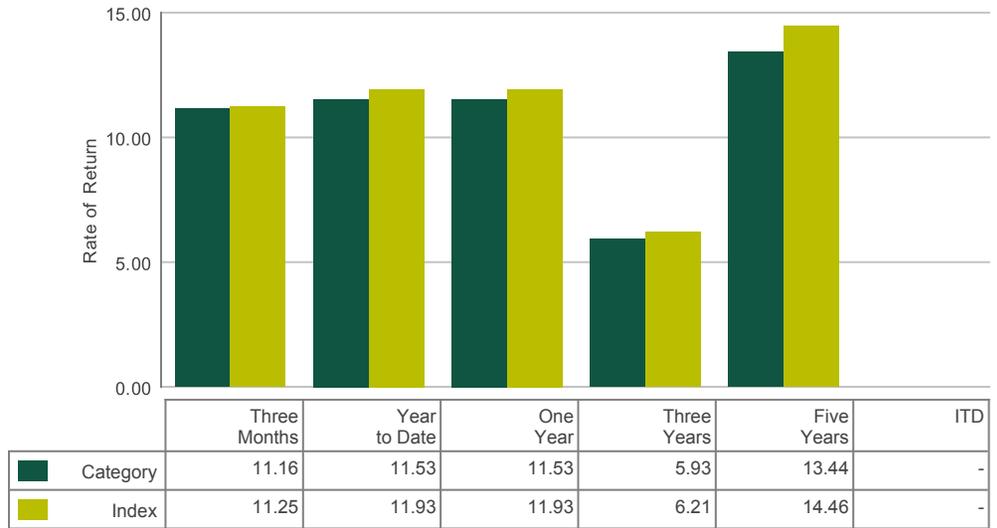
Historical Performance

OVERSEAS EQUITIES



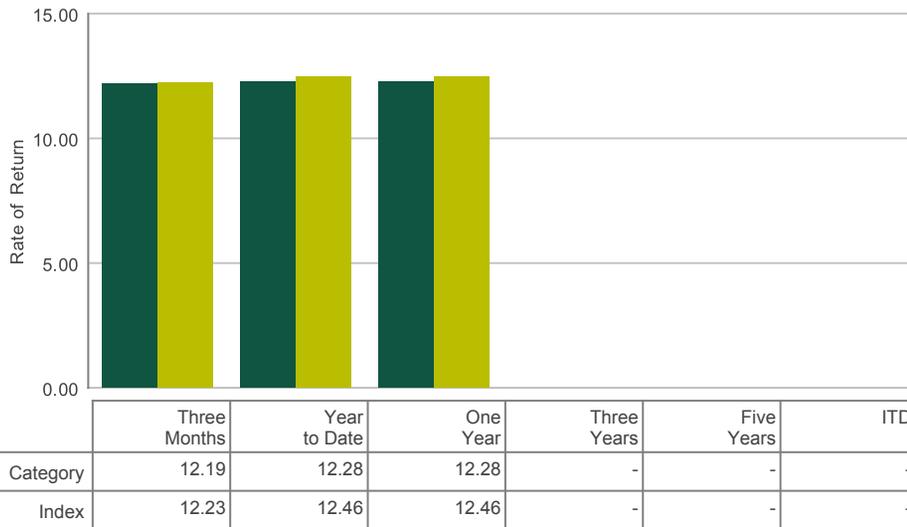
Page 59

EMERGING MARKETS



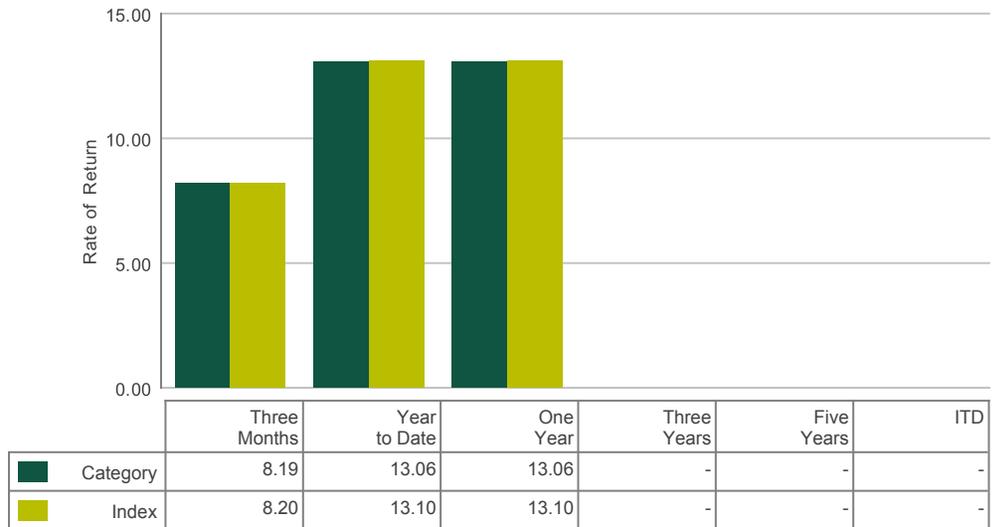
Index: LBH Emerging Markets

L&G GPCT WORLD DEV EQ IDX GBP HDG



Index: FTSE AW Developed HDG GBP

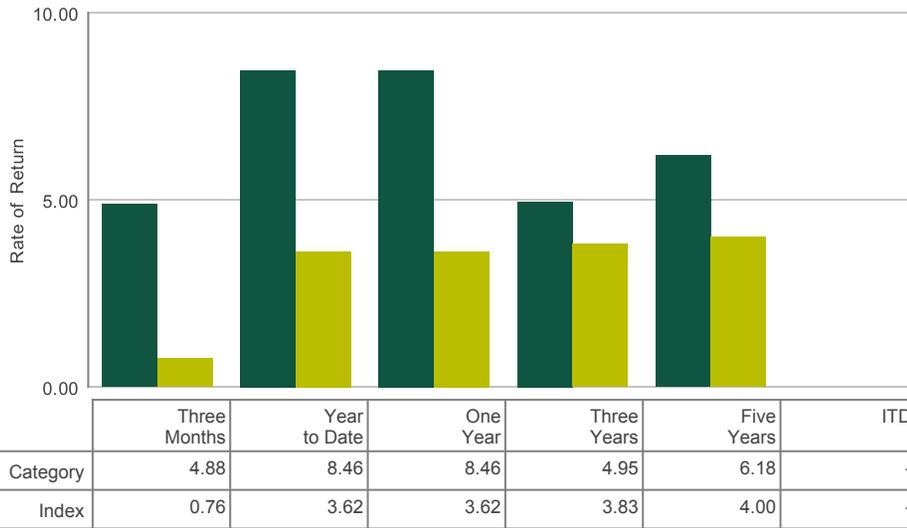
WORLD DEVELOPED EQUITY INDEX



Index: FTSE AW Developed

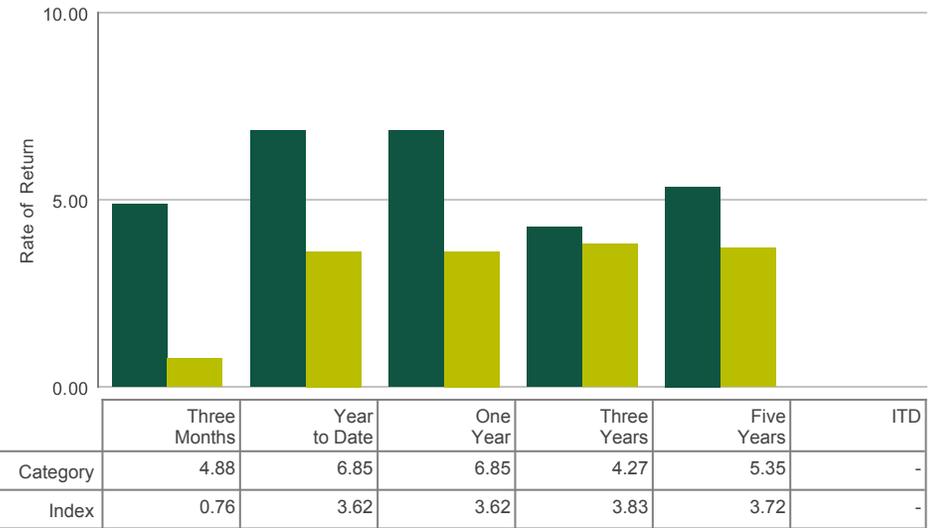
Historical Performance

FIXED INCOME



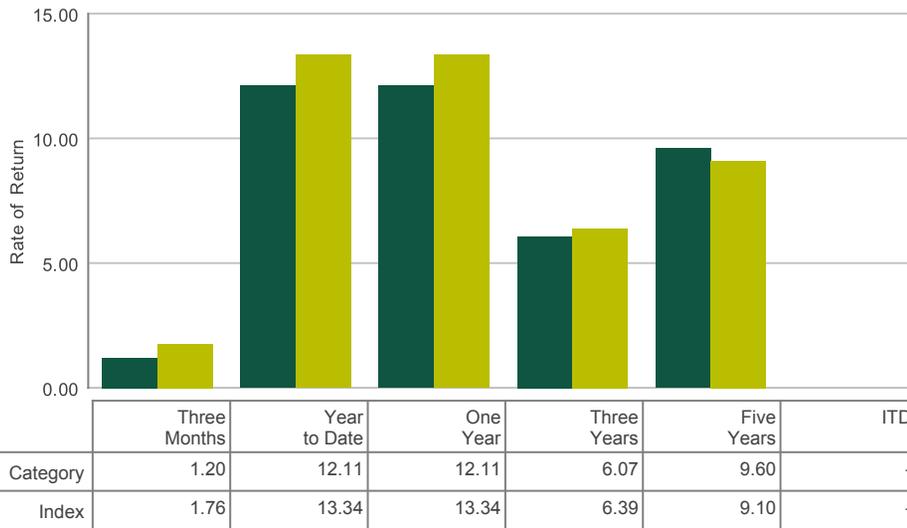
Index: LBH Fixed Income Benchmark

GLOBAL CORPORATE BONDS



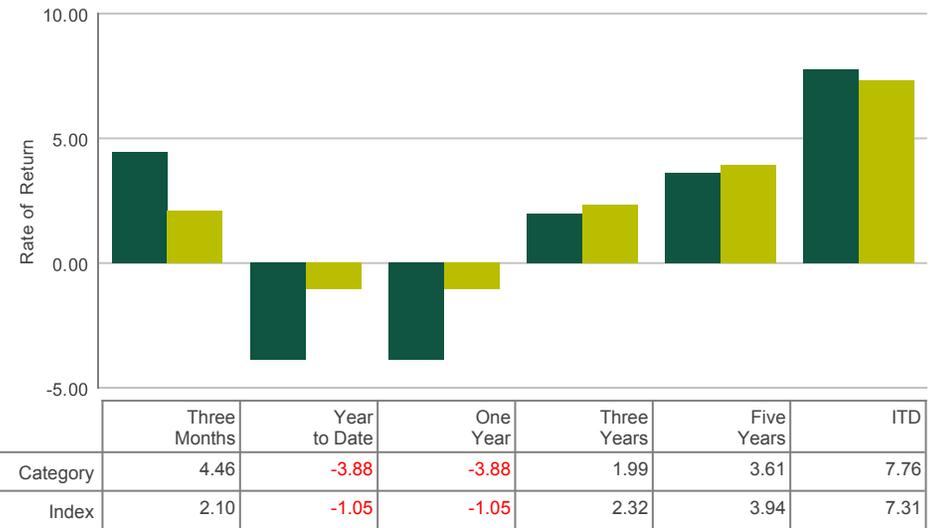
Index: LIBOR GBP 3 Month +3% pa

INDEX LINKED GILTS



Index: LBH Index Linked Benchmark

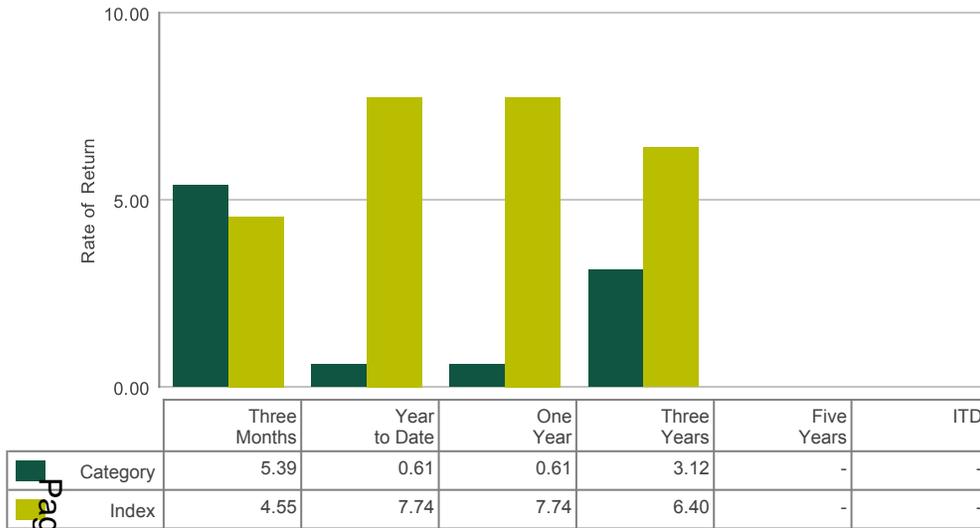
REAL ESTATES



Index: IPD UK PPF All Bal Funds Index

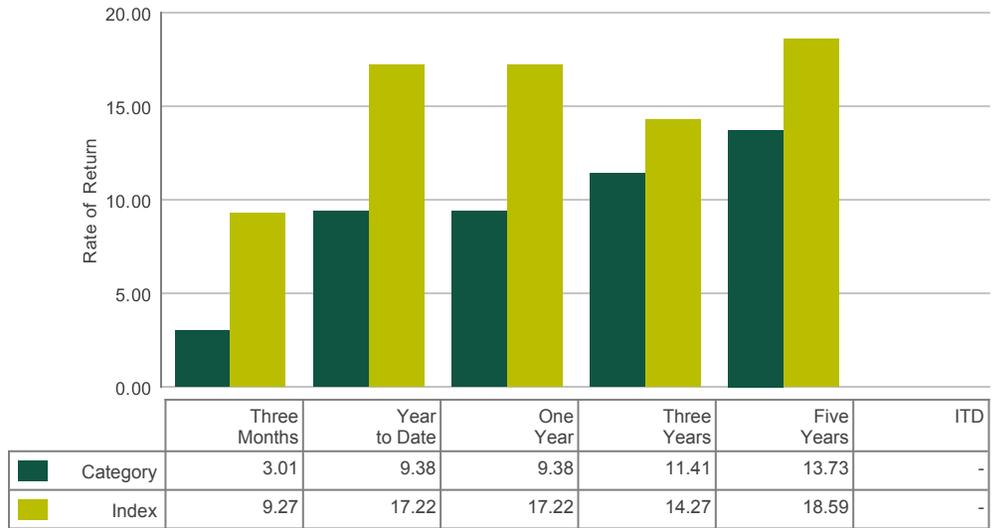
Historical Performance

BALANCED FUNDS



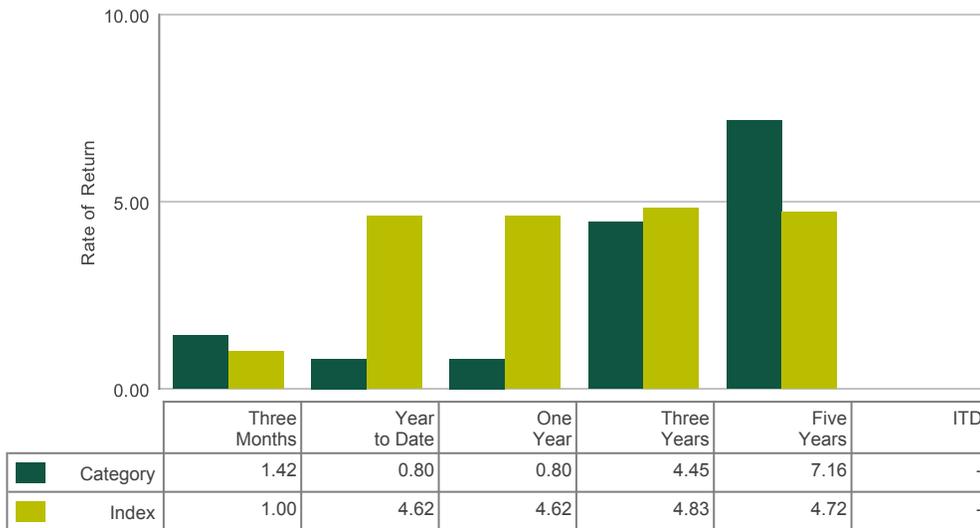
Index: Balanced Fund Benchmark

PRIVATE EQUITY



Index: MSCI ACWI +4% pa

PRIVATE CREDIT



Index: LIBOR GBP 3 Month +4% pa

INFRASTRUCTURE



Index: LIBOR GBP 3 Month +3% pa

Overall Fund BenchMark		
Index	Manager	%
FTSE All Share	UBS LGIM	12.04
FTSE World Developed Equity Index Currency Hedged	LGIM	8.17
FTSE World Developed Equity Index unHedged	LGIM	8.03
FTSE Emerging Markets	LGIM	2.96
IPD UK PPFi All Balanced Funds Index	UBS Property AEW	13.39
3 Month Libor +3%	JP Morgan Macquarie	10.53
MSCI World ND	Epoch/LCIV	13.47
3 Month Libor	Ruffer/LCIV	9.85
3 Month Libor +4%	M&G Permira	6.96
Markit iBoxx £ Non – Gilt	LGIM 2	3.11
FTSE A Govt Index – Linked (All Stocks)	LGIM 2	3.99
FTSE A Govt Index – Linked (Over 15 Year	LGIM 2	4.88
	Non Custody CashCash	0.81
MSCI All Countries World Index	Private Equity	1.79
		100.00

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ADMINISTRATION REPORT	ITEM 8
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Committee	Pensions Committee
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Officer Reporting	Yvonne Thompson-Hoyte, Finance James Lake, Finance
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Papers with this report	1. Surrey KPI Report
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HEADLINES

The day-to-day administration of the Hillingdon Local Government Pension Fund (LGPS) is delegated to Surrey County Council (SCC) under a Section 101 agreement. This agreement runs from 1 November 2016 to 31 October 2021.

The Section 101 agreement includes Key Performance Indicators (KPIs) which are generally consistent with national standards. The effects of the global COVID-19 pandemic still impact the day-to-day operations of the workforce as staff remain working from home as part of government measures to control the virus.

The Pensions Regulator (TPR) has issued guidance to public service pension schemes outlining the critical tasks that schemes should focus on during this period. The KPI reporting will focus on the recommendations of TPR

RECOMMENDATIONS

1. That the Pensions Committee note this report.

SURREY ADMINISTRATION UPDATE

Member Self Service Registration

Since the last report as at January 2021, 162 additional members have signed up for self-service bringing the total number to 7589 from 7,427. The largest percentage uptake remains the active member category where 43% are signed up to MSS. The total registered represents 28% of the total membership 1% more on the the figures reported in January 2020.

Membership Category	Total membership numbers	Registered for online self service	% uptake
Active	9,204	3,963	43%
Deferred	11,164	2,288	20%
Pensioners	7,152	1,338	19%
Total	27,520	7,589	28%

*Figures are to the end of December 2020
Summary of SLA monitoring

Classification: Public
 Pensions Committee 24 March 2021

The table below provides a summary of the cases that were received along with the percentage of cases that were processed within the service level agreement targets. An additional column has been added to indicate whether late cases missed the statutory deadline. Performance remains below what is expected including in the priority areas. The results are also varied making difficult to analyse the direction of travel.

Activity	Impact	Target	Nov-20			Dec-20			Jan-21			Cases missed legal deadline
			Volume	Score	Missed	Volume	Score	Missed	Volume	Score	Missed	
Death notification acknowledged, recorded and documentation sent	M	100%	19	63%	7	28	89%	3	45	98%	1	1 case was a quote overpayment case that missed the target by 3 days. Improvement in December & January is due to changes made to the death process.
Payment of death grant made	H	100%	11	91%	1	4	75%	1	4	50%	2	1 case missed SLA by 4 days and the other missed by 5 days
Retirement notification acknowledged, recorded and documentation sent	M	100%	30	70%	9	49	86%	7	29	66%	10	6 cases have missed the SLA target by 5 days and under.
Payment of lump sum made	H	100%	42	76%	10	37	70%	11	27	63%	10	6 cases have missed the SLA target by 5 days and under.
Calculation of spouses benefits	M	100%	2	100%	0	4	75%	1	5	100%	0	
Transfers In - Quotes	L	100%	11	91%	1	18	56%	8	12	25%	9	
Transfers In - Payments	L	100%	36	92%	3	5	80%	1	22	59%	9	Amalgamation for LGPS interfunds in are included within this KPI as well as payments being received. 6 of the missed cases were amalgamations. 7 of the 9 cases were missed by 15 days and under.
Transfers Out - Quote	L	100%	20	85%	3	13	77%	3	20	60%	8	
Transfers Out - Payments	L	100%	3	67%	1	15	73%	4	4	100%	0	
Employer estimates provided	M	100%	3	100%	0	1	100%	0	10	100%	0	
Employee projections provided	L	100%	6	83%	1	4	50%	2	6	67%	2	
Refunds	L	100%	29	97%	1	16	0%	16	11	91%	1	
Deferred benefit notifications	L	100%	18	67%	6	11	73%	3	16	81%	3	
Complaints received- Admin												
Complaints received- Regulatory												
Compliments received												
Queries Handled by Helpdesk			375 (FPF = 93%)			316 (FPF = 95%)			388 (FPF = 79%)			

ONGOING PROJECTS

Annual Address and Mortality Tracing

This exercise is being carried out by ITM under the supervision of Surrey CC. At the Committee of January 2021 officers reported that the annual address tracing project was due to be completed in March 2021. This exercise has now been completed and a report submitted by ITM outlining the results and making recommendations for the next steps.

A total of 3,521 records were included in the UK address tracing process. Of this amount, confirmed matches were found for 2,836 records (80.5%). There are a further 685 records for which no address was found or the address found could not be linked to the previous address. ITM have recommended that a full tracing exercise should be done on these records and for those confirmed the administration system should be updated with the results.

The mortality screening exercise revealed that 66 of the cases were deceased and that there was uncertainty around 53 of the cases. A more in-depth investigation was recommended to ascertain the status of the 53.

The deadline for a decision on these cases was 19 March 2021. An update will be given at March 2021 Committee.

GMP Reconciliation

This exercise is being carried out by Mercer under the supervision of Surrey CC. At the last Committee it was reported that the final data cut had been received from HMRC and they were in the process of carrying out the final analysis to be completed in the first quarter of 2021.

The final analysis has been done and cases having GMP liability in the fund have been identified along with the proposed approach to rectification. The deadline for Hillingdon to confirm the approach to rectification was 19 March 2021. An update will be given at March 2021 Committee.

Surrey have indicated that the timetable for the rectification to take place will be in quarter 2 of this calendar year and that it would require the purchase of a bespoke module from Heywoods to do the recalculations and upload the corrected data. This is also being considered in light of the pending data movements linked to the transfer.

Exit payments (£95k cap)

In February 2021 the government announced that the restriction of public sector exit payments (£95k cap), that came into force on 4 November 2020 was disapplied retrospectively to the implementation date. The implications are that any exit payments that had been made under this regulation would need to be rectified.

Classification: Public
Pensions Committee 24 March 2021

The administration providers Surrey CC have confirmed that they have contacted employers and also looked at the system to check whether any reduced payments had been made. Guidance has been produced by HM treasury for employers informing them that any reduced benefits paid out should be rectified to what it would have been had the exit cap not been applied.

McCloud Remedy

At the Pensions Committee of January 2021, Members were informed that the administrators Surrey CC were contemplating to carry out the analysis themselves or whether to use a third party to do the work.

In the initial phase employers will be asked to submit member data covering the relevant period. The Scheme Advisory Board has produced a data collection template for this exercise.

Surrey have undertaken to provide a full outline of their approach to implementing the McCloud remedy but have indicated that it was unlikely that the whole process would be completed ahead of the transfer to Hampshire as the deadline for employers to return the data capture templates was likely to be in October 2021. Officers will be having further discussions with Surrey and Hampshire once the full programme is known to ensure that this is appropriately integrated into the transfer programme.

Governance - Pension Board Update

At the Pension Board meeting held on the 17th February 2021 it was agreed that the term of the Chair should be amended from a rolling new Chair at each quarterly meeting to an annual appointment. This was to allow greater stability and management of the Board's activities. Roger Hackett was elected as Chair to serve for a one-year term. The Pension Board terms of reference was also discussed and it was agreed they would be amended to provide better clarity in key areas and reference to SAB guidance.

FINANCIAL IMPLICATIONS

Financial implications have been included in the body of the report

LEGAL IMPLICATIONS

The legal implications are in the body of the report.

Hillingdon Pensions Administration - 
Key Performance Indicators January 2021

Activity	Measure	Impact	Target	Aug-20			Sep-20			Oct-20			Nov-20			Dec-20			Jan-21			Notes	Cases missed legal deadline
Scheme members	Pensioners, Active & Deferred			24,128			24,172			24,195			24,241			24,290			24,359				
New starters set up/welcome letters							208			69			95			47			130				
ABS sent - Councillors	Statutory deadline		Due by 31 Aug	Achieved																			
ABS sent - Active	Statutory deadline			Achieved			Achieved			Achieved			Achieved			Achieved			Achieved				
ABS sent - Deferred	Statutory deadline			Achieved			Achieved			Achieved			Achieved			Achieved			Achieved				
				Volume	Score	Missed																	
Death notification acknowledged, recorded and documentation sent	5 working days	M	100%	15	47%	8	19	68%	6	12	58%	5	19	63%	7	28	89%	3	45	98%	1	1 case was a quote overpayment case that missed the target by 3 days. Improvement in December & January is due to changes made to the death process.	
Payment of death grant made	10 working days	H	100%	14	71%	4	31	71%	9	8	88%	1	11	91%	1	4	75%	1	4	50%	2	1 case missed SLA by 4 days and the other missed by 5 days	
Retirement notification acknowledged, recorded and documentation sent	10 working days	M	100%	48	94%	3	55	84%	9	89	87%	12	30	70%	9	49	86%	7	29	66%	10	6 cases have missed the SLA target by 5 days and under.	
Retirement - Payment of lump sum made & pension set up	10 working days	H	100%	38	87%	5	48	85%	7	30	87%	4	42	76%	10	37	70%	11	27	63%	10	6 cases have missed the SLA target by 5 days and under.	
Calculation of spouses benefits	10 working days	M	100%	4	100%	0	5	60%	2	3	67%	1	2	100%	0	4	75%	1	5	100%	0		
Transfers In - Quotes	20 working days	L	100%	7	100%	0	16	88%	2	30	73%	8	11	91%	1	18	56%	8	12	25%	9		
Transfers In - Payments	20 working days	L	100%	39	92%	3	40	70%	12	18	78%	4	36	92%	3	5	80%	1	22	59%	9	Amalgamation for LGPS Interfunds in are included within this KPI as well as payments being received. 6 of the missed cases were amalgamations. 7 of the 9 cases were missed by 15 days and under.	
Transfers Out - Quote	20 working days	L	100%	24	96%	1	9	67%	3	11	100%	0	20	85%	3	13	77%	3	20	60%	8		
Transfers Out - Payments	20 working days	L	100%	19	100%	0	11	82%	2	8	63%	3	3	67%	1	15	73%	4	4	100%	0		
Employer estimates provided	10 working days	M	100%	2	100%	0	6	67%	2	5	100%	0	3	100%	0	1	100%	0	10	100%	0		
Employee projections provided	10 working days	L	100%	6	100%	0	5	80%	1	7	86%	1	6	83%	1	4	50%	2	6	67%	2		
Refunds	20 working days	L	100%	34	97%	1	35	94%	2	60	92%	5	29	97%	1	16	0%	16	11	91%	1		
Deferred benefit notifications	20 working days	L	100%	16	75%	4	33	79%	7	31	74%	8	18	67%	6	11	73%	3	16	81%	3		
Complaints received- Admin																							
Complaints received- Regulatory																							
Compliments received																							
Queries Handled by Helpdesk				621 (FPF= 95%)			566 (FPF= 92%)			455 (FPF= 92%)			375 (FPF= 93%)			316 (FPF= 95%)			388 (FPF= 79%)				

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Hillingdon Pensions Administration -

Activity	Impact	Target	Nov-20	
			Volume	Score
Death notification acknowledged, recorded and documentation sent	M	100%	19	63%
Payment of death grant made	H	100%	11	91%
Retirement notification acknowledged, recorded and documentation sent	M	100%	30	70%
Payment of lump sum made	H	100%	42	76%
Calculation of spouses benefits	M	100%	2	100%
Transfers In - Quotes	L	100%	11	91%
Transfers In - Payments	L	100%	36	92%
Transfers Out - Quote	L	100%	20	85%
Transfers Out - Payments	L	100%	3	67%
Employer estimates provided	M	100%	3	100%
Employee projections provided	L	100%	6	83%
Refunds	L	100%	29	97%
Deferred benefit notifications	L	100%	18	67%
Complaints received- Admin				
Complaints received- Regulatory				
Compliments received				
Queries Handled by Helpdesk				375 (FPF = 93%)

	Dec-20			Jan-21		
Missed	Volume	Score	Missed	Volume	Score	Missed
7	28	89%	3	45	98%	1
1	4	75%	1	4	50%	2
9	49	86%	7	29	66%	10
10	37	70%	11	27	63%	10
0	4	75%	1	5	100%	0
1	18	56%	8	12	25%	9
3	5	80%	1	22	59%	9
3	13	77%	3	20	60%	8
1	15	73%	4	4	100%	0
0	1	100%	0	10	100%	0
1	4	50%	2	6	67%	2
1	16	0%	16	11	91%	1
6	11	73%	3	16	81%	3
316 (FPF = 95%)			388 (FPF = 79%)			

Cases missed legal deadline

1 case was a quote overpayment case that missed the target by 3 days. Improvement in December & January is due to changes made to the death process.

1 case missed SLA by 4 days and the other missed by 5 days

6 cases have missed the SLA target by 5 days and under.

6 cases have missed the SLA target by 5 days and under.

Amalgamation for LGPS interfunds in are included within this KPI as well as payments being received. 6 of the missed cases were amalgamations. 7 of the 9 cases were missed by 15 days and under.

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Pension Fund Risk Register

Item 9

Committee

Pension Committee

Officer Reporting

James Lake, Finance

Papers with this report

Pension Fund Risk Register

HEADLINES

The purpose of this report is to identify to the Pension Committee the main risks to the Pension Fund and to enable them to monitor and review going forward (see Appendix). There is one risk which is red.

RECOMMENDATIONS

It is recommended that Pensions Committee:

- 1. Consider the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks.**

SUPPORTING INFORMATION

The specific risk matrix for the Pension Fund allows better classification of the risks than would be possible through the Council's standard risk matrix. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). The risks are also RAG rated to identify level.

There are currently 14 risks being reported upon. Whilst there are many more risks which could be identified for the Fund, those identified are the most significant and those which are actively managed.

Each risk has been explained, along with details of the actions in place to mitigate that risk. The progress comment column provides the latest update in respect of the impact of those mitigating actions. The Direction of Travel (DOT) has also been included.

There has been no change to the DOT for quarter ending 31 December 2020, however progress comments have been updated to reflect the latest position.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report

Classification: Public
Pensions Committee 26 January 2021

LEGAL IMPLICATIONS

The legal implications are mentioned within the report.

Pension Fund Risk Register 2020/21

Description	Actions in Place	Progress Comment	Risk Category / Rating / DOT	Lead Officer / Committee Member
PEN 01 - Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	<ol style="list-style-type: none"> 1. Anticipate long-term return on a relatively prudent basis to reduce risk of failing to meet return expectations. Funding Strategy outlines key assumptions that must be achieved in agreeing rates with employers for a significant chance of successfully meeting the funding target. 2. Analyse progress at three yearly valuations for all employers. 3. Undertake Inter-valuation monitoring. 	<p>With the assistance of Hymans Quarterly funding report the position is kept under regular review and Pension Committee is informed of the impact of prevailing market conditions on the funding level</p> <p>The impact of COVID-19 on the fund value continues to be monitored to ensure that the asset allocation is still appropriate. At the end of December 2020 the fund had regained the value lost at the end of March 2020. The unaudited value at the end of February was £1,128m which is now ahead of pre COVID-19 levels.</p> <p>An in depth COVID-19 review of the investment strategy was commissioned which concluded that no adjustments were required to the ISS agreed In January 2020. Officers continue to monitor the fund and take appropriate advice as necessary. The current position should be viewed with caution as there is still much uncertainty relating to COVID, however the objectives of the fund are long term and the portfolio is well positioned to withstand volatility over the long term</p> <p>Officers are closely monitoring developments and liaising with fund managers and advisors.</p>	<p>Strategic risk Likelihood = Significant Impact = Large Rating = C2 (Static)</p>	James Lake / Cllr M Goddard
PEN 02 - Inappropriate long-term investment strategy	<ol style="list-style-type: none"> 1. Set Pension Fund specific strategic asset allocation benchmark after taking advice from investment advisers, balancing risk and reward, based on historical data. 2. Keep risk and expected reward from strategic asset allocation under review. 3. Review asset allocation formally on an annual basis. 4. Asset allocation reported quarterly to committee 5. Officer and advisers actively monitors this risk. 	<p>A separate Officer and Advisor working group regularly monitors the investment strategy and develops proposals for change / adjustment for Pension Committee consideration.</p> <p>The impact of each decision is carefully tracked against the risk budget for the Fund to ensure that long-term returns are being achieved and are kept in line with liabilities.</p>	<p>Strategic risk Likelihood = Low Impact = Large Rating = E2 (Static)</p>	James Lake / Cllr M Goddard
PEN 03 - Active investment manager under-performance relative to benchmark	<ol style="list-style-type: none"> 1. The structure includes active and passive mandates and several managers are employed to diversify the risk of underperformance by any single manager. 2. Short term investment monitoring provides alerts on significant changes to key personnel or changes of process at the manager. 3. Regular monitoring measures performance in absolute terms and relative to the manager's index benchmark, supplemented with an analysis of absolute returns against those underpinning the valuation. 4. Investment managers would be changed following persistent or severe under-performance. 	<p>The Fund is widely diversified, limiting the impact of any single manager on the Fund. Active monitoring of each manager is undertaken with Advisors and Officers meeting managers on a quarterly basis and communicating regularly.</p> <p>The LCIV as pool is increasingly managing more assets on the funds behalf as per regulation, however transparency and reporting is less controlled by the fund. Improvements in communication from the pool have been requested over performance transparency of the managers to inform swift action.</p> <p>Comments on whether mandates should be maintained or reviewed are included quarterly and where needed specific performance issues will be discussed and reviewed.</p> <p>Action is taken to remove under-performing managers where appropriate.</p>	<p>Strategic risk Likelihood = Low Impact = Small Rating = E4 (Static)</p>	James Lake / Cllr M Goddard

Description	Actions in Place	Progress Comment	Risk Category / Rating / DOT	Lead Officer / Committee Member
PEN 04 - Pay and price inflation significantly more than anticipated impacting the ability for employers to afford contributions	<p>1. The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. The actuarial basis examines disparity between the inflation linking which applies to benefits of Deferred and Pensioner members as well as the escalation of pensionable payroll costs which only applies to active members, and on which employer and employee contributions are based.</p> <p>2. Inter-valuation monitoring gives early warning and investment in index-linked bonds also helps to mitigate this risk.</p> <p>3. Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p> <p>4. Covenant's are in place with security of a guarantee or bond for admission agreements.</p>	<p>The impact of pay and price inflation is monitored as part of the Council's MTFF processes and any potential impact on pension fund contributions is kept under review and factored into the Council's overall position.</p> <p>The impact of pay inflation is diminishing since the introduction of the CARE benefits in 2014 as there is less linkage to final salary in future liabilities.</p> <p>In response to the COVID-19 the government continues to provide stimulus packages to help support the economy. Furthermore the BoE has increased its QE programme and reduced interest rates. These interventions could have the effect of increasing inflation.</p> <p>Latest government announcement states a zero % local authority staff pay increase for 2021/22.</p>	Strategic risk Likelihood = Low Impact = Medium Rating = D3 (Static)	James Lake / Cllr M Goddard
PEN 05 - Inflation significantly more than anticipated	<p>1. Inter-valuation monitoring gives early warning.</p> <p>2. Investment in index-linked bonds helps to mitigate this risk.</p> <p>3. The fund has increased its inflation linkage by allocating 5% to Inflation linked long lease property in 2018.</p> <p>4. Contribution rate setting as part of the triennial valuation process considers 5000 scenarios in achieving a fully funded position</p>	<p>The impact of inflation is reviewed through all strategic investment decision making.</p> <p>Inflation linked investments form part of the investment strategy to balance this risk.</p>	Strategic risk Likelihood = Medium Impact = Large Rating = D2 (Static)	James Lake / Cllr M Goddard
PEN 06 - Pensioners living longer.	<p>1. Mortality assumptions are set with some allowance for future increases in life expectancy. Sensitivity analysis in triennial valuation helps employers understand the impact of changes in life expectancy.</p> <p>2. Club Vita monitoring provides fund specific data for the valuation, enabling better forecasting.</p>	<p>The Fund is part of Club Vita, a subsidiary of the Fund Actuary, which monitors mortality data and feeds directly into the valuation.</p>	Strategic risk Likelihood = Low Impact = Small Rating = E4 (Static)	James Lake / Cllr M Goddard
PEN 07 - Poor Performance of Outsourced Administrator leading to poor quality information supplied to both members and the Fund Actuary	<p>1. Quarterly review meetings held</p> <p>2. Weekly update calls with officers</p> <p>3. Quarterly KPI reports are provided to track and monitor performance</p> <p>4. Critical errors cleared prior to transfer of valuation data to actuary</p> <p>5. Data Improvement plan in place to improve the quality of member data</p> <p>6. Ongoing dialogue with Surrey Administration to implement audit recommendations</p> <p>7. Monitoring of progress and management goodwill to implement audit findings.</p>	<p>ORBIS have internally appointed two Heads of Service although staff resourcing continues to be an issue.</p> <p>The Pensions regulator has specified the priority items that funds should focus on during the pandemic. Weekly monitoring of these items have been ongoing and the fund is satisfied that the priority items are being satisfactorily processed.</p> <p>The process of interfacing payments between the administration and the finance system has now been completed (Feb 2021) which addresses risks raised by the internal audit report.</p> <p>The current contract for administration software provision has been completed by Surrey.</p> <p>Maintaining a reliable software system is critical to the fund as it holds all the individual member data and history.</p> <p>Regular service review meetings are held to address performance and other administration issues.</p>	Strategic risk Likelihood = Medium Impact = Large Rating = D2 (Static)	James Lake / Cllr M Goddard

Description	Actions in Place	Progress Comment	Risk Category / Rating / DOT	Lead Officer / Committee Member
PEN 08 - Risk of disruption to the delivery of pensions administration services and systems and data integrity during the transfer of administration services.	<ol style="list-style-type: none"> 1 Robust business case and project plan being put in place 2 Project oversight board has been appointed to monitor progress 3 Technical support from providers of systems platform has been co-opted to safeguard the integrity of their systems 4 Weekly meetings between project delivery officers across all three organisations to ensure project is going to plan and early identification of issues. 5 Regular progress reporting to Hillingdon Senior Management, Pensions Committee and Board. 6. Creation and monitoring of detailed risk register 	<p>Since the decision to transfer services project initiation meetings have been ongoing with the receiving party and exit meetings with Surrey. The administration system providers for both systems have been contacted and legal teams also mobilised.</p> <p>Legal paperwork is progressing and final version is due to be issued in March 21 along with the PID and project timeline.</p> <p>Surrey have appointed dedicated officers to facilitate the exit process, initial meetings have been quite positive.</p> <p>The Project Oversight Board is due to hold its first meeting in March 21 where it is expected the PID will be officially signed off by Hillingdon's Corporate Director of Finance.</p> <p>A communications plan is being developed to ensure effective communication to members and especially pensioners regarding the change in payroll date.</p>	Strategic Risk Likelihood = Low Impact = Very Large Rating = E1 (Static)	
PEN 09 - Failure to invest in appropriate investment vehicles as a result of MiFID II regulations in place from 3 January 2018	<ol style="list-style-type: none"> 1. Applications have been made to sustain "Professional Status" of the pension fund to enable continuation of the existing investment strategy. 2. All current application's have successfully been resolved confirming professional status 	<p>This is a risk identified as a result of regulatory changes and is continually assessed. The fund is required to show an appropriate level of knowledge and skills for investment decision markers.</p> <p>Changes in circumstances including committee membership or change in officers must be reported and could effect the ongoing investment relationship.</p>	Strategic risk Likelihood = Very Low Impact = Large Rating = F2 (Static)	James Lake / Cllr M Goddard
PEN 10 - Cyber Security - Pension schemes hold large amounts of personal data and assets which can make them a target for fraudsters and criminals	<ol style="list-style-type: none"> 1. Council wide policies and processes in place around: acceptable use of devices, email and internet use of passwords and other authentication home and mobile working data access, protection (including encryption), use and transmission of data 2. Risk is on the Corporate risk register with risk mitigation in place. 3. All member and transactional data flowing from SCC and Hillingdon is sent via encryption software 4. Data between the fund, SCC and Hymans is distributed via upload to an encrypted portal 5. Systems at Hillingdon and SCC are protected against viruses and other system threats 6. SCC are accredited to ISO27001:2013 and Cyber Essentials Plus accreditation. SCC are also PSN compliant. 	<p>This risk has been recognised in response to recommendations by the Pensions Regulator and work carried out by Pensions Board</p> <p>Certificates on SCC accreditation has elapsed but are actively being chased.</p> <p>SCC have an incident response plan which is required to develop mitigation of this risk. A copy will be sent to the fund.</p> <p>A basic Data Mapping exercise has been carried out to understand the data transfers and risks in this area including potential for treat through other employers. A new tool has been requested to better understand the mapping going forward. A data scorecard tool has been completed, with results pending, to assist in risk identification.</p> <p>As a result of work with the Pensions Board in gaining assurance in this area the fund will create a policy to ensure a sufficient action plan in place in the case of a breach within the fund.</p>	Strategic risk Likelihood = Medium Impact = Large Rating = D2 (Static)	James Lake / Cllr M Goddard
PEN 11 - Climate Change - Risk of financial lose through Climate change impacts	<ol style="list-style-type: none"> 1. The fund have an ESG policy in place as part of the ISS. 2. Active equities within fossil fuel sector have been assessed in relation to the Transition pathway analysis tool to identify those companies transitioning to a lower carbon world. 3. Manger selections take into account ESG policy 4. Mangers are expected to be signed up to the stewardship Code 5. Managers are expected to have signed up to the UN Principles for Responsible Investment (UK PRI) 6. ESG Issues are discussed with managers at review meetings 	<p>The investment strategy will be updated with a statement on climate change risk on next revision.</p> <p>The fund biggest risk exposure to poorly managed companies in respect of carbon emissions will be through the passive allocation. Tilts on this allocation will be reviewed and considered to reduce this risk.</p> <p>Pensions Committee has created a stand alone RI policy which will support principles and implementation. The policy is a live document and is due to be updated through the Stewardship Code 2020 sign-up process.</p> <p>Work has begun on meeting the requirements to enable sign-up to the 2020 Stewardship Code.</p>	Strategic risk Likelihood = Low Impact = Large Rating = E2 (Static)	James Lake / Cllr M Goddard

Description	Actions in Place	Progress Comment	Risk Category / Rating / DOT	Lead Officer / Committee Member
PEN 12 - Portfolio liquidity - risk of failure to liquidate assets or meet drawdown calls	<ol style="list-style-type: none"> 1. The fund has an active daily cash management process in place to ensure there is sufficient cash available to meet all beneficiary payments. 2. Cash management includes investing large amounts of surplus cash to balance the investment portfolio or hold in liquid asset classes in anticipation of cash calls 3. Officers liaise with managers where commitments have been made to keep track of predicted drawdown timescales 4. The fund is significantly diversified in different asset classes and asset managers to ensure if there is a stop on any one holding then the portfolio will continue to operate as normal. 	<p>There is a detailed cash management process in place and have been developed over the past 2 years. This is signed off daily to ensure liquidity. The fund continues to invest in illiquid asset classes to benefit from illiquidity premium, however this is a relatively small portion of the portfolio and there are other liquid asset classes easily accessible. All trade times are listed in the cash management policy.</p> <p>The fund is still borderline cashflow positive / breakeven on member dealings and is forecast to remain so in 2020/21.</p> <p>The Fund has sufficient liquidity should it need to draw on investments.</p>	Strategic risk Likelihood = Very Low Impact = Large Rating = F2 (Static)	James Lake / Cllr M Goddard
PEN 13 - Failure of the pool in management of funds / access to funds	<ol style="list-style-type: none"> 1. Quarterly review meetings held with the pool 2. Regular reporting out of the pool informing the fund of manager performance 3. Swift communications received from the pool with staff turnover and concerns the fund may need to be aware. 4. Independent adviser carried out a review of governance for manager selection and manager monitoring to add assurance and discussion points with the pool 5. Active Shareholder representation at General meeting and AGM. 6. Pool to attend Committee meetings where required, to provide assurance over progress and activity. 	<p>LCIV staff turnover has stabilised with all key post now in place. The team is steadily building to cover ESG, new markets and reporting requirements, as the underlying portfolio grows.</p> <p>Governance remains high on the agenda and Hillingdon have been key in forging improvements. There has been positive progress by LCIV and future governance improvements have been promised. These will be monitored over the coming year.</p>	Strategic risk Likelihood = Low Impact = Medium Rating = D2 (Static)	James Lake / Cllr M Goddard
PEN 14 - Threat of COVID 19 to Business Continuity	<ol style="list-style-type: none"> 1. The pensions section and corporate finance has a business continuity plan that identifies critical tasks and resources required to carry them out. 2. Communication to key 3rd party providers Surrey Administration to co-ordinate business continuity plans 3. Active monitoring of developments, keeping abreast of Council and Government advice to ensure readiness to implement the continuity plan if required. 4. Non-essential external meetings have been cancelled to reduce contact 5. Checks being done to ensure staff have facilities to work from home 6. Vulnerable staff are being kept out of the office as much as possible 	<p>The business continuity plan for the Pensions Section has been updated to identify critical tasks and resources and systems required to maintain services.</p> <p>Staff are now able to fully work from home with all infrastructure in place. It is now commonplace for meetings to be held virtually.</p> <p>Business continuity plans have been obtained from the Surrey to ensure continuity of essential member services. Working from home is in place for Surrey staff.</p>	Strategic risk Likelihood = High Impact = Large Rating = D2 (Static)	James Lake / Cllr M Goddard

Attributes:		Risk rating	Score	Risk rating	Score	Risk rating	Score	Risk rating	Score	
Greater than 90%	This week	Very High (A)	A4	6	A3	12	A2	18	A1	24
70% to 90%	Next week / this month	High (B)	B4	5	B3	10	B2	15	B1	20
50% to 70%	This year	Significant (C)	C4	2	C3	4	C2	6	C1	8
30% to 50%	Next year	Medium (D)	D4	1	D3	2	D2	3	D1	4
10% to 30%	Next year to five years	Low (E)	E4	0	E3	0	E2	0	E1	0
Less than 10%	Next ten years	Very Low (F)	F4	0	F3	0	F2	0	F1	0
		Small (4)		Medium (3)		Large (2)		Very Large (1)		
		IMPACT								
THREATS:		Attributes:								
		Financial	up to £500k	Between £500k and £10m	Between £10m and £50m	Over £50m				
		Reputation	Minor complaint, no media interest	One off local media interest	Adverse national media interest or sustained local interest	Ministerial intervention, public inquiry, remembered for years				

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ANNUAL REPORT OF THE LOCAL PENSIONS BOARD Item 10

Committee	Pensions Committee
Reporting Board Member	Roger Hackett – Chair of the Local Pensions Board
Papers with report	Annual Report of the Pensions Board

RECOMMENDATION

1. That the Pensions Committee note the annual report of the Local Pension Board for the year 2020

REASON FOR ITEM

The Scheme Advisory Board's LGPS Guidance on the Creation and Operation of Local Pension Boards in England and Wales recommends that the Board produces a report to the Pensions Committee, on the work undertaken during the year and future work plans.

This report has been compiled to provide feedback to Pensions Committee on the work undertaken by the Local Pension Board during the year 2020

FINANCIAL IMPLICATIONS

The financial implications are included in the annual report

LEGAL IMPLICATIONS

The legal implications are included in the annual report

Classification: Public
Pensions Committee 24 March 2021

The London Borough of Hillingdon Local Pension Board Annual Report 2020



HILLINGDON
LONDON

Contents

1. Introduction
2. Summary of the Work of the Board
3. Details of Conflict of Interest
4. Areas of Concern or Risk
5. Training
6. Work Plan
7. Expenses

1 Introduction to the Local Pension Board

The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the scheme.

The purpose of the Board is to assist the Administering Authority in its role as a Scheme Manager of the Scheme. Such assistance is to:

- Secure compliance with the regulations and 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
- To ensure the effective and efficient administration of the Scheme.

London Borough of Hillingdon Council ratified the establishment of the Board on 6th November 2014 to commence with effect from 1st April 2015. Council at its meeting 02 November 2017 agreed to change the structure of the Board and its membership to improve the overall effectiveness of the Board. The Board meets four times a year and consists of two Employer representatives, and two scheme member representatives.

Membership of the Board

Employer Representatives	Scheme Member Representatives
Hayley Seabrook	Roger Hackett
Zac Muneer	Tony Noakes

Record of Attendance

Name	Feb-20	Apr-20	Sep-20	Nov-20
Zak Muneer	Y			
Hayley Seabrook	Y		Y	Y
Roger Hackett	Y		Y	Y
Tony Noakes	Y		Y	Y

**April 2020 meeting was cancelled due to COVID-19 restrictions

The Scheme Advisory Board's LGPS Guidance on the Creation and Operation of Local Pension Boards in England and Wales recommends that the Board produces a report to the Pensions Committee, on the work undertaken during the year and future work plans. This report covers the work of the period from February to November 2020.

AON Hewitt is appointed as Governance advisers to support the development and work of the Board and attend meetings as necessary.

2 Summary of the Work of the Board

In March 2020 the Council suspended the Pensions Committee meetings due to COVID-19. This had a knock-on effect on the Pensions Board meeting for April 2020, as a key part of the work of the Board is to review the decisions of the Pensions Committee.

In addition to reviewing the governance of Pensions Committee papers and effective decision making, the Board has a work programme focusing on administrative and governance compliance of the fund with papers presented to the Board for discussion. Some of the key areas discussed have been outlined below.

Results of TPR code compliance review

The review of the Councils compliance with the TPR code of practice was presented to the Board in February 2020. Of the 97 areas assessed, full compliance was found in 78 areas, partial compliance in 18 and 1 area of non-compliance.

At the last assessment in November 2020 the areas of partial compliance were improved from 18 to 7 and there were no areas of non-compliance. The Board continues to monitor the code compliance with an aim to achieve full compliance in all areas

Other areas of work have been undertaken as outline below

- Monitoring of the Data Improvement Plan
- Cyber security assurance, controls and response
- Review of Policy documents to ensure they are kept up-to-date
- Monitoring the performance of the Pensions Administration by Surrey County Council.

Future Work of the Board

In addition to the high-level items shown in the workplan later in this report the Board will have a keen eye on the following areas.

Cyber Security has been high on the Board's agenda through 2020 and this will continue through 2021. The outcome of the recent 'scorecard' benchmarking exercise is eagerly awaited. Analysis should show if there are any perceived weaknesses and where remedial action may be required. A cyber data mapping toolkit is currently being developed by a third party and a commitment has been made to acquire this software to help understand pension fund data flows.

The Pensions Regulator has recently announced their 'Pensions Pledge' campaign in which the pensions industry is being called upon, to publicly pledge to combat scams. The Board will be keen to see this explored further by the Fund with the aim of making the pledge.

The Board has been monitoring the Good Governance Project and the recent publication of phase 3 of the report. The Board will be considering this report to assess its implications and how those affected by the proposed changes should be preparing for this new governance framework.

The Pensions Regulator (tPR) has asked Boards to particularly focus on Data Accuracy. The transition to the new administrator includes ambitious plans to have a comprehensive Data Improvement Plan for 2022 and seeks to meet tPR targets. The Board will be monitoring and reviewing the arrangements being put in place to achieve this.

3 Details of any Conflicts of Interest

The SAB guidance recommends that the Board reports details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed.

Declaration of interest remains on the Agenda at the start of each meeting and in addition to the register of interest Pension Board members have been requested to renew their declaration of interest form in line with best practice.

A Conflicts of Interest Policy was also introduced following the TPR CoP review which provides guidance to the Board on how to identify and

manage conflicts of interest. No major conflicts of interests have arisen other than the declarations made at the start of each meeting.

Board members and officers continue to monitor conflicts of interest. Training has also been scheduled in February 2020.

4 Areas of Concern or Risk

Regulatory changes – The Board recognises that there are currently many regulatory changes to be implemented in the LGPS. These include: McCloud Judgement; Goodwin Judgement; GMP reconciliation, and Exit Cap. The Board is also aware of the added complexity and pressures of managing these changes in the current COVID-19 environment.

The Board will continue to monitor and seek assurance from Officers that the changes can be effectively delivered in compliance with the regulatory deadlines.

Transfer of Administration Services – In 2020 the Pensions Committee agreed to transfer the pensions administration service currently provided by Surrey CC to Hampshire CC.

The Board recognises that this is a major risk area involving the transfer of large amounts of sensitive membership data. The Board will be keen that compliance with the relevant GDPR, and cyber security processes are met and that there is minimal disruption to the provision of pension administration services during the transition.

The Pensions Board in supporting this project has been vigorous in probing and seeking assurance that a robust plan is in place to minimise the risks.

The Board will continue to monitor this project in the coming year to ensure that compliance especially in the areas of GDPR, cyber security and continuity of service quality.

5 Training

Regular training has been made available to the Board and is a standing item on the quarterly work programme. As a result of the move to virtual meetings, training has been delivered separately from the meetings. Board members challenged themselves in 2020 to complete the TPR

public sector toolkit. The schedule below outlines the training undertaken by the Board

Areas of Training	Date	Zak Muneer	Hayley Seabrook	Roger Hackett	Tony Noakes
The Pensions Regulator Public Sector Toolkit			Y	Y	
Pensions Accounting and Audit Standards	26-Feb-20	Y	Y	Y	Y
CIPFA LPB Annual Conference	24-Jun-20			Y	
CIPFA LPB Autumn Seminar	01-Oct-20		Y	Y	
ISIO - Investment Strategy Training (joint)	21-Oct-20		Y	Y	Y
TPR + AON Cyber Risk in LGPS	19-Nov-20			Y	

The future training programme for the Board has been set out below. Board members have been requested to refresh the knowledge and skills assessment to assist officers to develop a targeted training programme.

Areas of Training	Date
Regulatory Update Training	20-Jan-21
Conflicts of Interest Training	Feb 21
Cipfa LPB Spring Seminar	15-Feb-20
Sustainable investment Challenges for LGPS	25-Feb-21
ESG Training (jointly with Commitree)	Mar-21

6 Work Plan

The workplan below sets out the tasks undertaken by the Board during 2020

Meetings	Specific topics
26 February 2020	<ul style="list-style-type: none"> • Training - Accounts and Audit Regulations (relating to internal controls and proper accounting practice) • Funding Strategy Statement review • tPR Checklist – Full Independent review of compliance • Administering Authority Discretions policy • Review of Pension Committee Reports
24 April 2020**	<ul style="list-style-type: none"> • Training - Conflict of Interest assurance providers • Communication Policy Review • tPR Checklist review & focus areas TBC • Training Update Report • Review of Pension Committee Reports
9 September 2020	<ul style="list-style-type: none"> • Training – Conflicts of Interest (to be done separately) • Cyber Security Update • Governance and Compliance update • tPR Checklist review & focus areas • Training Update Report

	<ul style="list-style-type: none"> • Internal Controls Report • Breaches Log Report • Review of Pension Committee Reports
25 November 2020	<ul style="list-style-type: none"> • Cyber Security Update • Data Score improvement plan • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log • Review of Pension Committee Reports

**April 2020 meeting was cancelled due to COVID-19 restrictions

The Future workplan of the Board is set out below.

Meetings	Specific topics
17 February 2021	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Annual Report of the Board • Breaches Log • Internal controls and cyber security • Review of Pension Committee Reports
21 April 2021	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log

	<ul style="list-style-type: none"> • Review of Pension Committee Reports
28 July 2021 (TBC)	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log • Review of Pension Committee Reports
27 October 2021 (TBC)	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log • Review of Pension Committee Reports
05 January 2022 (TBC)	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log • Review of Pension Committee Reports

7 Expenses

The Board incurred expenses of £1,420 in relation to its operations in 2020. (This does not include the standard governance support fees)

WORK PROGRAMME 2021/2022

ITEM 11

Committee	Pensions Committee
Officer Reporting	James Lake & Yvonne Thompson-Hoyte, Finance
Papers with report	None

HEADLINES

This report is to enable the Pension Committee to review planned meeting dates and forward plans. Due to a change in the statutory accounts deadline the Pension Committee dates for 2021 have been adjusted to accommodate the new timeline. The revised dates have been approved by Full Council.

RECOMMENDATIONS

That the Committee:

- 1. Notes the dates for Pensions Committee meetings.**
- 2. Makes suggestions for future agenda items, working practices and / or reviews.**

SUPPORTING INFORMATION

Meeting Date	Item
24 March 2021	<ul style="list-style-type: none"> • Training previously received 22 Jan Property Investment 4 Mar ESG • Investment update and manager review • Annual Report of the Board • Administration Report • Responsible investment Update • Risk Register • Audit Plan • Independent Adviser Contract
10 June 2021	<ul style="list-style-type: none"> • Training TBC • Investment update and manager review • Administration Report

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Pensions Committee 24 March 2021

	<ul style="list-style-type: none"> • Risk Register • Conflicts of Interest Policy • Responsible investment Update
28 September 2021	<ul style="list-style-type: none"> • Pension Fund Annual Report 2020/21 • External Audit of Pension Fund • Investment update and manager review • Administration Report • Risk Register • Responsible Investment • CIV Governance Update • Stewardship Code 2020 draft report
1 December 2021	<ul style="list-style-type: none"> • Training TBC • Investment update and manager review • Administration Report • Risk Register
23 March 2022	<ul style="list-style-type: none"> • Training TBC • Investment update and manager review • Administration Report • Risk Register • Annual Report of the Board • Annual Audit Plan

FINANCIAL IMPLICATIONS

There are no financial implications in the report

LEGAL IMPLICATIONS

The legal implications included within the body of the report

STRICTLY NOT FOR PUBLICATION

Exempt information by virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972 (as amended).

Agenda Item 12

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Agenda Item 13

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Agenda Item 14

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