Minutes

PENSIONS BOARD

26 November 2019

Meeting held at Committee Room 3 - Civic Centre,
High Street, Uxbridge UB8 1UW

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Employer Representatives:
Zak Muneer and Hayley Seabrook
Employee Representatives:
Roger Hackett and Tony Noakes

Apology for Absence:
None

Also Present:
Daniel Kanaris (AON Hewitt)

LBH Officers Present:
Sian Kunert (Head of Pensions, Treasury and Statutory Accounts), James Lake (Chief Accountant), Tunde Adekoya (Pension Fund Accountant), Seby Carvalho (Pension Fund Technical Officer) and Olivia Richards (Pension Fund Administration)

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ELECTION OF TEMPORARY CHAIR *(Agenda Item 2)*

Tony Noakes was elected to chair this meeting. The chair will rotate throughout the year with equal distribution of employer and employee representation.

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DECLARATIONS OF INTEREST AND ANY CONFLICTS OF INTEREST *(Agenda Item 3)*

No conflicts of interest were declared.

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MINUTES OF THE MEETING HELD ON 10 SEPTEMBER 2019 *(Agenda Item 4)*

Agreed as an accurate record.

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EXCLUSION OF PRESS AND PUBLIC *(Agenda Item 5)*

That Agenda Item 13 and 14 be considered in private.

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PRESENTATION FROM ICT ON CYBER SECURITY CONTROLS (*Agenda Item 6*)

Board members received a presentation from the Hillingdon ICT Security Architect.

The ICT Security Architect explained to the members about the controls and policies that ICT in Hillingdon have regarding cyber

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	security. ICT have a wide range of policies in place that cover aspects such as acceptable use, password policies, removable media and secure configuration. The ICT incident response plan is not specific to individual departments, it is designed to restore the availability of systems in a specific order starting with the infrastructure necessary to run other systems. Cyber incident response, escalation and restoration procedures and plans cover the key responsibilities, internal & external contact details, forensic readiness and our response to a wide range of incidents. ICT have recently had an internal audit regarding the cyber incident response management, this has led to further improvements of our policies and procedures. In relation to the Pension Fund; Pensions data is held in a number of locations including email, shared file system folders, google drive and external systems such as Surrey County Council. Ways in which these areas are protected are through email encryption between gov.uk government domains and email filters. SCC systems are accessed via local machines that have been securely configured via the public wifi with a VPN to a corporate network is protected by firewalls. Hillingdon is an active member Information Security for London (ISfL) which is the London Warning, Advice and Reporting Point or WARP for short; this gives access to the latest advice on cyber threats, incidents and solutions to help with mitigating the council's risks. In Addition to this we received information on latest threats from the NCSC via ISfL and their CiSP platform, and also the NHS CareCert updates weekly. Discussions took place regarding the Pension regulators checklist and how Hillingdon's ICT policies and procedures aligned with this. Roger mentioned that the Pensions Regulator advises Pension Board Members that they should not rely on general organisation wide cyber security but should check the security for specific pensions systems. Roger also identified that there wasn't a documented policy listing the roles and responsibilities for individuals. Officers confirmed that this document is in the pipeline to be completed. The cyber footprint and being cyber conscious was a potential concern brought into conversation by the Members due to there being a number of other systems being accessed i.e fund manager systems. Officers gave assurance to members that the third parties have the necessary policies and procedures in place. We currently complete a systems control audit annually. The report will be sent Officers who can check whether any area needs strengthening. These reports are also signed off by their auditors. The ICT Hillingdon network is a fundamental part of the cyber footprint but only a small part of it. Officers gave further assurance that the systems used are robust and that if a compromise was to occur, Hillingdon Officers would be notified immediately and Pension Board Members would be notified in due course. Future ICT projects were also mentioned.	JL
	TRAINING AND DISCUSSION ITEM – MYNERS PRINCIPLES AND COMMENT ON TAX TRAINING RECEIVED EARLIER *(Agenda Item 7)* Board members received a training item on CIPFA Myners' Principles. These are principles for investment decision making and disclosure in the LGPS - 2009. The principles include; Effective decision making, Clear objectives, Risk and liabilities, Performance assessment, Responsible ownership and Transparency and reporting. These items	

| | affect Pensions Committee decisions, however the Board needs to be aware of the principles so they can continue to actively check the decisions made by the Committee. Whilst the principles' were written before pooling, they still all apply.

This section the minutes references the comments made on the tax training Members and Officers received on the same day.

Members openly discussed potential issues of the higher earner explaining that the information received by SCC to individuals on this matter were confusing and not clear enough. Suggestions were made about the possibility of holding a similar training session for the members of the fund to gain a deeper understanding of how their pensions work and potential tax liabilities.
Officers explained that it has been agreed moving forward that before SCC send out any documentation to members, that Hillingdon will have proofread it to ensure that we are happy with the content, SCC have a new communications manager who is refining the member letters and communications.
As for the potential training session, it is costly, every members' financial situation is different and there is a fine line between explaining and giving financial advice; which we cannot do. It was also noted that training and briefing sessions should cover all members of the scheme over time and not a small focused area.

Zak recently had SCC into his offices to hold a small session for members who would like to understand their pension. The feedback from this session was very good and he recommends it for other employers to request. The queries within his organisation reduced. Suggestions around better communication with members were raised as an issue.
Officers had previously offered bite size Pension training sessions, however the uptake was minimal.
SCC has also sent out fact sheets with generic information to the higher earners to help them understand their pensions.

Officer to bring ideas on training options and other methods of communication of the benefits of the LGPS to the next meeting. | JL |
| **ADMINISTRATION UPATE** *(Agenda Item 8)*

Board members were provided with an update of the self-service membership.

The project of tracing deferred members has begun. Letters will be sent out to deferred members advising them to log into their account via the self-service portal as deferred uptake is particularly low. This should increase the self-service members. This project is also actively working alongside the data cleanse of the current data.

Concern was previously raised at the high data scores held by other schemes in comparison. Officers assured Members that our score in both years is realistic and accurate. Hillingdon do not use old contact information and subsequently it is removed from the system. Members commented that they feel reassured that our original low data scores are because we only hold correct current information for members and that the tracing exercise alongside the data cleanse has started to | |

	improve those scores. Encouraging deferred members to update their details. SCC are undergoing a number of structural changes to better support the administration function including a number of new appointments. SCC advised officers that A service improvement plan would be brought forward for discussion in in the near future with a focus on improving the data and will include a data improvement team to review and discuss further areas of development. This is expected to be communicated in January 2020. Hillingdon are also undergoing a restructure as a result of the Head of Pensions Treasury and Statutory Accounts leaving at the end of this year. The restructure in turn will ensure that the Pension Fund continues to receive the sufficient resources. Hillingdon are fully up to date with the statutory returns on data scores to the Pension Regulator.	JL JL
	DATA IMPROVEMENT PLAN UPDATE *(Agenda item 9)* Board Members received an update on the Hillingdon Fund Data Improvement Plan. SCC and Hillingdon officers have agreed to work together to cleanse the data of the scheme. They are working on a number of projects where priority has been established. The projects include address tracing for deferred members and also clearing the back log to remove unprocessed leavers. The portal for employers – iConnect would assist with clearing the backlog and ensuring that leavers are dealt with in a timely fashion rather than at year end. Discussions with employers will take place and the system could potentially go live in April 2020. Members asked about how the fund complies with the annual National Fraud Initiative review to identify potential fraud cases of benefits paid. Officers explained that we carry out this review annually between September and October. Roger asked if Hillingdon Internal Audit were involved with reviewing potential fraud of the Pension Fund. Officers explained that an internal audit was risk based and that the fund has various controls regarding pensioners' payments. It was noted that at Pensions Committee Councilor Goddard had requested that there be some form of internal audit review or control report provided for the SCC functionality. Officers have this as an agenda item at the next SCC contract review meeting. It was also noted that external audit carry out an annual sample check on the calculation of benefits paid to pensioners and to check the information we hold for that member is correct.	
	ANNUAL REPORT TO THE PENSIONS COMMITTEE *(Agenda item 10)* Members discussed the report compiled to advise Pensions Committee of the work the Board has completed over the past year and achievements made. The report was updated from prior versions to include greater detail as suggested by board members including	JL

	meeting attendance, past and future work program's and training received, to provide assurance to Committee that the Board has the relevant knowledge and skills to undertake the role to the best of its ability. Members agreed that they were happy with the content of the report. Roger requested for ESG training to be provided for Hayley and himself as were unable to attend the last training session.	
	TPR CHECKLIST REVIEW – FOCUS I – Internal Disputes, J – Reporting Breaches and K – SAB Requirements *(Agenda Item 11)* Board Members received an update of the Pension Fund compliance with items I – Internal disputes, J – Reporting Breaches and K – SAB Requirements of the tPR checklist regarding governance. The report showed improvement in two areas, but a drop from full to partial compliance in relation to breaches as SCC doesn't currently report breaches to Hillingdon. Officers are working with SCC to improve the flow of this information as the fund need to be notified for transparency reasons whilst ensuring that any breach within the Fund is dealt with in the same way as it would be at Hillingdon. To support the governance of the Fund, a full independent review of the TPR checklist has been agreed to start in December by AON, for results to be feedback to Pensions Board at their next meeting in February 2020.	SK
	WORK PROGRAMME 2019 *(Agenda Item 12)* The Board discussed work flow items in the upcoming work plan. It was agreed the administration discretionary policy should be brought to the next meeting for review.	JL
	BREACHES LOG *(Agenda item 13)* *This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).* The Board was provided with a summarised form of the breaches log as requested at the last Pension Board meeting with details including resulting actions and a traffic light colour scheme.	
	REVIEW OF PENSION COMMITTEE PAPERS AND GOVERNANCE OF DECISION MAKING *(Agenda item 14)* *This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it*	

	discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act). The Board discussed the agenda for the last Pensions Committee which took place on 30 October 2019.	
	Members thanked Sian for her leadership and management of the Local Pensions Board since its creation in 2015. With specific reference to the training courses that have been organised for the Board Members. Sian is stepping down from the role of Head of Pensions Treasury and Statutory Accounts to progress with her career. The meeting, which commenced at 1 pm, closed at 3:10 pm.	