

# 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 6<sup>th</sup> November 2014 to commence with effect from 1<sup>st</sup> 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

<b>Employer Representatives</b>	<b>Scheme Member Representatives</b>
Hayley Seabrook	Roger Hackett
Zac Muneer	Tony Noakes

### Record of Attendance

<b>Name</b>	<b>Feb-20</b>	<b>Apr-20</b>	<b>Sep-20</b>	<b>Nov-20</b>
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

<b>Areas of Training</b>	<b>Date</b>	<b>Zak Muneer</b>	<b>Hayley Seabrook</b>	<b>Roger Hackett</b>	<b>Tony Noakes</b>
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.

<b>Areas of Training</b>	<b>Date</b>
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

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



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

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

The Future workplan of the Board is set out below.

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

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

## 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)