

## Minutes

### PENSIONS BOARD

10 September 2019

Meeting held at Committee Room 4a - Civic Centre,  
High Street, Uxbridge UB8 1UW



HILLINGDON  
LONDON

	<p><b>Employer Representatives:</b> Zak Muneer and Hayley Seabrook</p> <p><b>Employee Representatives:</b> Roger Hackett and Tony Noakes</p> <p><b>Apology for Absence:</b> None</p> <p><b>Also Present:</b> Daniel Kanaris (AON Hewitt)</p> <p><b>LBH Officers Present:</b> Sian Kunert (Head of Pensions, Treasury and Statutory Accounts), Tunde Adekoya (Pension Fund Accountant), Seby Carvalho (Pension Fund Technical Officer) and Olivia Richards (Pension Fund Administration)</p>
	<p><b>ELECTION OF TEMPORARY CHAIR</b> (<i>Agenda Item 2</i>)</p> <p>Zak Muneer was elected to chair this meeting. The chair will rotate throughout the year with equal distribution of employer and employee representation.</p>
	<p><b>DECLARATIONS OF INTEREST AND ANY CONFLICTS OF INTEREST</b> (<i>Agenda Item 3</i>)</p> <p>No conflicts of interest were declared.</p>
	<p><b>MINUTES OF THE MEETING HELD ON 30 APRIL 2019</b> (<i>Agenda Item 4</i>)</p> <p>Agreed as an accurate record.</p> <p>Roger raised a couple of follow up questions based on the prior meeting training item to confirm attendance at CIPFA pensions board training on 7<sup>th</sup> October and attendance at Hymans CMA training 18 September.</p>
	<p><b>EXCLUSION OF PRESS AND PUBLIC</b> (<i>Agenda Item 5</i>)</p> <p>That Agenda Item 13, 14 &amp; 15 be considered in private.</p>
	<p><b>TRAINING AND DISCUSSION ITEM – DISCRETIONARY POWERS</b> (<i>Agenda Item 6</i>)</p> <p>Board members received a training item on Discretionary Policies.</p>

It was explained that it is mandatory for all employers and the administering authority to have a range of discretionary policies. There is allowance for the employer or administering authority to choose how, or if, they apply certain regulations. This can be desirable as it provides flexibility within the scheme for example - employee demographics.

The LGA maintains a list of discretional policies under regulation 30(8). Employers and administering authorities need to be very clear on circumstances where discretionary powers can be used and to be used consistently.

Members discussed examples of discretions, associated risks and where the documented policy is kept.

Officers confirmed the Council as employer has the mandated 5 discretionary policies published on the website. However an overarching Administering Authority discretionary policy is not in place, but is in the process of being written. A draft policy will be brought to the next pension board meeting. The occurrence of application of discretionary powers are rare.

Members discussed the benefits of having training at board meetings to highlight areas where Hillingdon can improve. This was an item that was brought to light at a prior board meeting.

**ADMINISTRATION UPDATE** (*Agenda Item 7*)

Board members received information relating to recent communications with scheme members and scheme employers.

Officers are expecting a higher proportion of scheme members accessing the self-service portal next quarter due to the annual benefit statement only being available online to active members.

SCC produced 100% of active member statements. Out of almost 8000 active members, 9 cases were technically breaches as the information was 1 year out of date, however the statements clearly identified that this was the case and employers are being contacted for the correct information to re run the data to ensure the record is accurate.

SCC produced 57% of deferred member statements. This is due to the insufficient data held for the deferred scheme member in particular current addresses. Further details are being sought from the administrator over reasons for this low level for deferred members to assess appropriate action.

Board members asked for an update on action in relation to a breach reported to regular and discussed at the previous board meeting. As part of follow up action from the breach officers have identified 112 deferred scheme members of pensionable age not in receipt of pension. Many of these cases have been contacted in the past about entitlement and many are below £100 pension value, but for a number of them there is no evidence of communication; letters have been produced for all 112 scheme members.

To date deferred members annual pension statements have been sent out by post and active members annual pension statements have been

	<p>available online.</p> <p>SCC have advised they are beginning the look at a project in relation to obtaining costs for tracing individuals and should have more information for Hillingdon Officers to produce to Members at the next meeting.</p> <p>A discussion took place over application of inflation to deferred and pension members and brad members were surprised to hear that negative inflation had been applied in the past for active CARE however they were informed that pensioners pay was not adjusted with negative inflation.</p> <p>Board members discussed the communications in relation to annual allowance (AA) and Zak highlighted some confusion in relation to the opening and closing pension amounts being different in the ABS and the AA letter. Dan from Aon advised that the AA letters were based on the tax year so there was a small timing difference, for the purposes of members calculations of tax reliance should be placed on the AA letter.</p>	SK
	<p><b>DATA IMPROVEMENT PLAN DISCUSSION</b> (<i>Agenda Item 8</i>)</p> <p>Board members were provided with the first draft of the Hillingdon Fund Data Improvement Plan to review and discuss further areas of development.</p> <p>SCC and Hillingdon Officers are actively working on a project to data cleanse the current data.</p> <p>As the Pension Regulator is attempting to standardize the methodology used between different schemes, this may result in a possible deduction of scores due to the data held for the 2019 score, where as there was more flexibility for the software providers in 2018.</p> <p>Further information will be provided at the need meeting as the 2019 results should be ready.</p> <p>Concern was raised at the high data scores held by other schemes in comparison. Officers assured Members that our score is realistic and accurate. Hillingdon do not use old contact information and subsequently it is removed from the system.</p> <p>Officers are looking to broaden areas of best practice for the improvement plan and work with SCC to agree further actions. Once this has been collated it will be passed onto Aon to review for further support to ensure the plan is comprehensive.</p>	SK
	<p><b>REPORTING BREACHES POLICY REVIEW</b> (<i>Agenda item 9</i>)</p> <p>Members received a revised reporting breaches policy which had minor amendments made since its approval by Pensions Committee in 2015. The minor amendments have updated the policy to reflect the departmental restructures.</p> <p>Members and Officers discussed the possibility of making the policy more risk focused to make more holistic.</p> <p>The information received regarding breaches are reliant on SCC advising us that it has taken place. Ensuring that Officers are notified about the</p>	

	<p>smaller non-reportable breaches can help improve the funds performance. Officers will liaise with SCC to look to receive quarterly reporting of breaches and/or compliance reports to statutory deadlines in addition to the current KPI reporting currently received.</p> <p>Since the last Pension Board meeting Hillingdon officers have compiled a breaches log, full detail discussed in agenda item 15.</p>	SK
	<p><b>TPR CHECKLIST REVIEW – Focus E – Managing Risk and Internal Control and H – Providing Information to Members and Others</b> <i>(Agenda item 10)</i></p> <p>Members discussed the report provided on managing risk and internal control and providing information to members and others within the pensions regulator checklist. Officers confirmed they will instruct Aon to complete an independent review in February 2020 of all sections of the checklist.</p>	SK
	<p><b>UPDATE ON CYBER SECURITY CONTROLS AND DATA MAPPING</b> <i>(Agenda Item 11)</i></p> <p>Officers provided Members with an overview of the data mapping, cyber relationship existing between the Pension Fund and various organisations and the possible cyber threats the Fund may be vulnerable to. Officers assured Members that Hillingdon controls are robust. ICT have many strategies in place to protect the Fund these include email monitoring, firewall health checks and also regular password updates to reduce the risk of it being compromised. The internal Hillingdon team access the SCC systems from a separate server which is controlled by SCC, so out of the Hillingdon ICT control. Controls at SCC were also highlighted and discussed and SCC have strong accreditation in place. The Pension Fund Investment Bank – Northern Trust is also accessed through an online portal. This portal is read only, no data can be uploaded. Accessing different systems via the internet protects our systems.</p> <p>Roger asked if there was a documented policy providing the roles and responsibilities regarding accountability. Officers will produce one.</p> <p>Officers further explained other possible routes for cyber-attacks. A discussion took place regarding different systems used within the LGPS and employers awareness of these. Officers clarified that employers are made aware as part of the employer administration strategy, and that most contact made by SCC will be in a letter format. Should the SCC contact you via email, the email will be encrypted. Zak suggested that there should be more awareness made to employers as not to think it is a phishing attack and delete the information of communications made through EGRESS encrypted mail.</p> <p>Members discussed the cyber controls and actions taken to date compared to the tPR checklist and comfortable that control are in place. Board members would like to see a policy over actions to take in the case of a breach. Board are also keen to have a presentation from the Hillingdon ICT team over controls and response plan.</p>	SK

	<p><b>WORK PROGRAMME 2019</b> (<i>Agenda Item 12</i>)</p> <p>The Board discussed work flow items in the upcoming work plan.</p> <p>It was agreed the updated data improvement plan would be brought to the next board meeting to review outstanding detailed actions for areas outstanding and review the latest data score.</p> <p>It was agreed the administration discretionary policy should be brought to the next meeting for review.</p>	SK
	<p><b>REVIEW OF PENSION COMMITTEE REPORTS</b> (<i>Agenda item 13</i>)</p> <p><i>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).</i></p> <p>The Board was provided with the agenda for the last Pensions Committee which took place on 17 July 2019.</p> <p>Discussion took place on the funds cash flow position from member activity are were advised of the various factors that affect the cash flow position specifically for the fund and assumptions for future years.</p>	
	<p><b>ADMINISTRATION STRATEGY POLICY REVIEW</b> (<i>Agenda item 14</i>)</p> <p><i>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).</i></p> <p>The Board was provided with the administration strategy policy. Board agreed the policy should obtain active sign up from the fund employers once the update has been finalised.</p>	
	<p><b>BREACHES LOG</b> (<i>Agenda item 15</i>)</p> <p><i>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).</i></p> <p>The Board was provided with a detailed log of breaches and</p>	

	resulting actions. It was agreed that summary information including traffic lighting can be provide in the future with more detailed for any reported red cases.	
	The meeting, which commenced at 3.05 pm, closed at 5.07 pm.	