# Minutes

**PENSIONS BOARD**

**30 April 2019**

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

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| **Employer Representatives:**<br>Zak Muneer and Hayley Seabrook<br>**Employee Representatives**:<br>Roger Hackett and Tony Noakes<br><br>**Apology for Absence:**<br>None<br><br>**Also Present:**<br>Mary Lambe (AON Hewitt)<br><br>**LBH Officers Present**:<br>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) | |
| **ELECTION OF TEMPORARY CHAIR** *(Agenda Item 2)*<br><br>Roger Hackett was elected to chair this meeting. The chair will rotate throughout the year with equal distribution of employer and employee representation. | |
| **DECLARATIONS OF INTEREST AND ANY CONFLICTS OF INTEREST** *(Agenda Item 3)*<br><br>No conflicts of interest were declared. | |
| **MINUTES OF THE MEETING HELD ON 8 FEBRUARY 2019** *(Agenda Item 4)*<br><br>There was one typo to the minutes on the Cyber security accreditation which should have stated ISO27001.<br>Agreed as an accurate record.<br>Board members asked for an update on cyber security. It was suggested the ICT team would present at a future board meeting and data mapping be completed to assess next steps. It was noted the risk on cyber security on the risk register had been updated. | |
| **EXCLUSION OF PRESS AND PUBLIC** *(Agenda Item 5)*<br><br>That Agenda Item 13 be considered in private for the reasons stated on the agenda. | |
| **TRAINING AND DISCUSSION ITEM – REPORTING BREACHES OF LAW** *(Agenda Item 6)* | |

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| | Board members received a training item on The Pension Regulator's Code of Practice and Breaches.<br><br>The first section of the training item covered the role of the Pensions Regulator, noting movement into public sector pensions in 2015, and explained the Code of Practice 14. The main objectives for the legislation is to promote and improve the understanding of good administration of work-based pensions to protect member benefits. It was noted the regulator is concerned with what is has been seen to date in the LGPS. Discussions were positive that the fund discuss the TPR compliance checklist at each meeting but it is worth an external overview in addition to self assessment. Direct links for board from code 14 include Knowledge and understanding, Conflicts of interest and Reporting breaches.<br><br>Discussions took place relating to TPR data collection as data is a primary area of concern, through surveys and league tables and it lead to discussion regarding comparison of the two software suppliers within the LGPS as each supplier returns a different output for the common and specific data returns in October 18 across funds. Members were concerned with the authenticity of other funds data who claim to have higher scores of compliance.<br><br>Members discussed the enforcement powers that have been extended to the TPR.<br><br>The second part of the training item covered breaches of the law. It is the legal duty of the administrators of the scheme to ensure that the regulators processes and procedures are being complied with. The fund should have in place a Breaches Policy which is states the legal requirements and who breaches should be reported to. This is required to be updated every 3 years. The fund should also have a Breaches Procedure in place to operate in conjunction with the Breaches Log. The policy and procedure can be a single document. All breaches are required to be recorded on to an internal breaches log.<br><br>Members were given an example showing a traffic light framework of what should be reported to the regulator, examples of possible breaches and a decision tree on possible outcomes on what should be reported.<br><br>Roger raised the concern over lack of knowledge as to when a breach may have occurred to ensure compliance with reporting of breaches. Discussion took place that having a procedure and log in place with regular reporting was essential with the breaches log to be included in committee and board papers. Board's control over reporting breaches includes formulation of procedures and discussion over levels of communication to help ensure governance in this area.<br><br>It was confirmed the fund has a published policy in place on the website, however the breaches log needs updating and reporting regularly. It was agreed that the policy be reviewed at the next board meeting in September to ensure it is complete and comprehensive. It was suggested examples may be helpful in the policy/procedure.<br><br>Officers noted the breach reported by Hillingdon to the regulator stated in agenda item 7 linking to the traffic light system on reportable or | SK<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br>SK |

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| | recordable breaches.<br><br>AON to send on a number of recent article and slides to support the boards increased knowledge. | AON |

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

Board members received information relating to a recent meeting at SCC. Members were informed of a new Lead Manager who has a similar philosophy in service expectations to the Hillingdon team and is eager to make improvements.

Concern was raised that the regulator wants funds to have data improvement plan in place. It was noted that there is a current data improvement plan in place held by SCC as data administrator however it is not as useful as it could be and this is being revised. There are 4 different work schemes to help improve our data quality. It was agreed the data improvement plan be brought to board in September.

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Members suggested there may be more information that can come to them to show progress in data cleansing and clearance of backlog work. Progress made by other schemes were also considered Officers said they were happy to include more information and present a report showing the progress at the next meeting.

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The contract management with SCC was discussed, as a delegated service there are a number of areas that lack clarity and detail however all required resources to action a comprehensive administration function are funded by the pension fund due to the changing regulatory environment and complexity of data.

Zak raised a concern over the complexity of the year end reporting spreadsheet for end of year data which employers are required to compile before the 30th April each year. It was noted that not all fields are relevant to all individuals but all fields are necessary for production of the ABS. The discussion then moved to a potential future solution called iconnect, which would allow year end reporting to be completed on a monthly basis to reduce workload at year end. Thus controlling data input from the onset. SCC doesn't currently have this software but are investigating and officers noted there could be problems with this option. It was discussed that further training could be provided to employers at year end to help support employers with this data capture.

As part of the agenda pack there was a copy of the annual pensioner letter for information. This is the only communication with pensioners and considered to be the annual newsletter by SCC, officers and board members agreed this was insufficient. Officers will discuss the quality of communications with members once the SCC team has been expanded to enable focus on education and communication. It was noted the letter should have been approved by Hillingdon before distribution.

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| **SPECIFICS OF THE LGPS – 85 Year Rule and 50/50 Scheme** *(Agenda Item 8)*<br><br>Board members were provided with a synopsis of what the Rule of 85 means and the eligibility criteria plus updates on 50/50 Option and Auto enrolment uptake. Members found this item an interesting topic. The calculation to determine eligibility for the Rule of 85 is age plus LGPS membership. This is only valid to member of the LGPS at anytime between 1 April 1998 and 30 September 2006.<br><br>Auto re-enrolment took place on 1 April 19 this resulted in 232 employees being enrolled into the scheme. To date 113 employees have opted out since the auto enrolment. Members discussed possible reasons as to why employees may opt out. Officers suggested that the common trend of employees who do opt out are either young or low earners e.g. apprentices. Members have requested for an updated figure for opt out employees at the next board meeting in September.<br><br>The 50/50 scheme currently has 32 employees, many of which tend to be higher earners.<br><br>Members discussed further the advantages of the pension scheme. | SC | |
| **TRAINING POLICY AND TRAINING NEEDS** *(Agenda item 9)*<br><br>Members received a revised version of the Pensions Fund Training Policy in advance of approval at the Pensions Committee in July 19. Members unanimously agreed that the policy benefits the Pension Committee, local Pension Board members and Senior Officers by way of ensuring the fund is managed by individuals with the appropriate level of knowledge and skills. Therefore it was agreed that the training priorities suggested in the report be adopted and used for future training of Board Members. | | |
| **RISK MANAGEMENT POLICY** *(Agenda item 10)*<br><br>Members received a revised version of the Risk Management Policy to review in advance of the Pensions Committee in July 19. Members are in agreement with the revised version as climate change and cyber security have both been added to the Policy to reflect the importance of the issues and to ensure that they are actively managed. | | |
| **TPR CHECKLIST REVIEW – Focus C – Conflicts of Interest and D – Publishing Information** *(Agenda Item 11)*<br><br>Members discussed the report provided on conflicts of interest and publishing information compliance areas within the pensions regulator checklist. Twelve out of the fourteen items are fully compliant, whilst two are partially compliant. Officers explained to members that they are currently reviewing and improving the necessary information needed to be fully compliant. | | |

**WORK PROGRAMME 2019** *(Agenda Item 12)*

The Board discussed work flow items in the upcoming work plan.

Members requested for the data improvement plan to be added to the specific topics covered in September.

The scheme completing an annual survey to the Pensions regulator and the Board have requested to view this.

Communications issued by various bodies that intended for circulation to Chairs of Pensions Boards for a trial period to be sent to Roger Hackett to ensure board receive.

**REVIEW OF PENSION COMMITTEE REPORTS** *(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 the agenda for the last Pensions Committee which took place on 20 March 2019.

The Board noted the reports and decisions made at Pensions Committee that papers were clear. Hayley was in attendance at the Pensions Committee. Board noted that there had been a decrease in funds during Q4 in line with the market correction, since then the position had recovered.

**AOB**

Members asked if the pension fund is sufficiently resourced. Officer's advised they were looking into potentially bringing a temporary resource to help with governance and compliance across administration and investments and would keep the board updated.

Board members requested that Roger be set up as the LGA point of contact for Chair of the pension's board to ensure the board receives all communication intended for them.

The meeting, which commenced at 3.00 pm, closed at 4.53 pm.

These are the minutes of the above meeting.