

MINUTES OF A MEETING OF THE PENSIONS BOARD

MONDAY 18 NOVEMBER 2019

Present: Samantha Lloyd (Chair)
Kay Brown
Michael Hartney

Officers in Attendance: Michael Honeysett (Director of Financial Management)
Rachel Cowburn (Head of Pension Fund investment)

Also in Attendance: Catherine Pearce (Aon)
Kevin Cullen (London CIV)
Silvia Knott-Martin (London CIV)

1 Apologies for absence

1.1 There were no apologies for absence.

2 Declarations of Interest- - Members to declare as appropriate

2.1 There were no declarations of interest.

3 Minutes of the previous meeting

3.1 The minutes of the previous meeting were agreed as a correct record with the addition of Catherine Pearce's (Consultant) to the list of attendees.

4. Review of the work of the Pensions regulator - update and training

4.1 Catherine Pearce (Consultant), presented to the Board on the review of the Pensions Regulator's Work.

4.2 Points arising from the presentation included:

- Much was going well with the Local Government Pensions Scheme and that some improvement was required
- Administrators had not yet been successful in recruiting new clients
- The number of complaints about the scheme was less than 10 a year. The Board asked to be kept aware of the numbers of complaints together with any patterns and trends

Action: Rachel Cowburn

- 4 members was the statutory minimum membership for the Board
- The Regulator recommended that Boards meet on a quarterly basis

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The Board met the statutory requirements in meeting twice a year. It agreed to consider meeting three times a year and that this be considered at the next meeting of the Board

Action: Rachel Cowburn

- The Board asked that the robustness of Cyber security be evaluated
- Rachel Cowburn would prepare draft responses to the 2019 Public Service Governance & Administration Survey and circulate to members for comment.

Action: Rachel Cowburn

RESOLVED:

1. To note the report, with particular reference to the areas in which Hackney Pension Fund could make improvements to its governance and administration.
2. To note the requirement to complete the scheme governance and administration survey by 29th November 2019.

5 London CIV Update

5.1 The Board noted the report providing an overview of recent developments at the London CIV, including the requirement to recruit a new Chief Investment Officer and the introduction of a new work-stream to consider responsible investment.

5.2 Kevin Cullen told the Board that a new Chief Executive had been appointed at the London CIV. The departure of the previous Chief Investment Officer after a brief period had an unsettling effect with a lack of strategic oversight in relation to ESG. It was hoped to announce the appointment of a new interim appointment soon. In response to a question from Kay Brown, this would be for a period of over a year. Kevin Cullen told the Board of the challenges facing the London CIV including that there was a need for it to be more efficient and effective. Measures in relation to this had been proposed, receiving the agreement of 31 out of the 32 London Boroughs. Implementation required the agreement of all boroughs. Further challenges included getting additional assets into the pool, having sufficient boroughs on board to make the funds viable and seeing beyond equities. Kevin Cullen referred to asset growth as currently being flat and that the pace of pooling was not at the required level. There was a need for more forceful growth and Boroughs needed to see the process as mandatory and not voluntary. He stressed the need for London boroughs to work with the CIV. Further, boroughs needed to focus on mandate design. There was an increased emphasis on sustainability and a move to significant exposure to renewables in investment, with a target of 30%. Kevin Cullen reported that Dawn Turner was currently carrying out an ESG stock take for the CIV. In response to a question from Kay Brown regarding staff turnover at the CIV, he confirmed that there were not 28 staff, with the client side being at full capacity. There continued to be a need to increase staffing on the investment team.

RESOLVED

To note the report

6 Data Improvement Update

6.1 Rachel Cowburn introduced the report updating the Board on progress made on issuing the 208/19 Annual Benefits Statement to active members of the Fund. The report also covered actions taken to help improve in the longer term the quality of data provided by the Council as an employer and to cleanse the data currently held on the pension administration system in relation to Hackney and school staff. Rachel Cowburn stressed the need to ensure that the improvements are maintained and built upon. A Payroll Board was now in place to ensure proper, systematic year end reporting. This had helped in getting statements out on time and improving the quality of data. Michael Honeysett confirmed that the Board's aim was to engrain the current improvements. Equiti had made big improvements. However, there were issues with Midland in terms of consultant support. The chair asked that this issue be placed on the agenda for the next meeting of the Board.

Action: Rachel Cowburn

RESOLVED:

To note the actions taken to improve data provision from the Council, in respect of those employees who are members of the LGPS, to the pension administrators.

7. TPR Code Compliance Checklist

7.1 Rachel Cowburn introduced the updated compliance checklist for the London Borough of Hackney Pension fund.

RESOLVED:

To note the Code of Compliance Checklist and where further work is required and being undertaken.

8, Risk Register Review

8.1 Rachel Cowburn introduced the report providing the Board with a copy of the Fund's risk register, last updated in September 2019.

RESOLVED:

To note the report

9. Actuarial Valuation & Investment Strategy Setting

9.1 Rachel Cowburn introduced the report providing the Board with an introduction to the 2019 valuation process and setting out progress to date and the expected timetable. The report also provided an overview of the process the fund will follow to set its investment strategy once the outcome of the valuation is known.

RESOLVED:

To note the report.

10. Review of Pensions Committee Work

10.1 Rachel Cowburn introduced the report detailing the work undertaken by the Pensions Committee at its meetings during the period from March 2019 to September 2019 together with a forward look at the upcoming work of the Committee. The Board was asked to note items that were relevant to the work of the Pensions Board.

RESOLVED:

To note the report.

11. Good Governance Consultation Update

11.1 Rachel Cowburn introduced the report detailing the work on good governance undertaken by Hymans Roberson on behalf of the LGPS Advisory Board. This set out the background to and context of the work, considered the good governance report produced by Hymans Robertson and set out the expected next steps for the project. The second report would soon be available and would be circulated.

Action: Rachel Cowburn

RESOLVED:

To note the report.

12. Board Workplan – Forward Look

RESOLVED:

To note the board's work plan.

13. Any other business

13.1 There was no other business

14. Exclusion of Press and Public

RESOLVED:

The Press and Public be excluded from the meeting during the consideration of agenda item 6 due to the disclosure of exempt information as defined under paragraph 7, Part 1, Schedule 12A of the Local Government Act 1972.

Duration of the meeting: 10 – 12:15 pm