

## **MINUTES OF A MEETING OF THE PENSIONS BOARD**

**TUESDAY, 28TH JULY, 2015**

**Board Members Present:** Samantha Lloyd (Chair) Richard Dearing (Vice-Chair), Matthew Waterfall, Hamza Yusef

**Officers in Attendance:** Rachel Cowburn (Project Accountant), Jill Davys (Head of Financial Services), Michael Honeysett (AD Financial Management)

**Also in Attendance:** Daniel Kanaris (AON), Jonathan Malins-Smith (Co-opted Member of the Pensions Committee)

### **1 APOLOGIES FOR ABSENCE**

1.1 There were no apologies for absence.

### **2 DECLARATIONS OF INTEREST – Members to declare as appropriate**

2.1 Samantha Lloyd, Chair of the Pensions Board declared an interest as a member of the governing body Mossbourne Federation, member of the Finance Committee Mossbourne Federation, Hackney Homes board member and a deferred Local Government Pension Scheme member. It was also noted that her sister is contracting for Equiniti.

2.2 Richard Dearing, declared an interest as Director of Central Services Mossbourne Federation, member of the governing body Mossbourne Federation, member of the Finance Committee Mossbourne Federation, and an active Local Government Pension Scheme member.

2.3 Matthew Waterfall, declared an interest as a Unison Representative and Local Government Pension Scheme member.

2.4 Hamza Yusef declared an interest as a Local Government Pension Scheme member, a member of the Board of Trustees East End Community Foundation, member of the governing body Millfields School, Chair of the HR, Finance and Premises Committee Millfields School.

2.5 It was noted that Matthew Waterfall and Hamza Yusef are both London Borough of Hackney employees.

### 3 TERMS OF REFERENCE

- 3.1 The Chair welcomed the report and sought to make a clear distinction between the role of the Pensions Committee and the Pensions Board. It was highlighted that the Pensions Board is not responsible for making decisions regarding the management of the Fund, which is an obligation reserved for the Pensions Committee. It does however have a broad remit to review the decision making process of the Pensions Committee in matters of scheme administration and governance. In accordance with the regulations (Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, it was noted that the Board may make reports or recommendations to the Pensions Committee.
- 3.2 There then followed a brief discussion about the role of the Pensions Board during which Jill Davys, Head of Financial Services reiterated that the Board's role was to ensure good governance in the administration and management of the pension fund. In accordance with regulation, Board Members were advised that they are obliged to ensure they are able to comply with the responsibilities associated with the role and maintain an appropriate level of knowledge and understanding, by reading paperwork and attending training. Daniel Kanaris (AON Hewitt) emphasised that the role of the Board was to ensure that decisions made by the Pensions Committee follow due process and consideration.
- 3.3 In reference to paragraph f, page 8 of the Terms of Reference, with the agreement of all present, Richard Dearing was appointed as Vice Chair of the Pensions Board.
- 3.4 In reference to paragraph 6 Remuneration and Expenses on page 10 of the agenda pack, Greg Lane, Head of Governance Services clarified that the allowance levels paid to Board Members was a decision reserved for Full Council as listed in the scheme. The decision made by Council recommends that Pension Board Members be paid the same amount as Independent Members.
- 3.5 **RESOLVED:** That the Terms of Reference of the Pensions Board as set out at Appendix 1 be noted.

### 4 CONFLICTS OF INTEREST POLICY

- 4.1 Jill Davys introduced the report as set out. It was explained that in order to ensure compliance with Regulation (The Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2015 as amended) and The Pension Regulator Code of Practice, Pension Board Members (and Pension Committee Members) have been asked to complete declarations of interest forms. Examples of possible conflicts of interests were sited on pages 24-30 of the agenda pack.
- 4.2 Daniel Kanaris clarified that being a member of the pension scheme is not officially a conflict of interest. The expectation was that identifying conflicts would not be too onerous a task as the Board was noted to have an advisory role.

- 4.3 In ensuring transparency, the Chair advised that Board Members should declare all potential interests and if in doubt seek guidance from Jill Davys or from Governance Services.
- 4.4 **RESOLVED:** That the Conflicts of Interest Policy be noted and that a declarations of interest form in respect of the position as Members of the Pensions Board be completed by all Board Members.

## 5 TRAINING POLICY

- 5.1 Jill Davys introduced the report as set out. It was noted that there was a substantial amount of information relating to legislation and the pension fund itself. There are expanding requirements for Pension Committee Members, Pension Board Members and officers to have an appropriate level of knowledge and skill. Pension Board Members are requested to undertake training which will be recorded. Members will be asked to complete a self-assessment form to assist in identifying any gaps in knowledge.
- 5.2 Daniel Kanaris explained that it is the responsibility of each Board Member to ensure that they have the appropriate knowledge requirement to fulfil the role. Assurances were given that whilst Board Members were not expected to be experts, the expectation is that they would develop a working knowledge of each area.
- 5.3 A brief discussion on training ensued, during which Jill Davys informed Board Members that training is held for Pension Committee Members approximately 30 minutes prior to committee meetings. The expectation is that Pension Board Members will also attend. Jill Davys agreed to circulate a list of Pension Committee and other relevant dates (**ACTION: JILL DAVYS**).
- 5.4 In response to a question from the Chair relating to other Pension Boards, it was reported that a one day training session will be organised at the AON offices possibly with a Pensions Board from another local authority. This was welcomed by the Board.
- 5.5 In response to a question from the Chair relating to skills audit, Jill Davys drew Board Members' attention to page 45, paragraph 6.7 where a link to the public sector education tool kit on The Pensions Regulator site was provided. It was noted that the tool kit was generic for all public sector boards and not specific to the Local Government Pension Scheme, however it was seen as a useful starting point for board members. The Board was asked to avail themselves of this training module. It was suggested that the areas which board members identify to have the least knowledge be collated so that training can be targeted and specifically focussed on areas where training is most required.
- 5.6 **RESOLVED:** That the Training Policy for the London Borough of Hackney Pension Fund, as it relates to the Pension Board be formally adopted.

That the need for each Pension Board Member, Pensions Committee Member and senior officer to adhere to the Training Policy and maintain the required level of knowledge and skills be noted

## 6 REPORTING BREACHES PROCEDURE

- 6.1 Jill Davys introduced the report as set out. Board Members were informed that the role of the Pensions Regulator has been extended to the public sector, including the Local Government Pension Scheme. It is the legal duty of anyone involved in the scheme (barring scheme members) to report breaches.
- 6.2 During a discussion on reporting breaches, it was highlighted that if a suspected breach is identified it is preferable for Board Members to take a joint decision on whether or not to report to the Pensions Regulator. If there is disagreement amongst Board Members, the individual member is obliged to report the breach, however every effort should be made to arrive at a joint decision on whether or not a breach has occurred.
- 6.3 It was explained that only breaches of material significance and/or where there has been a systemic failure should be reported. It was recommended that Board Members consider the:
- a) cause of
  - b) effect of
  - c) reaction to, and the;
  - d) wider implications of breach
- 6.4 In reference to the traffic light system on page 77 of the agenda pack, Board Members noted the appropriate action to take relative to the breach that has occurred.
- 6.5 Jill Davys advised Members that quarterly reports would be prepared for the Pensions Committee which would include monitoring information and details of reported, recorded and suspected breaches.
- 6.6 **RESOLVED:** That the Reporting Breaches Procedure (attached at Appendix 2) as it relates to the Pensions Board be adopted.

## 7 ANNUAL REPORT OF THE PENSION COMMITTEE 2014-15

- 7.1 Jill Davys introduced the report, which provided an overview of the work undertaken by the Pensions Sub Committee during the previous municipal year 2014/15. It was noted that the report will be considered by Full Council on 25<sup>th</sup> November 2015.
- 7.2 **RESOLVED:** That the content of the report be noted.

## 8 THE PENSIONS REGULATOR CODE OF COMPLIANCE

- 8.1 Jill Davys introduced the report as set out. It was noted that The Pensions Regulator now has responsibility for public service pension schemes. There is a requirement to put in place codes of practice in relation to the management of the schemes to ensure compliance. The Pensions Regulator and Scheme Advisory Board Checklist attached at appendix 2 sets out areas where the

Administering Authority (LBH) and the Pension Fund are able to demonstrate compliance with the code.

- 8.2 In reference to the colour codes, Jill Davys explained that the colour grey, related to the areas that were not relevant as the Pension Board was not yet able to fulfil being a newly established body. In response to a question relating to the red area on page 143 of the agenda pack, Jill Davys further explained that this symbolised non-compliance. The issue in question, related specifically to employers who did not provide sufficient information to monitor contributions and the lack of a formal process by which to assess payment failures and record and report failures to the Pensions Regulator. It was noted that third party administrators, Equiniti are used to pursue employers who do not provide sufficient information. The Board was informed that the checklist would be presented to the Pension Board annually for review, however it was agreed that an updated version would be brought to the next meeting of Pension Board in January 2016 (**ACTION: JILL DAVYS**)
- 8.3 Daniel Kanaris reported that Hackney Pension Fund was actually ahead of many funds in terms of its production of documents relating to compliance, however the main issue to be addressed was associated with the formalisation of processes.
- 8.4 In response to a question from Matthew Waterfall relating to G7 page 143 of the agenda pack, Jill Davys explained that the employers listed had not submitted year end paperwork as there were issues with the payroll provider. The new pension scheme has made it more difficult for employers to process information. It was reported that issues with the payroll provider are not specific to Hackney Pension Fund but extend to other administering authorities also. It is hoped that annual benefits statements will be issued at the end of August 2015 and Pensions Savings Statements by 5<sup>th</sup> October 2015. In response to a question from the board, it was stated that providing there are no changes to the scheme, the same problems were not expected to reoccur next year.
- 8.5 **RESOLVED:** That the contents of the Code of Practice and the measures in place to comply with requirements under the Code be noted. The Board also noted where further work is required and is being undertaken

## **9 PENSION COMMITTEE REPORTS FROM 24 JUNE 2015**

- 9.1 Jill Davys introduced the report which provided links to Committee Papers and subsequent decisions taken by the Pensions Committee at its meeting on 25<sup>th</sup> June 2015.
- 9.2 **RESOLVED:** That the report be noted.

## **10 PENSION BOARD WORK PLAN 2015/16**

- 10.1 Jill Davys introduced the report which provided an indicative work plan for the Pension Board for 2015-16

- 10.2 In reference to paragraph 3.2 on page 116 of the agenda pack, the Chair stated that it would be useful to have a thematic approach to reviews that are viewed from a landscape perspective and generated by the Board. It was noted that it would be of particular interest to have information on what other Pension Boards are doing and the areas of work they are undertaking.
- 10.3 Daniel Kanaris confirmed that AON would report on the work programmes of other Pension Boards however, this would be most useful in approximately one year's time once the boards are fully established. **(ACTION: AON/JILL DAVYS)**. Daniel Kanaris advised that the role of the National Scheme Advisory Board was twofold, firstly to consider items passed from the Department of Communities and Local Government and in a liaison role with the Pensions Regulator, report to local scheme managers and Pension Boards in matters relating to guidance and standards.
- 10.4 **RESOLVED:** That the indicative work plan for the Board for 2015-16 be agreed.

## **11 ANY OTHER BUSINESS**

- 11.1 There was no other business for consideration.
- 11.2 The Chair suggested that an overview and feedback of training be considered at each meeting under 'matters arising'. Following a brief discussion, it was agreed by the Board to undertake a more formal approach and to consider all issues of training under a standing item entitled 'The Pension Regulator – Code Of Compliance'. **(ACTION: JILL DAVYS)**.

**Duration of the meeting:** 3.00 - 4.00PM