

Minutes

PENSIONS COMMITTEE

25 September 2024

Meeting held at Committee Room 5 - Civic Centre



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Reeta Chamdal (Chair), Kaushik Banerjee (Vice-Chair), Stuart Mathers and Tony Burles</p> <p>LBH Officers Present: Tunde Adekoya, Finance Manager – Pensions & Governance Richard Ennis, Corporate Director of Finance and Section 151 Officer James Lake, Director of Pensions, Treasury & Statutory Accounts Anisha Teji, Senior Democratic Services Officer Jack Francis-Kent – Pension Board Member and Principal Internal Auditor</p> <p>Also Present: Marian George, Independent Adviser Andy Lowe, Hampshire County Council Andrew Singh, Isio Sunny Jheeta, Isio Christophe Osborne – LCIV Silvia Knott-Martin - LCIV Rodger Hackett – Chair of Pensions Board</p>
73.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
74.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>None.</p>
75.	<p>MINUTES OF THE MEETING - 5 JUNE 2024 (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That the Committee agreed the minutes from the meeting on 5 June 2024 as an accurate record.</p>
76.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that agenda items 5 – 9 would be considered in Part I and agenda items 10 – 12 would be considered in Part II.</p>
77.	<p>ADMINISTRATION REPORT (<i>Agenda Item 5</i>)</p> <p>The Finance Manager – Pensions & Governance introduced the Pensions Administration & Performance report.</p>

The report highlighted a 100% KPI and a 4.5% increase in portal sign-ups from 30.95% to 44.5%, along with a reduction in backlog cases from 4158 to 524. Cyber security penetration testing in July identified one high vulnerability, which Hampshire County Council (HCC) intended to fix by December, while twice-yearly testing had resulted in fewer vulnerabilities. User experience improvements included email acknowledgments for portal logins and form processing. The annual benefit statement and employer benchmark data had been prepared, showing performance improvement results, with actions to be discussed at the next Pensions Board meeting. An update would be provided to the Committee at the December meeting.

In response to questions regarding increased update with employers, it was noted that there had been an improvement in communication with employers and payroll providers, especially with academies and schools. Positive feedback was received from accountancy representatives for schools and academies. Engagement with major suppliers and payroll providers had also improved. It was explained that actions from benchmarking data would involve writing to employers and fining those who are late in sending information.

The Committee heard that in terms of McCloud financial liability the actuary had not yet provided an exact figure however previously there was an assumed liability of £3,000,000 on a £1.3 billion fund. New legislation had been introduced and the timeline for knowing the exact costs was uncertain.

It was noted that there were layers of security in place, including prevention bots and regular penetration testing to manage cyber security threats and further discussion would take place at the next Pensions Board meeting.

RESOLVED: That the Pensions Committee noted the Administration update.

78. **INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE - PART I**
(Agenda Item 6)

The Finance Manager – Pensions & Governance introduced the Investments Strategy and Fund Manager Performance report and highlighted the new dashboard produced collaboratively by officers. The dashboard was designed to be more user-friendly and had resulted in significant cost savings.

It was reported that the headline funding level was now at 120%, with assets up to 1.38 billion. The performance of the fund in the quarter under review was 2%, which was 0.2% behind the benchmark. The one-year performance was 12.5%, which was 0.5% ahead of its benchmark. The three and five-year returns were 3.6% and 4.0% annualised, respectively, against a 4.1% return target in the funding strategy statement.

It was agreed that a glossary of acronyms would be circulated to Members.

During Member discussions further information was provided on third Quarter Performance noting that the LCIV Global offer growth fund, managed by Bailey Gifford, had underperformed. It was explained that the market had been driven by a few information technology stocks in the US and equity managers found it difficult to outperform the market due to the concentration of these stocks. Despite this many concerns had been addressed, risk was being managed and there was continued monitoring.

	<p>The Committee considered the status and future plans for infrastructure investments particularly focusing on the LCIV Infrastructure Fund and other related fund. Members also discussed the distribution and reinvestment of funds from Macquarie infrastructure funds, which were nearing the end of their life.</p> <p>RESOLVED: That the Committee noted the funding and performance update.</p>
79.	<p>RESPONSIBLE INVESTMENT (<i>Agenda Item 7</i>)</p> <p>The Director of Pensions, Treasury and Statutory Accounts introduced the item on the Responsible Investments Update. The report provided information on how managers entrusted with the investing Pension Fund assets were implementing their Environmental, Social and Governance (ESG) policies and demonstrated their commitment to ensuring it was a cogent part of their investment process.</p> <p>RESOLVED: That that the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Noted the fund managers' ESG activities and compliance efforts. 2. Noted LCIV & LAPFF activities.
80.	<p>RISK REGISTER REPORT (<i>Agenda Item 8</i>)</p> <p>The Director of Pensions, Treasury and Statutory Accounts introduced the item on the Pension Fund Risk Register. It was reported that that the Council's risks had been moved from a spreadsheet to a new risk management system, allowing for better record-keeping and the removal of inactive risks. Eleven risks had been retired and three remain actively monitored.</p> <p>In response to Member questions about the funds governance to comply with certain requirements, it was noted that the risk was introduced due to the new General Code of Practice by the Pensions Regulator, which included a new set of rules that had to be complied with. A review of the situation was done by September using a tool that produced a report on compliance and a peer review was also being undertaken to address any gaps. The progress would be regularly reported to the Pensions Board.</p> <p>In terms of keeping risks PEN 9 and 10 on the register, officers emphasised the importance of managing risks as part of day-to-day business, especially with member dealings. The key risk was ensuring that there was enough money in the fund to pay pensions and managing cash flow. Members agreed to continue monitoring the situation and added risks 9 and 10 as active risks. This would be reviewed at the December meeting.</p> <p>RESOLVED: That the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Considered and agreed the Risk Register in terms of the approach, the specific risks identified and the measures being taken to mitigate those current risks. 2. Noted the revised format and agreed the retired risks and those which remained open. 3. Agreed to add risk PENs 9 & 10 as active risks.

81.	<p>GOVERNANCE (<i>Agenda Item 9</i>)</p> <p>The Committee considered the Governance report which included the work plan and governance updates. The workplan outlined future discussion items.</p> <p>Members discussed training and assessment updates. The Committee discussed officer workload and the need to achieve full compliance with the new requirements. A joint training session on equality, diversity, and inclusion was suggested, with plans for separate sessions due to scheduling conflicts.</p> <p>RESOLVED: That the Committee:</p> <ol style="list-style-type: none"> 1. Noted the dates for Pensions Committee meetings. 2. Made suggestions for future agenda items, working practices and / or reviews. 3. Noted Committee’s Continuous Professional Development update 4. Agreed updated Communications Policy 5. Agreed updated Reporting Breaches Policy 6. Noted GCoP Update
82.	<p>INVESTMENT PART II - STRATEGY REVIEW AND MANAGER UPDATES (<i>Agenda Item 10</i>)</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 Director of Pensions, Treasury and Statutory Accounts and Finance Manager – Pensions and Governance presented the Part II Investment update. The report detailed the implementation of the investment strategy of the Hillingdon Pension Fund and Members considered key local authority fund statistics.</p> <p>RESOLVED: That the Pensions Committee agreed recommendations 1 – 5 as listed in the confidential report.</p>
83.	<p>ACTUARY CONTRACT EXTENSION (<i>Agenda Item 11</i>)</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 Director of Pensions, Treasury and Statutory Accounts and Finance Manager – Pensions and Governance presented report on the Actuary Contract Extension.</p> <p>RESOLVED: That the Committee agreed the recommendation as detailed in the report.</p>
84.	<p>GUARANTEED MINIMUM PENSION (GMP) (<i>Agenda Item 12</i>)</p>

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).

The Director of Pensions, Treasury and Statutory Accounts and Finance Manager – Pensions and Governance presented the Guaranteed Minimum Pensions GMP report which was considered in Part II. Members discussed the report and agreed the resolution listed in the Part II minutes.

RESOLVED: That the Pensions Committee agreed the recommendation listed in the Part II minutes.

The meeting, which commenced at 5.00 pm, closed at 7.22 pm.

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