

## Minutes

### PENSIONS COMMITTEE

26 January 2021

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



	<p><b>Committee Members Present:</b> Councillors Martin Goddard (Chairman) Philip Corthorne (Vice-Chairman) Tony Eginton Raymond Graham John Morse (Opposition Lead)</p> <p><b>LBH Officers Present:</b> 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><b>Also Present:</b> 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><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
85.	<p><b>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</b> (<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><b>MINUTES OF THE MEETING DATED 28 OCTOBER 2020</b> (<i>Agenda Item 3</i>)</p> <p><b>RESOLVED:</b> That the minutes of the meeting dated 28 October 2020 be approved as an accurate record.</p>

87.	<p><b>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</b> (<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><b>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE - PART I</b> (<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><b>RESOLVED:</b></p> <p><b>1. That the Pensions Committee noted the Fund performance update.</b></p>
89.	<p><b>SUSPENSION OF ABATEMENT POLICY REVIEW</b> (<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><b>ADMINISTRATION PART II - PENSIONS ADMINISTRATION UPDATE</b> (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><b>INVESTMENT PART II - STRATEGY REVIEW AND MANAGER UPDATES</b> (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.