

## MINUTES OF A MEETING OF THE PENSIONS BOARD

TUESDAY, 26TH JANUARY, 2016

**Board Members Present:** Samantha Lloyd (Chair) and Richard Dearing (Vice Chair)

**Apologies:** Hamza Yusuf and Matthew Waterfall

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

**Also in Attendance:** Karen McWilliam (AON)

### 1 APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Matthew Waterfall and Hamza Yusuf.

### 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.

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 Academy, and a deferred Local Government Pension Scheme member.

### 3 MINUTES OF THE PREVIOUS MEETING

3.1 **RESOLVED:** That the minutes of the meeting be agreed as a true and accurate record of proceedings.

3.2 The following matters arising were noted:

- Paragraph 5.3 – With reference to training, Pensions Committee dates for 2016/17 to be circulated to Board Members (**ACTION-Jill Davys/Governance Services**).

- Paragraph 10.3 – With reference to work programmes of other Pension Boards, a provisional date of 22<sup>nd</sup> February 2016 was identified for a joint training exercise with Tower Hamlet's Pensions Board (**ACTION-Jill Davys**)

#### **4 TRAINING POLICY**

- 4.1 Jill Davys, Head of Financial Services introduced the report as set out. It was noted that a training policy for the London Borough of Hackney Pension Fund, as it relates to the Pension Board was formally adopted at the last board meeting on 28<sup>th</sup> July 2015. Board Members were informed that the updated policy, now includes the new CIPFA Technical Knowledge and Skills Framework, which was issued shortly after the last board meeting.
- 4.2 In reference to the updated training policy, Karen McWilliam (AON Hewitt) advised that there was little difference between the competencies specified of Pensions Board Members and Pensions Committee Members. It was explained that it is the responsibility of each individual board member as well as the Board as a collective to ensure they are adequately trained and have the appropriate knowledge and skill requirement to fulfil the role. Board Members were informed that training records would be maintained and every time an event or training session is attended it would be marked against the relevant competencies. Members would be asked to refresh their competencies every three years. Information pertaining to training would also be included in the annual accounts report.
- 4.3 In response to a question from the Chair regarding non attendees, it was noted that board members not in attendance would be sent information from training sessions and asked to read and confirm their understanding. However, board members should make every effort to ensure regular attendance at board meetings and training sessions.
- 4.4 **RESOLVED:**
- **To formally adopt the updated Training Policy for the London Borough of Hackney Pension Fund, as it relates to the Pensions Board.**
  - **To note 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.**

#### **5 REVIEW WORK OF PENSIONS COMMITTEE – SEPTEMBER –JANUARY MEETINGS**

- 5.1 Jill Davys introduced the report as set out. In reference to the work of the Pensions Committee, she stated that anything that was considered to be of particular interest to the Board was highlighted or addressed in a separate report as part of the agenda.

- 5.2 The Board was advised that should they feel that there are any issues that the Committee and/or administering authority are not adequately dealing with, board meetings would provide the opportunity to challenge officers.
- 5.3 In response to a question from Richard Dearing relating to possible concern of the performance of a pension fund manager, Jill Davys explained that fund managers are usually appointed on a long term basis. Examples were given where fund managers were terminated in the short term due to a change in direction or personnel which resulted in a deviation from the original brief. Board Members were advised that the introduction of the Collective Investment Vehicle (CIV) would enable the administering authority to allocate fund managers in a more timely way.
- 5.4 In response to a question from the Board, it was noted that a new employer representative for the Pensions Committee would be sought in due course and this would be mentioned at the forthcoming employment forum. In reference to employee blocks, it was highlighted that employee representatives are to be representative of all employees not specific to their block.
- 5.5 It was noted that Co-opted Members are re-appointed annually and the position is subject to review.

**RESOLVED:**

**To note the report**

**6 TRAINING – THE ADMINISTRATION OF PENSIONS**

- 6.1 Board Members received a presentation (hand-outs circulated) led by Karen McWilliam and Jill Davys on Hackney Pension Fund – Pension Board Training Administration. The main focus was on: the legislative framework, LGPS contributions and benefits, and key aspects of how administration is delivered within Hackney.
- 6.2 Board Members noted that the vast majority of people within the scheme have their benefits capped on three different bases which require very complicated calculations. In response to a question from Richard Dearing regarding the level of information contained within annual benefit statements, Jill Davys agreed to meet with him outside of the meeting to clarify. **(ACTION: Jill Davys)**
- 6.3 In response to a question regarding year end data audit, Jill Davys advised that although information is required from employers to monitor employee contributions as part of the annual year end accounts, it is not mandatory that employers submit correct/sufficient information relating to its employees.
- 6.4 In response to a question regarding the allocated costs of the pension scheme, Jill Davys advised that the annual costs are allocated to the pension fund treasury and costs are distilled where appropriate.

6.5 **RESOLVED:**

**To note the report.**

**7 PENSIONS ADMINISTRATION AUDIT AND EMPLOYER AUDIT**

7.1 Jill Davys introduced the report which provided details of the results of pension administration audits undertaken on behalf of the Fund by its advisors AON. The Board was advised that the results of the audit provided an overview of the level of compliance in terms of the administration of the fund by Equiniti. The audit highlighted a number of positive aspects, however it revealed that not all employers had adapted to the new Scheme, some of which were supplying inaccurate data and late submission of information. It was noted that many payroll providers had not been successful in meeting the standards required since the introduction of the new scheme.

7.2 In direct response to the results of the audit, the Chair highlighted the importance that the Board is satisfied that the Administering Authority is authorised going forward to ensure that the systematic issues identified, are addressed and not repeated. The Chair questioned what the results of the audit identified about the future and emphasised the need to address and manage the identified issues as part of an ongoing work programme. It was requested that the results be used as a marker to be further addressed in one year's time.

7.3 Michael Honeysett informed the Board that a meeting would be convened with the Corporate Director of Finance and Resources, the Lead Member for Finance and Resources, the Lead Member for Human Resources and the individuals that run payroll to agree an action plan to improve performance. It was felt that the audit has helped to crystallise, what the issues are. It was noted that the Council is the largest individual employer.

7.4 Jill Davys gave assurances that council officers and Equiniti would continue to work with every employer to ensure the submission of complete and accurate data. It was noted that there are recurring issues with schools, some of which use external payroll providers.

7.5 **RESOLVED:**

**To note the report.**

**8 TPR CODE OF PRACTICE UPDATE INCLUDING PUBLIC SECTOR PENSIONS SURVEY**

8.1 Jill Davys introduced the report as set out. The report covered an updated Compliance Checklist for the LBH Pension Fund. It was noted that the fund demonstrates high levels of compliance with the Code, a significant improvement from the initial checklist provided to the Pensions Committee in June 2015. The Board was advised that the results are considered to be very positive in comparison to most other funds.

**8.2 RESOLVED:**

- **To note the updated Code of Compliance Checklist and where further work is required and being undertaken.**
- **To Note The Pensions Regulator survey**

**9 PENSIONS BOARD WORK**

- 9.1 Jill Davys introduced the report, which looks at the remit of the Board and work undertaken by other Pension Boards as requested at its first meeting in July 2015. It was highlighted that feedback from other funds, is that most other boards are focussed on the work of the Pensions Committee.
- 9.2 In response to a question from the Chair relating to the Collective Investment Vehicle (CIV), Jill Davys advised that toward the end of last year, the Government published its long awaited Investment Reform Criteria and Guidance alongside a consultation on new draft Investment Regulations. Authorities are required to provide details on how they plan to pool investments and arrange assets and secondly whether the amended regulations provide sufficient flexibility for authorities to undertake pooling by 19<sup>th</sup> February 2016. Responses are required by July 2016. It was noted that LBH has been involved in the establishment of the London CIV and is not thinking of joining any other pools at present.
- 9.3 **RESOLVED: To note the report.**

**10 GMP RECONCILIATION**

- 10.1 Karen McWilliam introduced the report as set out. A brief presentation (hand-outs circulated) was delivered which provided background on Guaranteed Minimum Pensions (GMP) and the issues faced by the Hackney Pension Fund. It was noted that should the decision be taken to not undertake GMP reconciliations, this will pose a significant administrative risk to the fund.
- 10.2 The Board was informed that initial work on this had begun and the fund's external administrators have been commissioned to recover information relating to NI contributions and from the pension fund scheme records. It was noted that other pension funds are facing similar issues of mismatched records. Equiniti have been tasked with looking at bulk issues to ascertain why data is not consistent. In relation to the pension fund, it was noted that there is some small risk and it is expected to escalate the fund's costs. However assurances were given that although there are lots of complexities, the London Borough of Hackney is doing as much as it can at this present time.
- 10.3 **RESOLVED: To note the report**

**11 ANY OTHER BUSINESS**

- 11.1 There was no other business for consideration.

**Tuesday, 26th January, 2016**