

Pension Board Annual Report 2021

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1 Chair's Foreword

Welcome to the Annual Report of the Local Pension Board (LPB) of Hillingdon Pension Fund (HPF). This report covers the period from January to December 2021. At the Board meeting of February 2021, the terms of reference of the Board was changed allowing for the election of a Chair for one year. I was privileged to be elected to serve as Chair of the Board for 2021.

The Board was able to carry out its role of assisting the Administering Authority in securing compliance with regulations despite the challenges of COVID-19. All the meetings were held virtually during this time and Officers and the administration service providers were able to deliver the expected services.

Some of the key achievements the Board oversaw in addition to the regular review of the Pensions Committee reports were:

- The fund achieving full compliance with the Pension Regulators Code of Practice 14
- Reviewing the Anti-Scamming Arrangements
- Raising awareness of cyber security and the Cyber scorecard assessment
- Monitoring breaches and ensuring corrective actions were implemented
- Full knowledge and skills assessment of Board members and the successful implementation of a comprehensive training plan.
- Supporting the Pensions Committee and Officers in successfully transferring the administration services from Surrey County Council (SCC) to Hampshire County Council (HCC).

The year ahead continues to be met with the challenges of COVID-19 and the resulting uncertainties in terms of changes in rules that the government may implement. However, the Fund has adapted to the changes including the ability to function with staff working remotely.

There are upcoming regulatory changes with which the Fund has to comply and that the Board will oversee; these include:

- The Pensions Regulator's Single Code of Practice
- Updated Good Governance Framework
- The Pensions Dashboard Programme
- The Data Improvement Programme
- Implementation of McCloud & GMP

In closing I would like to thank the Pensions Committee, Officers, Advisers and fellow Board Members for their cooperation and support during my time as Chair and I look forward to helping the Fund address the challenges we expect to face in 2022.

Roger Hackett

Chair of Hillingdon Local Pension Board (2021)

2 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. At its meeting 02 November 2017, Council 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 (Jan-21-Jul-21)	Roger Hackett
Shane Woodhatch	Tony Noakes
Anil Mehta (Aug-21-Dec21)	

Record of Attendance

Name	Feb-21	Apr-21	Jul-21	Nov-21
Roger Hackett	Y	Y	Y	Y
Tony Noakes	Y	Y	Y	Y
Hayley Seabrook	Y	Y	Y	n/a
Shane Woodhatch	Y	N	Y	N
Anil Mehta	n/a	n/a	n/a	Y

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.

3 Summary of the Work of the Board

Transition of administration services

One of the largest pieces of work for the Board during 2021 was their involvement regarding the transition of pension administration services from Surrey County Council to Hampshire County Council.

The Board were heavily involved in monitoring the communications project, change of pension pay-date, risk management and data integrity. The Board provided robust challenge to officers and Committee to ensure all aspects and member interests were taken into consideration and managed appropriately.

The transition proceeded in accordance with the project timeline and successfully went live on 27th September 2021.

TPR code compliance review

The review of the Councils compliance with the TPR code of practice was initially presented to the Board in February 2020 with full compliance in 78 areas, partial compliance in 18 and 1 area of non-compliance. Work continued throughout 2020 reducing partial compliance to 7 and removing the non-compliance item.

During 2021, the Board has worked closely with officers and by the November meeting the Fund had moved to 100% compliance across all areas.

Updated Terms of Reference and Operating Procedures

In 2020 with the start of the pandemic it was noted there were some potential gaps in the Board's Terms of Reference. These were addressed with updated Terms of Reference being approved by the Council. This in turn allowed the Board to prepare a robust and comprehensive set of Operating Procedures giving greater detail and clarity on how the Board should operate.

Cyber Security & Pension Scams

Areas high on the agenda of the Board are cyber security and pension scams. Throughout 2021 various items have been raised by the Board to understand the Funds position. These included the completion of a cyber scorecard to understand the control environment and positioning within a sample of other Funds. Clarification was sought on the Council's own IT security as well as measures in place with third party suppliers. It was confirmed that the Fund's new administration partner HCC had signed up to the Pensions Regulator's Pension Pledge and that they were preparing a policy relating to pension scams and the recently introduced Pension Transfer guidance.

Other key areas of work have been undertaken as outlined below

- Monitoring of the data quality and breaches
- Review of Policy documents to ensure they are kept up-to-date
- Monitoring the performance of the Pensions Administration
- ESG – Stewardship Code and TCFD progress

Future Work of the Board

As noted in the Chair's foreword, a number of key areas will be monitored in 2022 including:

- The Pensions Regulator's Single Code of Practice
- Updated Good Governance Framework
- The Pensions Dashboard Programme
- The Data Improvement Programme
- Implementation of McCloud and GMP.

Another key area will also focus on the progress of the triennial Fund valuation which is due to commence in April 2022. The Board will attend the session in January 2022 to prepare the Committee and Board members for the process, training and what to expect.

The Board will also keep a keen eye on how the new administration partnership with HCC progresses past the initial implementation.

4 Areas Investigated by the Board

No official investigations were required or undertaken by the Board.

5 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 declarations 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.

6 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, Pensions Dashboard and potentially a new iteration of the Exit Cap.

In addition, the framework under which the Fund will need to operate is also expected to materially change with the new Single Code of Practice and Good Governance Framework implementation.

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

7 Training

7.1 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. The schedule below outlines the training undertaken by the Board.

Areas of Training	Date	Roger Hackett	Tony Noakes	Hayley Seabrook*	Shane Woodhatch	Anil Mehta*
The Pensions Regulator Public Sector Toolkit	On-demand	Y	Y	Y	Y	Y
The Pensions Regulator Pensions Scam	On-demand	Y				
AON - Introduction to the LGPS	On-demand	Y				
AON - Pension legislation and guidance, and national governance	On-demand	Y				
AON -Local governance and pensions procurement and contract management	On-demand	Y				
AON - Funding strategy and actuarial methods, and financial, accounting and audit matters	On-demand	Y				
AON -Investments – Strategy, asset allocation, pooling, performance, and risk management	On-demand	Y				
AON -Investments - Financial markets and products	On-demand	Y				
AON – Pension Administration & Communications	On-demand	Y				
CIPFA K&S Assessment	On-demand	Y	Y	Y	Y	Y
CIPFA LPB Spring Seminar	15/02/21	Y				
AON Conflicts of Interest Training	Feb-21	Y	Y	Y		
Hymans Keeping the LGPS connected	25/02/21	Y				
AON mitigating cyber security risk	10/03/21	Y				
AON conference current issues for DB schemes	22/03/21	Y				
TPR Pensions scam webinar - Pensions pledge	31/03/21	Y				
Russell-Cooke LLP - how to avoid scams	23/02/21	Y				
AON Cyber risk in LGPS	19/03/21	Y			Y	
CIPFA Annual PB meeting	23/06/21	Y				
Hymans Keeping the LGPS connected	12/05/21	Y				
PLSA - LA Conference	18-19/05/21	Y				
Governance update training (joint) Clare Scott	02/07/21	Y	Y		Y	
Sackers Quarterly Update	15/07/21	Y				
Professional Pensions Live	14/09/21	Y				
Hymans Robertson: LGPS Pensions Administration: Future Challenges and Changes.	30/11/21	Y				

*Term of Office: H Seabrook Jan21-Jul21, A Mehta Aug21-Dec21)

7.2 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
AON CIPFA K&S Framework 7 Sessions	On-demand
Triennial Valuation (Joint with Committee)	19-Jan 2022
Investment and portfolio construction in an inflationary/COVID environment - Baillie Gifford view (Joint with Committee)	9-Feb-2022

8 Work Plan

The workplan below sets out the tasks undertaken by the Pension Board during 2021.

Meetings	Specific topics
17 February 2021	<ul style="list-style-type: none"> • Training Update Report • Administration Report • Breaches Log • Cyber Scorecard • Terms of Reference • Pension Board Annual Report • 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 • Cyber Scorecard • Terms of Reference • Review of Pension Committee Reports
28 July 2021	<ul style="list-style-type: none"> • tPR Checklist review & focus areas • Training Update Report • Administration Report • Breaches Log • Cyber Scorecard • Review of Pension Committee Reports
3 November 2021	<ul style="list-style-type: none"> • Administration Report and regulatory update • tPR Checklist review & focus areas • Training Update Report • PB Code of Practice • Breaches Log • Cyber Security • Operating Procedures • Review of Pension Committee Reports

The Future workplan of the Board is set out below.

Meetings	Specific topics
26 January 2022	<ul style="list-style-type: none"> • TPR Checklist review & focus areas • Training Update Report • Administration Report • Draft PB Annual Report • Breaches Log • Review of Pension Committee Reports
4 May 2022 (TBC)	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Data Cleansing Plan/Update • Training Update Report • Breaches Log • Review of Pension Committee Reports
20 July 2022 (TBC)	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Breaches Log • Review of Pension Committee Reports
9 November 2022 (TBC)	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Single Code Update • Training Update Report • Breaches Log • Review of Pension Committee Reports
29 April 2023 (TBC)	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Breaches Log • Review of Pension Committee Reports

9 Expenses

The Board incurred expenses of £770 in relation to its operations in 2021. (This does not include the standard governance support fees)