

Pension Board Annual Report 2022

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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 2022. 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 2022.

The Board was able to return to face-to-face public meetings from May22 following the lifting of COVID restrictions to carry out its role of assisting the Administering Authority in securing compliance with regulations. The January 2022 meeting was virtual.

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
- Raising awareness of cyber security and the Cyber scorecard assessment
- Review cyber mapping for assets and data
- Asses Internal Audit outcome and recommendations of cyber mapping exercise
- Monitoring breaches and ensuring corrective actions were implemented
- Undertaking targeted training
- Keeping abreast of Pension Dashboard progress
- Monitoring progress against McCloud, GMP and data cleansing projects
- Closely monitoring service provision of Hampshire Pension Services.
- Monitoring progress and implementation of the triennial valuation and Funding Strategy
- Supporting with the Pensions Committee and Officers

The year ahead continues to be met with governance and compliance challenges and the resulting uncertainties in terms of changes in rules that the government may implement.

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
- Good Governance Framework
- The Pensions Dashboard Programme
- The Data Improvement Programme
- Continued 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 2023.

Roger Hackett - Chair of Hillingdon Local Pension Board (2022)

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. 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

Employer Representatives	Scheme Member Representatives
Marie Stokes (Nov 22-Dec 22)	Roger Hackett
Shane Woodhatch	Tony Noakes
Anil Mehta (Jan 22-Jul22)	

Record of Attendance

Name	Jan -22	May-22	Jul-22	Nov-21
Roger Hackett	Y	Y	Y	Y
Tony Noakes	Y	Y	Y	Y
Marie Stokes	n/a	n/a	n/a	Y
Shane Woodhatch	Y	N	N	N
Anil Mehta	Y	Y	N	n/a

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 2022 period.

AON Hewitt assisted the Fund on Governance issues and supported the development and work of the Board and attended meetings as necessary.

3 Summary of the Work of the Board

New administration service.

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.

2022 saw the first full year with Hampshire and the Board were heavily involved in monitoring of their performance and governance. The Board continue to provide robust challenge to ensure all aspects relating to ongoing issues such as McCloud and Pension Dashboard projects are sufficiently resourced and remain on track.

A key area of interest and compliance was to ensure Hampshire's control framework and ongoing improvements in relation to IT and cyber security remained in line with the Board's and regulators expectations.

The Board are pleased to report that Hampshire has delivered a high level of service, remained at 100% against all key performance indicators and has been pro-active and at the forefront in all governance requirements.

TPR code compliance review

During 2022, the Board has worked closely with officers and the Fund remained in at 100% compliance across all Code of Practice areas.

Cyber Security & Pension Scams

Areas high on the agenda of the Board is cyber security and pension scams. Throughout 2022 various items have been raised by the Board to understand the Funds position.

The main achievement was the delivery of asset and data mapping exercise to understand the flows between entities and the associated security and sensitivity.

The Board also procured the Council's Internal Audit team to review the maps and provide a level of assurance and recommendations. The results showed a 'Reasonable' level of assurance with only two recommendations which have subsequently been implemented.

Pension Committee Engagement

To meet the Board's obligation to monitor the work of the Pensions Committee they review the work of the Pension Committee at each Board meeting. Pensions Committee members are invited to attend the Board meeting for this item and provide information in order Board members can carry out their due diligence checks. Pension Committee members would withdraw if required to properly consider any concerns that may have arisen. In 2022 PB has not raised any governance or other concerns about the work and role of the Pensions Committee but have offered challenge and requested clarification on a number of items.

Pension Board believe that in 2022 the Pension Committee has been proactive in carrying out its responsibilities, examples of this are the Stewardship Code and TCFD Reporting. Pension Committee invite Pension Board members to attend their committee meetings as observers including PART 2 items and allows Pension Board members to ask questions in the meetings. Pension Board is also very grateful to Pension Committee for this and for allowing them to attend training sessions. This all contributes to helping the Board meet their obligation to ensure their knowledge and understanding of the LGPS up to date.

Other key areas of work have been undertaken as outline 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 partly noted in the Chair's foreword, a number of key areas will to be monitored in 2023 including:

- The Pensions Regulator's Single Code of Practice
- Good Governance Framework
- The Pensions Dashboard Programme
- The Data Improvement Programme
- Implementation of McCloud and GMP
- Funding Strategy and Investment Strategy implementation
- ESG issues including the UK Stewardship Code and TCFD reporting
- Review and update of the Board's function and responsibilities.

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 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.

6 Areas of Concern or Risk

6.1 **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 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.

AON CIPFA Knowledge & Skills Areas of Training	Date	Roger Hackett	Tony Noakes	Anil Mehta (end July 22)	Shane Woodhatch	Marie Stokes (start Nov 2022)
AON - 1, Introduction to the LGPS	On-demand	Y	*	Y	Y	
AON – 2, Pension legislation and guidance, and national governance	On-demand	Y	*	Y	Y	
AON – 3, Local governance and pensions procurement, contract management and relationship matters	On-demand	Y	*	Y	Y	
AON – 4, Funding strategy and actuarial methods, and financial, accounting and audit matters	On-demand	Y	Y	Y	Y	
AON – 5, Investments – Strategy, asset allocation, pooling, performance and risk management	On-demand	Y	Y	Y	Y	
AON – 6, Investments - Financial markets and products	On-demand	Y	Y	Y	Y	

AON – 7, Pension Administration & Communications	On-demand	Y	*	Y	Y	
Events						
Hymans Robertson – LBH Triennial Valuation	19-Jan-22	Y				
Hyman Robertson Keeping the LGPS Connected -High Inflation and Pension Investments	27-Jan-22	Y				
Hyman Robertson LGPS Valuation 2022. A Spotlight on Climate Risks and S13 Report	28-Jan-22	Y				
Sackers – New Transfer Regime	02-Feb-22	Y				
Baillie Gifford – Investing in an inflationary & COVID environment	9-Feb-22	Y				
Buzzcott - Digital and Cyber Security	9-Feb-22	Y				
Legal & General Investment Management. Inflation- Don't Believe the Hype!	1-Mar-22	Y				
Barnett Waddington. How does life Expectancy affect your Journey Plan	22-Mar-22	Y				
Sackers Quarterly Legal Update	10-May-22	Y				
Hymans Robertson Setting your Funding Strategy – LGPS 2022	20-Jun-22	Y				
The Pensions Regulator – Dashboard Webinar	28-Aug*22	Y				
Isio - Inflation & portfolio construction	7-Sep-22	Y	Y			
Barnett Waddingham – Focus on Members	22-Sep-22	Y				
Barnett Waddingham – What Next for Life Expectancy	27-Sep*22	Y				
Hymans Robertson – Triennial Valuation	28-Sep-22	Y	Y			
Barnett Waddingham Will Climate Change Derail your Journey Plan	4-Oct-22	Y				
Liability Driven Investing	Oct-22		Y			

*Following the training needs assessment suitable knowledge was demonstrated in these areas.

7.2 The Board will continue training as required during 2022 to address any emerging issues and to ensure it is up-to-date with any regulatory or guidance requirements.

8 Work Plan

The workplan below sets out the tasks undertaken by the Pension Board during 2022

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
11 May 2022	<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	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Breaches Log • Cyber Data & Asset Mapping • Review of Pension Committee Reports
9 November 2022	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Single Code Update • Training Update Report • Breaches Log • Cyber Data and Asset Mapping • Review of Pension Committee Reports

The Future workplan of the Board is set out below.

Meetings	Specific topics
18 January 2023	<ul style="list-style-type: none"> • Appointment of Chair • Appointment of Scheme Member • Administration Report (Inc TPR Score) • TPR Checklist review & focus areas • Single Code & Good Governance Update • Training Update Report • Breaches Log • Annual Report of the Board 2022 • Cyber Update • Review of Pension Committee Reports
26 April 2023 tbc	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report

	<ul style="list-style-type: none"> • Single Code & Good Governance Update • Breaches Log • Review of Pension Committee Reports
19 July 2023 tbc	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Single Code & Good Governance Update • Breaches Log • Review of Pension Committee
8 November 2023 tbc	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Single Code & Good Governance Update • Breaches Log • Review of Pension Committee
24 January 2024 tbc	<ul style="list-style-type: none"> • Appointment of Chair • Appointment of Scheme Member • Administration Report (Inc TPR Score) • TPR Checklist review & focus areas • Training Update Report • Single Code & Good Governance Update • Board Annual Report • Breaches Log • Review of Pension Committee
10 April 2024 tbc	<ul style="list-style-type: none"> • Administration Report • TPR Checklist review & focus areas • Training Update Report • Single Code & Good Governance Update • Breaches Log • Review of Pension Committee

9 Expenses

The Board incurred expenses of £200 in relation to its operations in 2022. (This does not include the standard governance support fees)