

## Minutes

### PENSIONS BOARD

26 April 2023



Meeting held in Committee Room 3, Civic Centre, Uxbridge

|               | <p><b>Employer Representatives:</b><br/>Marie Stokes (MS)</p> <p><b>Scheme Member Representatives:</b><br/>Roger Hackett – Chair (RH)<br/>Tony Noakes (TN)</p> <p><b>Also Present:</b><br/>Cllr Martin Goddard (MG)<br/>Cllr Stuart Mathers – Chair, Pensions Committee (SM)<br/>Clare Scott, Governance Advisor (CS)<br/>Andy Lowe, Hampshire County Council (HCC) Pensions Administration (AL)</p> <p><b>LBH Officers Present:</b><br/>James Lake, Director – Pensions Treasury &amp; Statutory Accounts (JL)<br/>Tunde Adekoya, Pension Fund Accountant (TA)<br/>Shyam Pitroda, Statutory Accounts &amp; Pensions Officer Apprentice (SP)<br/>Ann-Marie Pereira, Executive Assistant – Minutes (AP)</p> <p><b>Apologies for Absence:</b><br/>Shane Woodhatch<br/>Cllr Kaushik Banerjee</p> |              |
|---------------|---|--------------|
| AGENDA ITEM   | MINUTES/ACTION  | ACTION/ LEAD |
| Agenda item 1 | <p><b>Apologies for Absence</b></p> <p>RH welcomed all to the meeting; apologies noted from Shane Woodhatch.</p>  | Noted        |
| Agenda item 2 | <p><b>Declarations of Interest and any Conflict of Interest</b></p> <p>None.</p>  |              |
| Agenda item 3 | <p><b>To approve the Minutes of the Meeting held on 18 January 2023</b></p> <p>Minutes approved, no matters arising that are not covered under today's agenda.</p>  |              |
| Agenda item 4 | <p><b>TO CONFIRM THE ITEMS OF BUSINESS MARKED PART 1 WILL BE CONSIDERED IN PUBLIC AND THAT ITEMS MARKED PART 2 WILL BE CONSIDERED IN PRIVATE</b></p>  | Agreed       |

|                      |   |           |
|----------------------|---|-----------|
|                      | <p>Confirmed that agenda items in Part 2 will be considered in private.</p> <p>Carried out a round of introductions, for the benefit of CS and AL.</p>  |           |
|                      | <b>PART 1</b>   |           |
| <b>Agenda item 5</b> | <p><b>Administration Report and TPR Code Of Practice 14 Compliance</b></p> <p><b>Administration report</b><br/> Report covers HCC's performance; highlights:</p> <ul style="list-style-type: none"> <li>- 100% delivered against key performance indicators.</li> <li>- Improved data quality throughout the year</li> <li>- Annual Benefits Statements sent out in time</li> <li>- Significant increase in member portal sign-up, now up to 33.1%</li> <li>- Good progress on McLeod – collecting data from employers.</li> <li>- Continued low number of complaints</li> <li>- Efficient call response time</li> <li>- Achieved Customer service excellence award</li> <li>- Good progress on Pensions dashboard, have dedicated resource working on this.</li> <li>- A number of Internal Audits undertaken, all received 'substantial' ratings.</li> <li>- Compliments received from Hymans Robertson on the support provided by HCC.</li> <li>- Delivered high level of employer engagement, an extra session was required to accommodate.</li> <li>- Improved cyber security measures.</li> </ul> <p>AL advised that this is more than just performance, it is a partnership, with good working with JL, the team and the Corporate Director of Finance, Andy Evans (AE).</p> <p>RH appreciated the excellent service from HCC and is reassured to see that HCC is always on the front foot, however, the Pensions Board must maintain scrutiny.</p> <p>MG queried the outcome of the Internal Audit (IA) on cyber security; AL advised that, whilst he does not have the IA report, he expects to achieve a 'reasonable' assurance level. All fundamentals are sound and in place and this is a good starting point. Noted that the Compliance Statement is updated annually.</p> <p>MG asked for Internal Audit reports to be released to the Board; agreed, JL to circulate.</p> <p>TN stated that it is very unusual to see 100% on all fronts and asked how performance can be improved. AL advised that HCC set realistic targets, in discussion with JL. Targets can be increased with alternative providers, with an increase in costs but this would not necessarily result in any realistic difference in performance, and it was considered that the increased costs could</p> | <b>JL</b> |

not be justified. A helpful addition to the report is the real number of days to completion (average date completed). Most are 15 days, and the commitment is to try and maintain this. HCC is committed to maintaining performance.

TN asked whether the team working on LB Hillingdon are ringfenced? AL advised that there are 5 teams, that receive work from all accounts.

In terms of calls, a system is in place to firstly identify which fund the caller is linked to in order that the recipient of the call can correctly deal with the enquiry.

When asked whether HCC are tempted to seek new business, on the basis of the good performance, AL advised that HCC do not actively seek new accounts and that all existing accounts have been secured through word of mouth; any new approach would be considered seriously, though, in terms of resources, etc.

SM asked about the HCUC merger with Richmond Upon Thames College. RUTC is a scheduled body within LB Wandsworth fund, therefore the transfer of staff is from LB Wandsworth. AL assured that HCC has a good onboarding track record, and that this is a relatively small transfer. Close contact is being maintained with all parties involved. Currently HCC is scheduled to assess the first data cuts which are to be provided by Wandsworth.

CS pointed out the one flaw in relation to the unprocessed leavers and queried how the overall process measured for members, including any delays in transfer? AL advised that HCC provide LBH/JL with a monthly report and a WIP report to ensure work is being managed and to ensure no undue delays (a two-week look ahead). JL added that he has requested rolling 12 monthly figures to identify trends more easily.

CS asked about evaluation dates and the upload of CPI – will this impact on the production of annual benefits statements. AL confirmed that this work is already underway. CS pointed out that other administrators are not yet in a position to upload this information. AL said this was not the case at HCC.

With regard to relationships with employers, and the outstanding leavers, the report refers to ‘issues arising with some employers’. It is hoped that this will not be a major constraint in terms of achieving 100% data accuracy. Historic data is tied up in the Data Plan but this is a 3-way relationship. AL had an initial chat with AE on additional resource; HCC will release resources who are experienced from the Westminster work, to supplement Hillingdon resources; JL added that Data Plan are committed to working on this data cleanse and to manage resources.

Also, on relationships with employers an McCloud, RH would be interested to see the latest progress report – taking into account

|                             |   |           |
|-----------------------------|---|-----------|
|                             | <p>the gaps and recent SAB guidance; if the October deadline remains, we should be reasonably comfortable that HCC will be able deliver by this deadline. AL confirmed good progress being made on McCloud, and believes it is low risk; will feedback by end-August, with any contingency required. It is expected that the October deadline will remain. On the question whether LBH should be doing anything more, AL felt that the current level of engagement is sufficient.</p> <p>MG asked about engagement with smaller employers, given that attendance at the Hymans Robertson meetings was lamentable; he asked what more could be done with regard to making engagement obligatory.</p> <p>AL advised that it should be borne in mind that small employers have limited resources who often have a multitude of tasks to complete. JL advised that we are doing as much as possible. Noted that engagement with Schools/Academies has improved. In terms of the admission agreements, JL advised that attendance is not included in the AA. CS suggested that this could be part of the Administration policy. Threats of reporting to the regulator may get improved engagement, to get employers to understand their obligations. CS will review the administration policy and consider a particular clause around this.</p> <p>Software Development: RH asked whether HCC were looking to have an app for members. AL advised that this is not a priority, bearing in mind the cost, scale and interest but will continue to push sign-up to the portal as the main tool. An increased level of engagement via the portal, will not reduce costs as back-office processing will not be reduced. It should be noted that this year, HCC could have increased costs with Westminster and Hillingdon, by 10.1% (as baked into the contract, is the option to raise prices in line with inflation), but only increased by 2%. This reinforces the partnership.</p> <p>On behalf of the Board, RH thanked AL for his attendance and looks forward to seeing AL at all Pension Board meetings. AL confirmed he is happy to attend.</p> | <b>CS</b> |
| <p><b>Agenda item 6</b></p> | <p><b>Communications Strategy Review</b></p> <p>One of the actions arising from the evaluation of the Board, was to carry out a review of the Communications strategy, to look at any issues/areas for improvement.</p> <p>Factors to consider include increased regulation in terms of risks and a broader angle in relation to engagement and what we want from the Fund? CS will review the website, as a member and as an external stakeholder.</p> <p>Noted that all HCC communications are referred to LBH to agree.</p>  | <b>CS</b> |

|                             |   |                        |
|-----------------------------|---|------------------------|
|                             | <p>Discussed the portal and level of information; TN advised that Hertfordshire’s portal is more informative. RH pointed out that, as a pensioner, he could not find the active or deferred newsletter; JL to look into this but did not believe these were produced. JL will feedback to RH. JL will also provide RH with joiner packs.</p> <p>Agreed to add the Annual report to the Pension Board web page. On the question whether communications with LCIV are adequate, it was pointed out that we are co-shareholders of LCIV as well as investing with them as a fund manager. SM suggested consideration be given to specific reference LCIV in the Communications Strategy, as a shareholder, however, MG pointed out that communications with shareholders perhaps did not require specific definition.</p> <p>SM raised engagement with small employers and whether this is included in the strategy. Use the strategy to note the additional support to small employers. JL pointed out that SC is very proactive in engaging with these employers on essential matters.</p> <p>After we complete the 2023 Annual Return requirement, HCC will provide benchmarking analysis of employer performance in terms of meeting the deadlines set out in the Closing programme. This will be used as a tool to engage with those employers who do not meet set standards, in order to improve 2024 performance.</p> | <p>JL</p> <p>JL</p>    |
| <p><b>Agenda item 7</b></p> | <p><b>Review the Effectiveness of the Board</b></p> <p>At the last meeting, agreed to carry out this review. A useful meeting was held, and the SAB guidance was considered. On the whole, we are doing a good job but there are some areas for further consideration.</p> <p>On reviewing compliance, this will be reviewed in relation to the annual return benchmarking exercise. Consideration was also given to updating the Administration strategy to bolster remedial action.</p> <p>IDPR: agreed that this will be regularly reported under the new governance agenda item.</p> <p>It was noted that once the new Code of Practice is issued, the Board will carry out a training needs self-analysis exercise to ensure that Pensions Board has the skills and knowledge to fulfil its role.</p> <p>MG mentioned that whilst he finds the level of scrutiny from the officers and the Board encouraging, one concern is that we do not always get full attendance at these meetings (employees and employers) and asked that this be reviewed. JL will follow up.</p> <p>CS mentioned the oversight of training, once the new code of practice has been introduced; will pick up with JL separately.</p>  | <p>JL</p> <p>CS/JL</p> |

|                             |  |                                   |
|-----------------------------|--|-----------------------------------|
|                             | <p>Where Board makes suggestions to committee, is there any appropriate audit trail? JL will ensure Democratic Services accurately record these suggestions in the Minutes, which will provide the audit trail.</p> <p>Regulator: guidance on equality, diversity and inclusion. This is being considered and will continue to be taken into account when appointing to the Board membership.</p> <p>Confirmed that Pension Board receive IA reports from HCC; it was also noted that Hillingdon Internal Audit had not carried out any specific audit since outsourcing began 12 years ago, apart from the Cyber Security mapping</p> <p>CS raised a question about the visibility of external audit reports for the Pensions Committee. JL explained the delays in external audits. MH outlined resource pressure for internal audit. CS suggested that, given the significant finances of the pension fund, some risks and controls should be considered for regular review by internal audit, despite most services being outsourced.</p> <p>It was noted that Committee had not recently received external audit reports about the Pension Fund. JL advised that around 90% of LA audits have not had their 21/22 accounts completed. Once Hillingdon's audit is complete, EY will be asked to report to Committee.</p> <p>On succession planning and board membership/attendance, it was noted that it takes a long time before a member becomes effective. Consideration is being given to strengthening the Board membership numbers. RH mentioned that he would be interested to hear CS' views on diversity, board membership and succession planning.</p> | <p><b>JL</b></p> <p><b>CS</b></p> |
| <p><b>Agenda Item 8</b></p> | <p><b>Training Update and Log</b></p> <p>Regular update noted. MS will provide an update at the next meeting on progress through the AON toolkit.</p> <p>The new code of practice will trigger a raft of training requirements for the Board.</p> <p>Noted the PLSA agenda of conferences, which have been circulated to the Board and Committee.</p>  | <p><b>MS</b></p>                  |
| <p><b>Agenda item 9</b></p> | <p><b>Work Programme 2023</b></p> <p>Noted. All to consider any future items.</p>  |                                   |