

ANNUAL REPORT TO PENSIONS COMMITTEE

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

REASON FOR ITEM

The report is compiled to provide feedback to Pensions Committee on the work undertaken by the Local Pension Board since the last report presented to Pensions Committee in January 2019 and to meet the legislative requirement for producing an annual report.

INFORMATION

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 and Attendance at Meetings

The membership of the local Pension Board is:

Employer Representatives:

Hayley Seabrook (Hillingdon Council)

Zak Muneer (LHC)

Scheme Member Representatives:

Roger Hackett
Tony Noakes

Attendance at meetings has been high, with all members in attendance for all meetings.

Record of Attendance

Name	Feb-19	Apr-19	Sep-19	Nov-19
Zak Muneer	Y	Y	Y	Y
Hayley Seabrook	Y	Y	Y	Y
Roger Hackett	Y	Y	Y	Y
Tony Noakes	Y	Y	Y	Y

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

Training

Relevant external training opportunities are made available to Board Members and have been well supported, in particular with regular attendance at quarterly local board specific training sessions held by CIPFA. Pension Board members also utilise internal training opportunities by attending Pension Committee where a training item starts each meeting as well as during the Pensions Board meetings.

Using CIPFA's Training Needs analysis, specific training needs have been identified, and will continue to be identified, and are built into future training.

Training Courses attended in 2019

	Hayley Seabrook	Zak Muneer	Roger Hackett	Tony Noakes
Roles, Responsibilities & Regulation	Y	Y	Y	
Cyber Security	Y	Y	Y	Y
CIPFA LGPS Local Pension Board Members' Spring Seminar	Y	Y	Y	Y
Inflation and UK I/L Bonds Vs US TIPS	Y			
Reporting Beaches	Y	Y	Y	Y
Triennial valuation		Y	Y	Y

ESG Training		Y		Y
Discretions	Y	Y	Y	Y
Hymans An objective view on Pooling			Y	
CIPFA LGPS Local Pension Board Members' Autumn Seminar	Y		Y	Y

Work of the Local Pension Board

Meetings are held shortly after each Pensions Committee. Each meeting undertakes a review of the most recent Pensions Committee reports and decisions, raising any issues for clarification with officers. To date there have been no issues referred back to Pensions Committee. All Committee papers are shared with Board Members who are encouraged to attend Committee meetings to fully understand the reports.

In addition to reviewing the governance of Pensions Committee papers and effective decision making the board have a work programme focusing on more administrative issues and governance of the fund with a number of papers presented and discussed at each meeting.

Terms of Reference for the Board:

- I. The Pensions Board will be chaired by a member chosen by the group
- II. The frequency of the Pensions Board will be determined by the Board.
- III. Reports to the Board will either reflect decisions taken by Pensions Committee or be reports for noting already seen by Pensions Committee.
- IV. The role of the Board will be to assist London Borough of Hillingdon Administering Authority as Scheme Manager: to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
- V. To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and in such other matters as the LGPS regulations may specify.
- VI. To secure the effective and efficient governance and administration of the LGPS for the London Borough of Hillingdon Pension Fund.
- VII. To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest. (NB: Being a member of the LGPS is not seen as a conflict of interest.)

Key Projects

The key work of the Pension Board in the past year have related to understanding changes in regulation, reviewing performance of the administration of the fund and to

improve Fund governance and in ensuring compliance with the Pension Regulator's code of practice by carrying out a refresh to monitor improvements. Pension Board have undertaken some significant pieces over the past year including:

- Lead on the development of a Data Improvement Plan
- Cyber security assurance, controls and response
- Reviewed a number of Policy documents to ensure refreshed and up to date
- Carried out an ongoing rolling refresh against Pension regulator's compliance checklist and agreement of actions for improvement; and
- Monitoring the performance of the Pensions Administration by Surrey County Council.

Summary of work in the year

February

- Cyber Security – Training and Discussion
- Administration update – Data improvement, Auto enrolment, Communications
- tPR Checklist review & focus on A – Reporting and B – Knowledge and Understanding
- Governance within Pooling – Structure and regulation of the London CIV
- Statutory reporting requirements and communications – Statutory Communications, Other communications and methods of communicating
- Review of Pension Committee Reports

April

- Reporting Breaches of Law – Training and Discussion
- Administration update – Resourcing, Data Cleansing, Valuation, report of a breach to the regulator
- Specifics of the LGPS – 85 year rule and 50/50 scheme
- Training Policy revision and Training Needs analysis with training plan
- Risk Management Policy revision
- tPR Checklist review & focus on C – Conflicts of Interest and D – Publishing Information
- Review of Pension Committee Reports

September

- Discretionary Powers - Training and Discussion
- Administration update - Annual Benefit Statements, Annual allowance, Auto enrolment opt outs, returns to tPR and other government bodies, Good governance in the LGPS
- Data Improvement Plan
- Reporting Breaches Policy Review
- Breaches Log
- Administration Strategy Policy Review
- tPR Checklist review & focus on E – managing risk and internal control and H – Providing information to members and others
- Update on Cyber Security controls and data mapping
- Review of Pension Committee Reports

November

- Taxation in Pensions and Myners principles – Training
- Draft annual report from Board to Pensions Committee
- tPR Checklist review & focus I - Internal Dispute Resolution, J – Reporting Breaches of the Law and K – Scheme Advisory Board
- Presentation on Cyber Security Controls and response plan on the Hillingdon network
- Administration update on communications, resourcing
- Data improvement plan revision
- Breaches
- Review of Pension Committee Reports

In understanding governance of the Fund the Pension Board have challenged officers in specific areas of administration and governance arrangements including:

- Whether the fund has sufficient resources available,
- Implementation and publicity of self service module for pensioners, actives and deferred members
- Data quality and improvement
- Cash flow
- Annual allowance and Lifetime allowance
- GDPR
- Cyber Security
- ABS production
- Member training
- Review of Pension Committee papers and decision making process

Future Work Plan

The Pensions Board have a future work plan to ensure areas are regularly monitored such as updating policy document and continually considering the management of the amination contract and data quality. In addition the Board have a programme of training to continually increase knowledge and skills and is designed to focus on weaker areas as identified in the training needs analysis updates.

Over the coming year the Board plan to carry out the following work

- Carry out a full independent TPR Code of Practice (CoP) 14 compliance review
- Review the Funding Strategy Statement prior to publication and full sign off by Pensions Committee
- Finalise the amendments to the Administration Strategy prior to publication and full sign off by Pensions Committee
- Communication Policy Review prior to publication and full sign off by Pensions Committee
- Training Update
- Continue to assess the governance over decision making of the Pensions Committee

- Continue to challenge the Data Quality and ensure data is continually improving with a robust Data Improvement Plan in place
- Review the Breaches Log for the fund and consider where areas of weakness may be in the administration of the fund

Training topics in the programme for Boards development

- Accounts and Audit Regulations (relating to internal controls and proper accounting practice)
- Role played by third party assurance providers
- Public sector procurement, specifically procurement within the LGPS
- Pension Fund Governance including SAB