

Pension Board Annual Report 2023

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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 2023. At the Board meeting in January 2023, I was privileged to be elected to serve a second term as Chair of the Board during the calendar year 2023.

The Board met face-to-face for all four meetings during 2023. The Fund's administration partner, Hampshire Pension Services (HPS), also began to attend virtually in April 2023, and now present to the Board at each meeting. This is a welcome development which not only shows the commitment of HPS to work collaboratively with the Fund, but also an extra layer of governance as the Board can now directly scrutinise and monitor the partnership administration arrangement and satisfy themselves that all day-to-day and ongoing administration requirements are being delivered.

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

- Maintaining full compliance with the Pension Regulators code of Practice 14
- Assisting with the development of the Governance Plan ahead of formal updated Pensions Regulator General Code and SAB Good Governance framework
- Ongoing monitoring of cyber security issues
- Assessment of the effectiveness of the Pension Board which acted as a catalyst for the same exercise to be undertaken by the Pensions Committee
- 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 Investment Strategy Statement
- Scrutinising and challenging investment and adviser performance
- Supporting the development of the Administration 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, many of which continue to roll forward from the previous year; 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 2024.

Roger Hackett - Chair of Hillingdon Local Pension Board (2023)

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 Local Government Pension Scheme 'Scheme'.

The purpose of the Board is to assist the Administering Authority in its role as a Pension Fund 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 established the with effect from 1st April 2015 with subsequent amendments to Board structure and Board flexibilities being approved in the intervening years.

The Board meets four times a year and for 2023 consisted of two Employer representatives, and two scheme member representatives.

Membership of the Board

Employer Representatives	Scheme/Fund Member Representatives
Marie Stokes	Roger Hackett
Shane Woodhatch	Tony Noakes

Record of Attendance

Name	Jan -23	Apr-23	Jul-23	Nov-23
Roger Hackett	Y	Y	Y	Y
Tony Noakes	Y	Y	Y	Y
Marie Stokes	N	Y	N	N
Shane Woodhatch	N	N	Y	N

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 2023 period.

Governance advisers AON Hewitt (Q1 2023) and Clare Scott (Q2-Q4 2023) assisted the Fund on Governance issues and supported the development and work of the Board and attended meetings.

3 Summary of the Work of the Board

Administration Partnership.

2023 saw the second full year with Hampshire Pension Services; our partner in delivering administration services for the Hillingdon Fund.

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.

The Board's direct involvement in terms of monitoring was enhanced during the year as HPS now attend Board meetings which allows direct engagement and the ability scrutinise all areas of the administration service and compliance with all governance items.

The Board are pleased to report that HPS continues to deliver 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. Attendance at Board meeting has strengthened the partnership and demonstrates a high level of good practice.

TPR code compliance review

During 2023, the Board has collaborated closely with officers and the Fund remained in at 100% compliance across all Code of Practice areas.

Furthermore, the Board has been fully supportive in terms of preliminary steps taken by the Fund to ascertain where there may be gaps based on what is expected of the new General Code and Good Governance Framework. This has enabled the Fund to highlight key areas of focus and implement improvements ahead of any formal regulatory guidance being issued.

Effectiveness of the Board

During the year the Board assessed its effectiveness against SAB guidance. The process highlighted two recommendations. The first related to additional reporting on Internal Dispute Resolution Procedures (IDRP) which was subsequently implemented. The second outcome was the need to improve succession planning and Board resilience; in this regard work will be taken into 2024 to increase and strengthen Board membership.

Cyber Security & Pension Scams

The Board has continued to focus on cyber security to ensure all possible measure are in place to protect the IT infrastructure from malicious behaviour.

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 Pension Administration and observing Fund investment performance
- 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 2024 including:

- The Pensions Regulator's General 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.
- Board resilience and succession planning
- Review of the risk register
- Knowledge Assessment

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 and 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 change with the new General Code of Practice and Good Governance implementation when it is issued.

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.

Training events will be carried out in conjunction with Pension Committee where viable.

	Date	Roger Hackett	Tony Noakes	Shane Woodhatch	Marie Stokes
The Pensions Regulator Public Sector Toolkit	On-demand	*	*	*	*
AON CIPFA Knowledge & Skills Areas of Training (7 Modules)	On-demand	*	*	*	Y
LCIV TCFD	19 Jan 23	Y			
LGIM Equity & Long Lease Property	19 Jan 23	Y			
Investment Strategy Construction	8 Mar 23			Y	
Hymans Robertson Managing Risk in LGPS (Part 1)	23 May 23	Y			
Hymans Robertson Managing Risk in LGPS (Part 2)	22 June 23	Y			
Sackers Quarterly Legal Update	13 July 23	Y			
Hymans Robertson LGPS Next Steps o Investment	14 Sep 23	Y			
Pensions Dashboard Programme Introduction to Pensions Dashboards	4 Oct 23	Y			
Hymans Robertson Managing Risk In the LGPS- Longevity	5 Oct 23	Y			
LCIV – Equity Styles	13 Dec 23	Y	Y		
Hours		10	1	2	14

*Following the training needs assessment suitable knowledge was either demonstrated in these areas or completed in previous years.

7.2 The Board will continue training as required during 2024 to address any emerging issues and to ensure it is up to date with any regulatory or guidance requirements or outcome from the governance review.

7.3 In January 2024 the Board will undertake a knowledge assessment which will form part of the Training Plan which is to be developed in Q1 2024. In line with the Training policy Board members are required to undertake 14 hours of training annually.

8 Work Plan

The workplan below sets out the tasks undertaken by the Pension Board during 2023

Meetings	Specific topics
18 January 2023	<ul style="list-style-type: none"> • Board appointment matters • Pension Administration & Performance • Training Update Report • Draft LPB Annual Report • Cyber Update & Review • Governance • Review of Pension Committee Reports
16 April 2023	<ul style="list-style-type: none"> • Pension Administration & Performance • Communications Strategy Review • Review Effectiveness of the Board • Training Update Report • Governance • Review of Pension Committee Reports
19 July 2023	<ul style="list-style-type: none"> • Pension Administration & Performance • General Code & Good Governance Review • Training Update Report • Governance • Review of Pension Committee Reports
8 November 2023	<ul style="list-style-type: none"> • Pension Administration & Performance • Training Update Report • Governance • Admission Strategy Review • Review of Pension Committee Reports

The 2024 future workplan of the Board is set out below.

Meetings	Specific topics
24 January 2024	<ul style="list-style-type: none"> • Board appointment matters • Review and update of Pension Board Operating Procedures • Pension Administration & Performance • Training Update Report • Draft LPB Annual Report • Governance including Code of Practice • Cyber Update • Workplan • Review of Pension Committee Reports
8 May 2024	<ul style="list-style-type: none"> • Pension Administration & Performance • Training Update Report • Governance • Workplan • Review of Pension Committee Reports
17 July 2024	<ul style="list-style-type: none"> • Pension Administration & Performance • Training Update Report • General Code & Good Governance Update • Governance including Code of Practice • Workplan • Review of Pension Committee Reports
6 November 2024	<ul style="list-style-type: none"> • Pension Administration & Performance • Training Update Report • Governance • Workplan • Review of Pension Committee Reports

9 Expenses

The Board incurred expenses of £134 in relation to its operations in 2023. (This does not include the standard governance support fees)