



# **P E N S I O N S   B O A R D**

Wednesday 16 March 2022  
at 10.00 am

The live stream can be viewed here:

Members of the Board:

Samantha Lloyd  
Michael Hartney  
Hugo Sparks

**Mark Carroll**  
**Chief Executive**  
**Date Not Specified**  
[www.hackney.gov.uk](http://www.hackney.gov.uk)

Contact: Peter Gray  
Governance Officer  
[governance@hackney.gov.uk](mailto:governance@hackney.gov.uk)

# **Pensions Board**

## **Wednesday 16 March 2022**

### **Agenda**

- 1 Apologies for absence**
- 2 Declarations of Interest - Members to declare as appropriate**
- 3 Minutes of the previous meeting** (Pages 7 - 10)
- 4 Risk Policy & Risk Register** (Pages 11 - 34)
- 5 Pensions Administration Strategy** (Pages 35 - 84)
- 6 Conflict in Ukraine - Pension Fund Impact** (Pages 85 - 88)
- 7 Review of the Work of the Pensions Committee** (Pages 89 - 92)
- 8 Any other business**
- 9 Exclusion of Press and Public**
- 10 Business Plan Cyber Security Policy (Exempt)** (Pages 93 - 108)

#### **EXEMPT**

That it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972 as amended.

Specifically, publicity in respect of these items would be likely to lead to the disclosure of information relating to the financial or business affairs of a particular person (including the authority holding that information) and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

If members of the public were present during consideration of this report, exempt information would be disclosed in under Paragraph 7 of Schedule 12A to the Local Government Act 1972 (as amended): "Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.". In considering whether to exclude the public during the consideration of the exempt information in order that it is not disclosed, the Committee should have regard to whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is for the Board to determine whether it is likely that exempt information would be disclosed and whether it is necessary to make a resolution to exclude the public from the meeting. The public does not have to be excluded in cases where exempt information would be disclosed. Any resolution to exclude the public must identify

whether it applies to the whole or only part of the meeting and must state the description of the exempt information giving rise to exclusion of the public.

**11 Any other Exempt business**

## Public Attendance

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council.

We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - <https://hackney.gov.uk/coronavirus-support>

## Rights of Press and Public to Report on Meetings

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in 'real time' or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;
- You should focus any recording equipment on Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed.

Failure to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

## **Advice to Members on Declaring Interests**

If you require advice on declarations of interests, this can be obtained from:

- The Monitoring Officer;
- The Deputy Monitoring Officer; or
- The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

## **Disclosable Pecuniary Interests (DPIs)**

You will have a Disclosable Pecuniary Interest (\*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.
- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;

- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

**You must not:**

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

### **Other Registrable Interests**

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions,, lobbying or campaign groups, voluntary organisations in the borough or governorships at any educational institution within the borough.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, **you must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

### **Disclosure of Other Interests**

Where a matter arises at any meeting of the Council which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you **must** disclose the interest. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which **affects** your financial interest or well-being, or a financial interest of well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. You **may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

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## MINUTES OF THE PENSIONS BOARD

11 OCTOBER 2021 AT 10AM

**THE MEETING WAS CONDUCTED REMOTELY AND CAN BE VIEWED HERE:**

[HTTPS://YOUTU.BE/VwhHDAMJqC8](https://youtu.be/VwhHDAMJqC8)

**Members Present:** Samantha Lloyd (Chair) (Scheme Member Representative), Michael Hartney (Scheme Member Representative), Hugo Sparks (Employer Representative)

**Officers:** Jackie Moylan (Director - Financial Management), Michael Honeysett (Interim Head of Pensions), Peter Gray (Governance Services Officer)

**In Attendance:** Catherine Pearce - Aon, Mike Mordecai - Equiniti

### 1. Apologies for Absence

1.1 There were no apologies for absence.

### 2. Declarations of Interest

2.2 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.

### Matters Arising

3.2 Michael Honeysett confirmed that back pay payable, where known, was reflected in the financial accounts.

3.3 Michael Honeysett said that work would be carried out in relation to the frequency of meetings of the Pensions Board and the appointment of a Employer representative to the Board prior to next Board meeting

### 4. Training

4.1 Catherine Pearce presented to the Board on the The Good Governance Project:

- Background and Timeline
- Phase 1 conclusions

- Phase 1 proposals
- Phase 2 Working Group
- Phase 3 - Detail of the recommendations to be implemented
- Conflicts of Interest and representation
- Knowledge and Understanding
- Service Delivery
- Compliance and Improvement
- Next Steps

4.2 The Chair referred to the good practice contained within the proposals and asked about the background to the proposals. Catherine Pearce confirmed that many of the structures referred to were already embedded in Local Government Funds but that there were concerns that other sector Funds' policy making decisions were not in the interest of funds.

4.3 Catherine Pearce presented to the Board on the Regulator's new code, highlighting the following:

- The five sections:
  - *The Governing Body - best practice under governing body*
  - *Funding and Investment*
  - *Administration*
  - *Maintenance of IT systems*
  - *Cyber controls*
  - *Communication and disclosure*
  - *Reporting to the TPR*

4.4 Michael Hartney asked if data monitoring was a new initiative. Catherine Pearce confirmed that this was not a new initiative and should be carried out by all Funds.

4.5 The Chair asked what action Hackney's Fund would be taking in regard to the proposals. Michael Honeysett confirmed that it would be necessary to defer any action in some areas until such time as final proposals were released but that work was currently being carried out on data flow. It was anticipated that the Governing Body referred to would be the Council's Pensions Committee.

## **5. Review of the work of the Pensions Committee - April to September 2021**

5.1 Michael Honeysett introduced the report on the work undertaken by the Pensions Committee at its meetings in the period April 2021 to September 2021 and to note items that are relevant to the work of the Pension Board. The report also included a forward look at the upcoming work of the Committee during 2020/ 21.

5.2 In addition to the formal meetings of the Committee , a workshop was held on 22nd September 2021 in order for members of the Committee to discuss in detail the development of the Committee's approach to responsible investment strategy and policy and to start considering a refresh of its climate change target.

5.3 At its June 2021 meeting, the Committee considered the following reports:

- Responsible Investment - Fund Manager Policies and Alignment,

- Funding strategy statement update,
- Actuarial funding Issues and Update,
- Quarterly Update,
- Regulatory update report,
- Fund administration policy updates.

5.4 At its September 2021 meeting, the Committee considered the following reports:

- Cash flow monitoring,
- Funding and investment considerations,
- Quarterly update report,
- Employer flexibilities,
- Responsible investment update,

5.5 Michael Honeysett told the Board that over the past two weeks a large sum had been transferred to investments via London CIV from existing mandates. Upcoming work included a report on the final stages of the investment strategy, new targets on fossil fuel and the triennial valuation report. An additional meeting of the Pensions Committee had been scheduled for November to consider the Annual Report and 3 updated policies

5.6 Michael Hartney asked if a CIV representative would attend the Board with an update on governance and administration. He asked in relation to Identification documentation whether original documents continued to be required. Michael Honeysett reported that he would make arrangements for a CIV representative to attend the next meeting of the Pensions Board. He confirmed that copies of documents were used during the Pandemic and that the Web Portal could be utilized in this regard going forward, however at present original documents are required.

5.7 Michael Hartney asked for an update on any opt outs from the scheme. Michael Honeysett reported that the number of opt outs had not increased significantly. Some new employees who had been automatically enrolled had opted out. The reasons for opting out would be monitored.

**RESOLVED:**

- To note the report

**6. Annual Benefits Statement**

6.1 Mike Mordecai (Equiniti) reported to the Board on current difficulties in regard to the issuance of benefits statements. It was noted that not all statements that were due to be provided by the deadline of 31st August were issued by that time. There had been a number of reasons for the failure, including staff sickness and a failure in internal communications. Equiniti was already taking steps to address the issues that had arisen including the appointment of a new senior member of staff. There was to be increased resource and capacity planning with a review of current systems for producing statements. Michael Honeysett confirmed that the breach had been reported to the regulator and no action was to be taken, providing the situation was remedied by the end of October.

6.2 The Chair expressed concerns about the failures in regard to the issuance of benefits statements and asked that steps be taken to rectify this in advance of December 2021. She asked for an update on why the data set was creating difficulties. Mike Mordecai confirmed that the Equinity system was not sufficiently transparent and that there was a lack of a working interface.

**RESOLVED:**

- To note the report

**7. Mayor Projects Update**

7.1 Michael Honeysett introduced the report providing the Board with an update on the Fund's major projects relating to the GMP rectification, McCloud remedy and the development of an automated interface from payroll to the Pensions system (Pensions Data Service). All were important projects being undertaken by the in-house Pensions Administration team alongside the Council's third party administrators, Equiniti, the Governance & Benefits Consultants, Aon and our actuary, Hymans Robertson. The Pensions Data Service also included representation from the Council's payroll departments and the third party payroll software providers, Midland ITrent.

7.2 Officers have been working with the pension administrators, Equiniti, on a phased reconciliation project. The project was being undertaken by a specialist team within Equiniti's discontinuance department, and was separate from the main administration service provided to the Fund. Equiniti would report on compliance and any specific cases the Council needed to be involved with.

7.3 In relation to McCloud, confirmation of regulatory change was awaited. Data for the period 2014 to 2017 had been lost as a result of the Cyber attack but had been recreated using data held by Equiniti. A draft report on McCloud was expected by the end of the year.

**RESOLVED:**

- To note the report

**End of Meeting**

**10:30**

**Peter Gray**  
**Governance Services**  
**Peter.Gray@Hackney.gov .uk**  
**020 8356 3326**



<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>RISK POLICY</b>  <b>Pensions Board</b> <b>16th March 2022</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> <b>Two</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

## 1. INTRODUCTION

1.1. This report introduces the updated Pension Fund Risk Policy, which details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

1.2. The Policy was last updated in December 2018; this updated version is presented for noting by the Board in line with the Policy's regular triennial review process.

1.3. The report also presents the Q3 2021/22 risk register update for the Board's review. The register summarises potential significant risks to which the Fund is exposed. It is currently reviewed quarterly by the Pensions Committee; however, the updated Risk Policy proposes a shift to a quarterly Risk Dashboard with annual Committee and Board review of the full register.

## 2. RECOMMENDATIONS

2.1. The Board is recommended to:

- Note the updated Risk Policy
- Note the risk register update for 2021/22

## 3. RELATED DECISIONS

3.1. Pensions Committee 12th December 2018 - Pension Fund Risk Register and Policy

#### **4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

- 4.1. There are no direct financial consequences arising as a result of this report. However, understanding the risks that are present in the Pension Fund and how to manage those risks is key to the overall strategic management of the Fund and the governance role of the Pensions Board.
- 4.2. The ability to assess the likely financial and reputational impact and if a risk should be categorised as high, medium or low will impact on the Pensions Board's review process. Some risks are clearly difficult to transfer or manage, such as the impact of increased longevity on the liabilities of the Pension Fund; however, the understanding of such risks could impact on other aspects of the decision making process to lower risks elsewhere.
- 4.3. Not all risks are quantifiable from a financial perspective, but could impact on the reputation of the Fund or of the Council and these also need to be taken into account.

#### **5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 5.1. The role of the Pensions Board is prescribed by Section 106 of the Local Government Pension Scheme Regulations 2013 and includes the following:
- Securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
  - Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
  - Ensuring the effective and efficient governance and administration of the Scheme and any connected scheme
- 5.2. Taking into account the role of the Pensions Board as set out in the Regulations, the consideration of the risk register of the Pensions Fund would appear to properly fall within the Board's remit.

#### **6. RISK POLICY**

- 6.1. The Policy sets out the risk management strategy for the Pension Fund, which includes:
- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
  - how risk management is implemented
  - risk management responsibilities

- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

6.2. The Policy sets out the Fund's risk management philosophy, recognising that risk cannot be removed entirely from the management of the Pension Fund, by the very nature of the Fund itself and the environment in which it operates. It also sets out the requirements set by CIPFA and the Pensions Regulator in relation to risk management and the Fund's risk management process, which involves the identification of risk, analysing risks, controlling risks where appropriate and the monitoring of risk on an ongoing basis.

6.3. Key changes to the Policy include changes to account for the publication of CIPFA's investment pooling guidance and the addition of further detail to the section covering the Fund's risk management process. It also includes changes to job titles and responsibilities to reflect changes within the Financial Services team since the previous review of this policy. The other significant change is a move towards a quarterly Risk Dashboard for Committee review, with the full risk register being reviewed by the Committee and Board annually. Changes since the previous review are highlighted in yellow in the policy document.

## 7. RISK REGISTER

7.1. The magnitude of risks within the register is assessed along two dimensions:

- Likelihood – the probability that a risk will materialise
- Impact – the consequences if the risk were to materialise

These are scored on a matrix, which indicates overall levels of risk as follows:

- High risk (red) – need for early action / intervention where feasible,
- Medium risk (amber) – action is required in the near future
- Low risk (green) – willing to accept this level of risk or requires action to

improve over the longer term

7.2. For each risk, a target score has been set in addition to showing the current risk score. This is particularly relevant in a pensions environment where an element of risk can be essential in meeting the Fund's objectives, for example, in relation to investing the Fund's assets. The current risk score should therefore always be considered against the target.

7.3. There are currently 4 risks scored as high risk (red); the target risk for all 4 is medium (amber). These 4 key risks are as follows:

- Potential financial/data loss or systems downtime due to cybercrime (governance risk 6)
- Poor membership data resulting in various outcomes including inaccurate benefits and impact on employer contribution rate (administration risk 1)
- The impact of external factors, including regulatory changes such as exit cap, on the administration of the Fund (administration risk 7)
- The impact of the McCloud remedy on the quality and timeliness of the administration of the Fund

Ian Williams

**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

Legal comments: Angelie Walker 020-8356 6994

### **Appendices**

Appendix 1 - Draft Pension Fund Risk Policy

Appendix 2 - Risk Register



# London Borough of Hackney Pension Fund

## Risk Policy



pensions@hackney



Approval date – 10 March 2022

Version 3

# Risk Policy

## Contents

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## Introduction

This is the Risk Policy of the London Borough of Hackney Pension Fund, which is managed and administered by Hackney Council (the Administering Authority). The Risk Policy details the risk management strategy for the London Borough of Hackney Pension Fund (the Fund), including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

We recognise that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, we can:

- demonstrate best practice in governance
- ensure high quality administration
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats.

We adopt best practice risk management, which supports a structured and focused approach to managing risks and ensures risk management is an integral part in the governance of the London Borough of Hackney Pension Fund at a strategic and operational level.

## To whom this Policy Applies

This Risk Policy applies to all members of the Pensions Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all members of the Hackney Council Pension Fund Management Team, the Director, Financial Management, and the Group Director, Finance and Corporate Resources as the Chief Finance Officer (Section 151 Officer), (from here on in collectively referred to as the senior officers of the Fund). ~~and the Chief Finance Officer (Section 151 Officer).~~

All other ~~Less senior~~ officers involved in the daily management of the Pension Fund are also integral to managing risk for the London Borough of Hackney Pension Fund and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Head of Financial Services.

Advisers and suppliers to the London Borough of Hackney Pension Fund are also expected to be aware of this Policy, and assist officers, Committee members and Board members as required, in meeting the objectives of this Policy.

## Aims and Objectives

We recognise the significance of our role as Administering Authority to the Hackney Pension Fund on behalf of its stakeholders which include:

- around 25,000 current and former members of the Fund, and their dependants
- around 41 employers within the Hackney Council area
- the local taxpayers within those areas.

In relation to understanding and monitoring risk, we aim to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund we will aim to comply with:

- the CIPFA Managing Risk publication
- the managing risk elements in the CIPFA Investment Pooling Governance Principles guidance
- the managing risk and internal controls elements of the Pensions Act 2004
- the Pensions Regulator's Code of Practice for Public Service Pension Schemes (or the expected New Single Code when it is in place). as they relate to managing risk.

## Our Philosophy about Risk Management Philosophy

We recognise that it is not possible or even desirable to eliminate all risks.

Accepting and actively managing risk is therefore a key part of our risk management strategy. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of our risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

In managing risk, we will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable us to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (new investment strategies, joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

We also recognise that risk management is not an end in itself; nor will it remove risk from the Fund or us. However, it is a sound management technique that is an essential part of our stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

## CIPFA and The Pensions Regulator's Requirements

### *CIPFA Managing Risk Publication*

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

### *CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities*

CIPFA has published guidance on investment pooling and the number of different risks this introduces for LGPS administering authorities. It also highlights how investment pooling potentially changes the magnitude of existing risks and how administering authorities might respond to them through appropriate internal controls.

### *The Pension Regulator's Code of Practice*

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 related to the requirement to have internal controls in public service pension schemes.

#### ***"249B Requirement for internal controls: public service pension schemes***

*(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—*

*(a) in accordance with the scheme rules, and (b)*

*in accordance with the requirements of the law.*

*(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.*

*(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A."*

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities) to employ a risk based approach to assess the adequacy of their internal controls and to ensure that

sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise ~~when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider as well as~~ what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. ~~The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:~~

- ~~how the control is to be implemented and the skills of the person performing the control~~
- ~~the level of reliance that can be placed on information technology solutions where processes are automated~~
- ~~whether a control is capable of preventing future recurrence or merely detecting an event that has already happened~~
- ~~the frequency and timeliness of a control process~~
- ~~how the control will ensure that data are managed securely, and~~
- ~~the process for flagging errors or control failures, and approval and authorisation controls.~~

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks ~~including significant changes in or affecting the scheme and employers who participate in the scheme.~~ It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

#### *Application to the London Borough of Hackney Pension Fund*

We adopt the principles contained in CIPFA's Managing Risk Publication in the LGPS document and the Pension Regulator's code of practice in relation to London Borough of Hackney Pension Fund. This Risk Policy highlights how we will strive to achieve those

principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

The Pension Regulator’s Code of Practice for Public Service Pension Schemes is expected to be replaced by a new Single Code in 2022 (where the Pensions Regulator is merging their codes into one interactive code). It is expected to include updated guidance on risk management and internal controls. It is envisaged that we will follow that updated guidance and this Policy will be updated in due course to reflect the updated guidance.

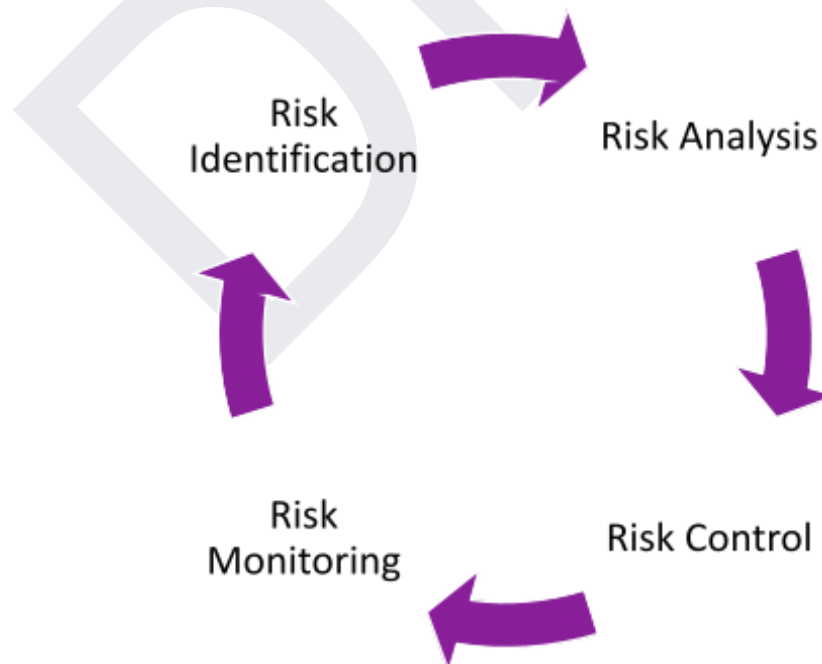
## Responsibility

As the Administering Authority for the London Borough of Hackney Pension Fund, we must be satisfied that risks are appropriately managed. For this purpose, the Head of Pensions is the designated individual for ensuring the process outlined below is carried out, subject to the oversight of the Pensions Committee.

However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

## The London Borough of Hackney Pension Fund Risk Management Process

Our risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund’s past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



*Risk identification*

Our risk identification process is both a proactive and reactive one, looking forward i.e. horizon scanning for potential risks and looking back, by learning lessons from reviewing how existing controls have manifested into risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Pensions Committee
- performance measurement against agreed objectives
- monitoring against the Fund's business plan
- findings of internal and external audit and other adviser reports
- feedback from the local Pension Board, employers and other stakeholders
- informal meetings of senior officers or other staff involved in the management of the Fund
- liaison with other organisations, regional and national associations, professional groups, etc.
- legal determinations including those of the Pensions Ombudsman, the Pensions Regulator and court cases
  - business planning or strategic workshops
- business or service continuity plans developed by us.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

New risks can emerge at any time and risk identification should include allocation of sufficient time and resource identifying these, and should therefore be integral to the day to day management of the Fund.

### *Risk analysis*

Once potential risks have been identified, we will analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.



5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Insignificant	1	2	3	4	5
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain

### Likelihood of risk occurring

We will use criteria for assessing likelihood and impact to help promote consistent risk evaluation across Fund matters.

When considering the risk rating, we will have regard to the existing controls in place and these will be summarised on the risk register. A summary of some of the Fund's key internal controls are also appended to this Risk Policy.

The resulting scores are interpreted as follows:

Level of risk	Level of concern	Action required
High	Very concerned	Action is required immediately
Medium	Concerned	Action is required within three months
Green	Content	We are willing to accept this level of risk

### Risk control

The Head of Pension Fund Investment, in liaison with the Head of Pension Administration where appropriate We will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Risk control actions, often referred to as internal controls, could comprise taking steps to avoid, transfer and/or mitigate risk. Before any such action can be taken, Pensions Committee approval may be required where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.

- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

A key determinant in selecting the action to be taken will be its potential impact on the Fund's objectives in the light of our risk appetite. Equally important is striking a balance between the cost of risk control actions against the possible result of the risk occurring. We recognise that it is not possible to eliminate all risks; accepting and actively managing risk is therefore a key part of our risk management strategy.

The Fund's risk register details:

- all further action in relation to a risk
- the owner for that action.
- the date from which the risk did not meet the target score
- the expected date for being back to the target score
- the next review date and
- the overall owner for the risk.

Where necessary, we will update the Fund's business plan in relation to any agreed action as a result of an identified risk.

### *Risk monitoring*

Risk monitoring is the final part of the risk management cycle and is the responsibility of the Pensions Committee. In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to learn for the future assessment and management of risks.

## Reporting and monitoring of this Policy

The Hackney Pensions Committee acts as the scheme manager for the Fund and therefore have a responsibility for ensuring robust risk management arrangements are in place. In addition, Scheme Advisory Board (England and Wales) guidance on the creation and operation of local pension boards in the LGPS suggests that the Pension Board could review the risk register as it relates to the scheme manager function of the authority.

Progress in managing risks will be monitored and recorded on the risk register. A high level risk summary will be provided to the Committee on a quarterly basis. The full underlying risk register will be maintained by officers and brought to the Committee for full review at least annually every 3 years or following a significant change to internal controls or risk management process. The Committee will also be provided with a risk dashboard which includes any changes to the risk ratings.

The risk summary will provide the Pensions Committee with updates on an ongoing basis in relation to any new risks or significant changes to risks (for example where a risk's score is deteriorating relative to its target).

As a matter of course, the Pension Board will be provided with the same information as is provided to the Pensions Committee and they will be able to provide comment and input to the management of risks.

~~In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis taking into consideration any feedback from the local Pension Board.~~

## Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pensions Committee will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pensions Committee and/or Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources being available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified.
- Conflicts of interest or other factors leading to a failure to identify or assess risks appropriately

## Costs

All costs related to ~~the operation and implementation of~~ this Risk Policy are met directly by the London Borough of Hackney Pension Fund.

## Approval, Review and Consultation

This ~~version of the~~ Risk Policy was approved at the London Borough of Hackney Pensions Committee meeting on ~~10 March 2022~~<sup>12<sup>th</sup> December 2018</sup>. It will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

## Further Information

If you require further information about anything in or related to this Risk Policy, please contact:

Rachel Cowburn  
~~Head of Pensions~~  
London Borough of Hackney Pension Fund  
4<sup>th</sup> Floor, Hackney Service Centre  
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London E8 1DY

E-mail [rachel.cowburn@hackney.gov.uk](mailto:rachel.cowburn@hackney.gov.uk)

Telephone 020 8356 2630

Further information on the London Borough of Hackney Pension Fund can be found as shown below:

Email: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk) (Governance)

[hackney.pensions@equiniti.com](mailto:hackney.pensions@equiniti.com) (Administration)

Pension Fund Website: <https://hackneypension.co.uk><http://hackney.xpmemberservices.com>

Hackney Council Website: [www.hackney.gov.uk](http://www.hackney.gov.uk) (including for Pensions Committee minutes and agendas)

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## Appendix: Key Internal Controls

	Control Objective	Description of Control Procedures
Authorising and processing transactions	Benefits payable are calculated in accordance with the Regulations and are paid on a timely basis	<ul style="list-style-type: none"> <li>Fully tested and regularly audited administration system for automated calculations. Checking of calculations and other processes is carried out.</li> <li>Procedures to ensure appropriate authority in place prior to processing payments.</li> </ul>
Maintaining financial and other records	Member records are up to date and accurate	<ul style="list-style-type: none"> <li>Annual and monthly reconciliation of information supplied by employers and administration records. Reconciliation of member movements</li> <li>Pensioner existence checks carried out every 2 to 3 years</li> <li>Members provided with annual benefit statements and asked to confirm if any details are incorrect</li> </ul>
	All cashflows and transactions are recorded in the correct period	<ul style="list-style-type: none"> <li>Accounting journals are automatically created as part of the workflow system.</li> <li>Regular bank reconciliations and cash flow forecasting are carried out</li> <li>The administration records and treasury/accounting records are regularly reconciled</li> </ul>
Safeguarding assets	Member, employer and Fund information is appropriately stored to ensure security and protection from unauthorised access.	<ul style="list-style-type: none"> <li>Password security in place and enforced</li> <li>Access to member and Fund data restricted to authorised personnel</li> <li>Member correspondence scanned and stored in secure systems</li> </ul>
	Cash is safeguarded and payments are suitably authorised and controlled	<ul style="list-style-type: none"> <li>Separate bank account maintained for the Fund</li> <li>Access controlled and authentication required. Cash movements recorded daily</li> <li>Regular bank reconciliations carried out and pensioner payroll reconciled each pay period</li> <li>Pensioner existence checks are carried out every 2 to 3 years, annually if overseas and all pensioners paid only by BAGs.</li> </ul>
	Investment purchases and sales are correctly recorded and valuations are correct	<ul style="list-style-type: none"> <li>Regular reconciliation of information provided by fund managers and custodian and Fund's records</li> <li>Assets held separately from LB Hackney by Custodian.</li> <li>Only authorised individuals, within specified signing limits can instruct / disinvest funds.</li> <li>All investment/disinvestment instructions are drafted by investment managers and advice taken from Fund's investment advisers prior to authorisation and action</li> </ul>

	<b>Control Objective</b>	<b>Description of Control Procedures</b>
Monitoring compliance	Contributions are received in accordance with the Regulations and rate and adjustments certificate	<ul style="list-style-type: none"> <li>• Payment dates monitored against expected / due dates and late payments notified</li> <li>• Employer contributions reconciled annually against Rates and Adjustments Certificate</li> <li>• Member contributions regularly reconciled against pay data received</li> <li>• Take up of the 50/50 option monitored and compared to contributions received</li> <li>• Rates and Adjustments Certificate updated as required when exit valuations carried out</li> </ul>
	Outsourced activities are properly managed and monitored	<ul style="list-style-type: none"> <li>• Monthly report provided by third party administrator, including a report on performance against the SLA.</li> <li>• Monthly meetings between third party administrator and Hackney Council officers and quarterly reporting to Pensions Committee.</li> <li>• All suppliers subject to regular review as part of tender and appointment process.</li> <li>• Annual monitoring of suppliers at Pensions Committee.</li> </ul>
Reporting to stakeholders	<p>Reports to members and employers are accurate, complete and within required timescales</p> <p>Annual reports and accounts are prepared in accordance with regulations and guidance</p> <p>Regulatory reports are made if needed</p>	<ul style="list-style-type: none"> <li>• Detailed planning of annual benefit statement exercise and testing carried out in advance</li> <li>• Timetable agreed for production of annual report and accounts, in consultation with auditors. Analytical reviews carried out regularly during year.</li> <li>• Policies in place to ensure all staff aware of regulatory requirements relating to whistleblowing, money laundering and bribery</li> <li>• Reports to regulatory authorities such as SAB and DCLG provided in a timely manner.</li> </ul>
Information technology	Access is restricted to authorised individuals and tightly controlled	<ul style="list-style-type: none"> <li>• Access to Council and Equiniti offices and IT systems restricted to authorised individuals.</li> <li>• Password security protocols in place and enforced</li> <li>• Any changes to user details or access rights require authorisation</li> </ul>
	Appropriate measures are implemented to counter the threat from malicious electronic attack	<ul style="list-style-type: none"> <li>• Antivirus software used and updated regularly and firewalls in place</li> <li>• IT security reviews carried out regularly by external experts</li> <li>• Filters in place to manage email spam and viruses. Protocols in place to block certain emails (size or content)</li> </ul>
	IT processing is authorised appropriately and exceptions identified and resolved in a timely manner	<ul style="list-style-type: none"> <li>• All IT processes documented and monitored</li> <li>• Changes to systems can only be made by authorised staff</li> </ul>

	<b>Control Objective</b>	<b>Description of Control Procedures</b>
	Data transmission is complete, accurate, timely and secure	<ul style="list-style-type: none"> <li>Secure file transfer protocols available for transmitting data externally</li> <li>Sensitive data transmitted via encrypted or password protected email</li> <li>All staff trained on data security protocols</li> </ul>
	Measures are in place to ensure continuity	<ul style="list-style-type: none"> <li>Data and systems backed up regularly, retained off site and regularly tested for recoverability</li> <li>Business continuity arrangements in place and regularly tested</li> </ul>
	Physical IT equipment maintained in a controlled environment	<ul style="list-style-type: none"> <li>IT infrastructure rooms protected against fire, power failure and unauthorised access</li> <li>Offsite data centre has appropriate security measures in place</li> <li>IT asset register maintained</li> <li>Laptops and mobile devices encrypted or password protected</li> </ul>
Maintaining and developing systems hardware and software	Development and implementation of new systems, applications and software or changes to existing systems are authorised, tested and approved	<ul style="list-style-type: none"> <li>Project controls in place prior to agreeing system update</li> <li>Test administration system environment used for developing system updates</li> <li>Appropriate authorisation required before updates are made live after functionality and user acceptance testing</li> </ul>
	Data migration or modification tested and reconciled back to data source	<ul style="list-style-type: none"> <li>Change management procedures in place for any data migration or modification</li> <li>Scheme data reconciliations carried out as part of process</li> </ul>
Recovery from processing interruptions	Data and systems are regularly backed up, retained offsite and regularly tested for recoverability	<ul style="list-style-type: none"> <li>Servers are replicated to an offsite datacentre or backed up to tapes daily and taken to an offsite data storage facility</li> <li>Recoverability testing is undertaken on a regular basis</li> </ul>
	IT hardware and software issues monitored and resolved in a timely manner	<ul style="list-style-type: none"> <li>Group IT Service Desk facility to log all incidents with prioritisation</li> <li>Service is monitored against Service Level Agreements</li> </ul>
Appropriate governance	The Fund is managed with appropriate direction and oversight by the Pensions Committee	<ul style="list-style-type: none"> <li>Business plan in place and updates provided to each Pensions Committee</li> <li>All key strategies and policies in place and regularly reviewed by Pensions Committee</li> <li>Update reports to each Pensions Committee highlighting progress against key objectives</li> <li>Risk management policy in place and regular updates to Pensions Committee</li> <li>Local Pension Board in place providing assistance with compliance</li> </ul>

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	Governance Risks					Impact	Funding & Investment Risks (includes accounting and audit)					
						Insignificant						
						Minor		7				
	9	4	7 3	8 5		Moderate			2 5			
				6		Major			4 6			
						Catastrophic			1 3			
Likelihood	Rare	Unlikely	Possible	Likely	Almost certain		Almost certain	Likely	Possible	Unlikely	Rare	Likelihood
						Catastrophic	<p><b>Key</b></p> <p>1 Each risk is represented in the chart by a number in a square. - The number denotes the risk number on the risk register. - The location of the square denotes the current risk exposure.</p> <p>1 The background colour within the square denotes the target risk exposure.</p> <p>□ New risks since the last reporting date are denoted with a blue and white border.</p> <p>---&gt; An arrow denotes a change in the risk exposure since the previous reporting date, with the arrow coming from the previous risk exposure.</p>					
						Major			6	7 1	8	
						Moderate			3	2		
	4	5				Minor						
						Insignificant						
	<b>Administration &amp; Communication Risks</b>					Impact						

## Risk Register - Governance Risks

### Objectives extracted from Governance Policy

- G1 All staff, Pensions Committee and Pension Board Members charged with financial administration, decision-making or oversight with regards to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them  
 G2 The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties  
 G3 All relevant legislation is understood and complied with  
 G4 The Fund aims to be at the forefront of best practice for LGPS funds  
 G5 The Fund manages Conflicts of Interest appropriately

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Recruitment and Retention - Insufficient experienced staff to meet Fund objectives	Restrictions on local authority salaries and council recruitment freezes make it challenging for the fund to recruit and retain suitably qualified and experienced staff. The introduction of the Government's exit payments cap and internal voluntary redundancy policies also have an impact on staffing.	G1, G3, G4	Moderate	Possible	Yellow	1 - Salaries benchmarked, supplements paid where appropriate 2 - Policies and procedures in place 3 - Staff able to cover other roles where possible 4 - Increase reliance on advisors in short term where required	Moderate	Unlikely	Green	☹️ Current likelihood 1 too high	01/12/2018	Sep 2022	1 - Develop succession planning approach (JM/RC/LP) 2 - Further development of training programme - increase focus on mid level staff (RC/LP) 3 - ensure all vacancies are filled as soon as possible (RC/LP)	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
2	Knowledge and Skills - insufficient knowledge and skills amongst those charged with Fund Management	Failure to provide suitable training and to ensure that all Committee Members are engaged and able to attend with sufficient regularity could result in the Fund making wrong or inappropriate decisions as a result of insufficient knowledge and skills amongst those charged with its management	G1, G3, G4	Moderate	Possible	Yellow	1 - Improvements being made to both induction and ongoing training 2 - Regular review of training offered and its effectiveness 3 - Knowledge and Skills Policy/training plan in place 4 - Training needs analysis carried out periodically	Moderate	Unlikely	Green	☹️ Current likelihood 1 too high	01/12/2018	Sep 2022	1 - Review training programme and requirements (JM/RC) 2 - Ensure timely induction training post May 2022 elections for new(er) Committee members (RC) 3 - Effectiveness questionnaire to gather views on training preferences (RC)	Rachel Cowburn	01/03/2023	01/03/2022
3	Conflicts of Interest - actual conflicts of interest permitted to materialise	Failure to adequately monitor and disclose conflicts of interest results in potential conflicts not being managed	G5	Moderate	Possible	Yellow	1 - Conflicts of interest policy and register maintained 2 - Standing item requesting disclosure at all Committee/Board meetings 3 - Annual update to declarations required	Insignificant	Unlikely	Green	☹️ Current impact 2 too high Current likelihood 1 too high	16/07/2020	Sep 2022	1 - Further training for committee and board members 2 - Broaden register of conflicts 3 - Consider management of advisor conflicts	Rachel Cowburn	01/03/2023	01/03/2022
4	Internal Fraud - financial loss resulting from actions of employee	Pensions team or third party involved with the management of significant financial resources - potential for internal fraud	G4	Moderate	Unlikely	Green	1 - Segregation of duties for key roles 2 - Regular scrutiny from internal audit 3 - Annual external audit of the Pension Fund 4 - Regular review of third parties' internal controls	Moderate	Unlikely	Green	😊				Rachel Cowburn	01/03/2023	01/03/2022
5	Data Protection - failure to adequately protect data results in potential financial or personal impact on members	Non-compliance with the GDPR results in a failure to adequately protect member data. Home working due to Covid-19 has increased the potential risk.	G3, G4	Moderate	Likely	Yellow	1 - Compliance with the Council's ICT policy 2 - Use of encrypted email and/or TLS links for sensitive data 3 - Use of confidential waste disposal 4 - Use of secure courier to transmit sensitive hard copy files 5 - Appropriate access control measures 6 - Redaction of personal information where required 7 - Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members Contracts with third party suppliers acting as joint data processors must ensure that: 1 - Third parties are GDPR compliant 2 - Secure methods of transfer for sensitive data transmission/storage built into contract 3 - Appropriate risk sharing between the Council and the third party supplier is in place.	Moderate	Unlikely	Green	☹️ Current likelihood 2 too high	01/12/2018	Sep 2022	1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated. 2 - Roll out employer portal to ensure more user friendly secure data transmission 3 - Consider additional GDPR requirements due to Covid-19/home working situation 4 - Obtain regular third party reassurance on GDPR measures 5 - Ensure other cyber strategy elements are delivered	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
6	Reliance on external systems - the Fund's assets, systems or data are compromised including financial/data loss or systems downtime	Insufficient security controls and heavy reliance on Host Authority and external systems including Cedar (accounting), HSBCnet (custodian), LloydsLink, and Compendia could result in a) failure to take appropriate action in the event of system failure and b) insufficient protection against cybercrime	G4	Major	Likely	Red	1 - All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. 2 - The Pension Investments and Pensions Administration Business Continuity Plans detail actions to take in the event of system failure 3 - Assurances of system security from third parties 4 - Internal Council controls and firewalls 5 - Internal training on cybercrime risk	Major	Unlikely	Yellow	☹️ Current likelihood 2 too high	01/12/2018	Mar 2023	1 - Understand Council's approach to cybercrime prevention 2 - Receive written assurances from all suppliers re: management of cybercrime 3 - Implement pension fund cybercrime strategy requirements	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
7	Business continuity failure	Systems failure (not related to cybercrime) or other event affects the ability of the Fund or third parties to carry out business	G4	Moderate	Possible	Yellow	1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures	Minor	Unlikely	Green	☹️ Current impact 1 too high Current likelihood 1 too high	16/07/2020	Sep 2022	1 - Review of business continuity procedures to reflect new ways of working post Covid-19	Rachel Cowburn	01/03/2023	01/03/2022
8	External factors including regulatory changes impact the governance of the Fund	Major changes to the governance of the Fund are required (e.g. changes introduced by TPR and SAB Good Governance review)	G3	Moderate	Likely	Yellow	1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible	Yellow	☹️ Current likelihood 1 too high	16/07/2020	Mar 2023	1 - Continue to keep abreast of proposed changes and their implications (RC)	Rachel Cowburn / Lucy Patchell	01/03/2023	01/03/2022
9	Incorrect advice/guidance received from third parties	The Fund relies on external advisors in many areas so could be at risk if incorrect or no advice/guidance is provided.	G1 - G4	Moderate	Rare	Green	1 - Retendering exercises to ensure that contracts remain appropriate and that the advisors are appropriately qualified and experienced 2 - Regular meetings with external advisors discussing current pensions landscape	Moderate	Rare	Green	😊				Rachel Cowburn	01/03/2023	01/03/2022

## Risk Register - Funding & Investment Risks (includes accounting and audit)

### Objectives extracted from Funding Strategy Statement and Investment Strategy Statement:

- F1 To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- F2 To ensure that employer contribution rates are reasonably stable where appropriate
- F3 To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers)
- F4 To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years
- F5 To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations
- I1 Have a strategic asset allocation benchmark for the Fund that has the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	
1	Asset risk - failure to meet objectives through poor asset performance	Asset risks include the following: Concentration - over allocation to a single asset class Illiquidity - insufficient liquid assets Currency risk – underperformance of asset currency Manager Underperformance	I1	Major	Possible	High	1 - Investment in a diversified range of asset classes 2 - Regular cash flow monitoring 3 - Currency hedging policy 4 - ESG and climate risk policy in place 5 - Multiple managers & performance monitoring	Major	Possible	High	☺			1 - Complete planned investment strategy changes and associated transitions (RC) 2 - Strategy Review in 2020 (RC)	Rachel Cowburn	01/03/2023	01/03/2022	
2	Employer contributions are insufficient to meet the cost of benefits	If growth rate of liabilities outstrips assets the risk is that contributions being paid will be insufficient	F1 - F5	Moderate	Possible	High	1 - Asset liability modelling shows low likelihood of not meeting objectives 2 - Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations 3 - Contribution rates assessed by actuary as having a low likelihood of not meeting objectives 4 - Actuary sets evidence-based assumptions using analysis of experience	Moderate	Possible	High	☺			1 - Ongoing monitoring (RC)	Rachel Cowburn	01/03/2023	01/03/2022	
3	Other investment provider risk - loss of value resulting from external providers	Other provider risks include: Transition risk - unexpected costs in relation to the transition of assets Custody risk - losing economic rights to Fund assets Credit default - default of a counterparty	I1	Major	Possible	High	1 - Regular scrutiny of providers 2 - Monitoring and management (may be delegated to investment managers in certain situations e.g. custody risk in relation to pooled funds) 3 - Seek appropriate advice where necessary (e.g. during a significant transition) 4 - Pensions Committee has the power to replace a provider should serious concerns exist.	Major	Unlikely	High	☹	Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Transition planning for upcoming transitions (RC) 2 - Ensure custodian continuity (RC)	Rachel Cowburn	01/03/2023	01/03/2022
4	Asset pooling risk - pooling prevents the Fund achieving its objectives	Asset pooling risks include: Transition risks – excessive additional cost through transition to the pooled arrangement. Concentration and capacity risks – excessive concentration of assets amongst relatively few large institutions. Political risks – central Government changes Reputational risks – failure of a pooled arrangement could have significant consequences for the LGPS. Governance risks - potential lack of oversight of pool arrangements Lack of oversight of investment managers	I1	Major	Possible	High	1 - Monitor development/respond to consultations - Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance. 2 - Relationship Management - Maintain good working relationship to ensure that the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements. 3 - Transition Planning - Planning for transition considered as part of Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes. 4 - Pensions Committee Chair and S151 officer members of Shareholder Committee 5 - Oversight and engagement of existing investment managers	Major	Unlikely	High	☹	Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Maintain relationships with senior LCIV staff (IW/JM/RC) 2 - Ensure LCIV aware of Hackney investment priorities and objectives to understand timing requirements (IW/JM/RC)	Rachel Cowburn	01/03/2023	01/03/2022
5	Responsible Investment Risk - RI factors negatively impact Fund performance	Performance risk - failure of investment managers to achieve desired returns	I1	Moderate	Possible	High	1 - Monitoring and management of the Fund's exposure to fossil fuel reserves and power generation to assess level of risk. 2 - Inclusion of a policy statement setting out the Fund's approach to climate risk within the Investment Strategy Statement 3 - Active engagement with managers to understand sources of RI risk	Moderate	Unlikely	High	☺	Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Continue to monitor fossil fuel exposure against target 2 - Liaise with managers and LCIV to develop wider RI risk reporting including voting and engagement 3 - Asset liability modelling carried out with climate scenarios	Rachel Cowburn	01/03/2023	01/03/2022
6	External Factor/Regulatory Risk	The risk that external (e.g. geopolitical) factors or the introduction of new regulation requires major changes to the operation of the Fund (e.g. McCloud, cost cap, Covid-19).	I1, F1	Major	Possible	High	1 - Asset liability modelling to ensure the Fund's Investment Strategy helps the Fund meet its objectives under a range of economic conditions 2 - Horizon scanning to ensure awareness of potential future risks and prepare 3 - Monitoring and analysis of impact, taking advice from advisors where appropriate 4 - Adding items to business plan when appropriate	Moderate	Possible	High	☹	Current impact 1 too high	01/12/2018	Dec 2022	1 - Ensure business plan kept up to date	Rachel Cowburn	01/03/2023	01/03/2022
7	Employer Covenant/Affordability risks	Employer Covenant and Affordability risks include: Employer default Employer deficit on termination Rapidly increasing employer contribution rates Ability of employer to pay Substantial deficit or credit on termination	F4, F5	Minor	Likely	High	1 - Valuation and inter-valuation monitoring of employers near cessation (funding position and contract situation) 2 - Monitoring of payment of contributions 3 - Employer covenant checks with use of bonds/guarantees where necessary 4 - Employer engagement	Minor	Unlikely	High	☺	Current likelihood 2 too high	31/12/2019	Dec 2022	1 - Start communications with at-risk employers 2 - Robust review process to be developed	Rachel Cowburn	01/03/2023	01/03/2022

# Risk Register - Administration & Communication Risks

**Objectives extracted from Administration Strategy (03/2017) and Communications Strategy (04/2016):**

- A1 Deliver an efficient, quality and value for money service to its scheme employers and scheme members
- A2 Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
- A3 Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
- A4 Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
- A5 Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to Scheme employers and scheme members
- C1 Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits
- C2 Communicate in a plain language style
- C3 Ensure the Fund use the most appropriate means of communication, taking into account the different needs of different stakeholders
- C4 Look for efficiencies in delivering communications including greater use of technology
- C5 Evaluate the effectiveness of communications and shape future communications appropriately

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	
1	Poor Membership Data	Poor administration and/or provision of data result in inaccurate data giving rise to financial, reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc. Incorrect data submitted for valuation. Inaccurate McCloud reconciliation. Data provided late also impacts on Fund's ability to pay correct benefits and set accurate contribution rates.	A1, A4	Major	Likely	High	1 - Annual monitoring of membership records, valuation checks, external data validations (done by third party administrator) 2 - Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied (done by third party administrator) 3 - Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance. 4 - Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information	Moderate	Possible	High	☹️	Current impact 1 too high Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Liaison with payroll team to prioritise completion of development work on interface (RC) 2 - Roll out employer portal to all employers (LP) 3 - Develop and roll out data improvement plan (LP/RC) 4 - Ensure Equiniti roll out employer strategy in line with contract (LP) 5 - Speak to Equiniti to understand monitoring carried out (see internal controls) (RC)	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
2	Poor Employer Engagement	Poor employer engagement can lead to incorrect or late data (see above) and/or member dissatisfaction.	A3, C1-C5	Moderate	Likely	High	1 - Provision of employer support from Pensions Team/Third Party Administrator 2 - Annual Employer Forum 3 - Employer section of website containing guidance 4 - Pensions Administration Strategy setting out expected service standards and allowing for additional employer charges where appropriate	Moderate	Possible	High	😊	Current likelihood 1 too high	01/12/2018	Mar 2023	1 - Roll out employer portal (LP) 2 - Roll out of employer engagement strategy (LP) 3 - Carry out employer satisfaction surveys (LP) 4 - Continue with roll out of employer section of website (LP)	Lucy Patchell	01/03/2023	01/03/2022
3	Poor Member Engagement	Poor member engagement can lead to members not fully understanding and/or appreciating the benefits available to them, which could lead them to make poor decisions about their benefits.	A1, A4, C1-C3	Moderate	Possible	High	1 - Provision of annual benefit statements and newsletters 2 - Member website with information about benefits and the Fund	Moderate	Possible	High	😊				1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP)	Lucy Patchell	01/03/2023	01/03/2022
4	Pension Overpayments - increased costs through failure to cease pension payments	Pension Overpayments arising as a result of non-notification of death, re-employment, or ceasing education. This has financial and reputational consequences.	A2	Minor	Rare	Low	1 - Management of NFI matches and follow up. NFI exercises to identify checks 2 - Write to pensioners each year over age 80 and overseas seeking confirmation of ongoing pension entitlement (currently on hold due to COVID-19).	Minor	Rare	Low	😊				1 - Existence checks to be carried out (LP)	Lucy Patchell	01/03/2023	01/03/2022
5	Discretionary Policies - insufficiently robust policies expose Fund to higher costs	Regulations allow the Pension Fund and employers certain areas where they are able to exercise discretion. Excessively generous or insufficiently robust policies of the Pension Fund and employers exposed to higher costs and reputational risks.	A2, A3	Minor	Unlikely	Low	1 - Controls – Agreed policies and procedures to control such risks, which are regularly reviewed and approved by Pensions Committee. 2 - Ensuring that employers are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Minor	Unlikely	Low	😊					Lucy Patchell	01/03/2023	01/03/2022
6	Poor delivery of administration service	Risk that third party administrator does not deliver in accordance with contractual requirements	A1-A5	Major	Possible	High	1 - Strict service standards and SLAs in place 2 - Appointment through robust procurement exercise 3 - Expert contract management team in place 4 - Regular monitoring of KPIs 5 - Regular service review meetings 6 - Pensions Administration Strategy sets out expected service levels	Major	Unlikely	High	☹️	Current likelihood 1 too high	01/12/2018	Mar 2023	1 - Ensure a process is in place for early identification and escalation of issues 2 - Ensure Equiniti's proposals to improve quality/service delivery are delivered	Lucy Patchell	01/03/2023	01/03/2022
7	External factors including regulatory changes impact the administration of the Fund	Major changes to the administration of the Fund are required (e.g. changes required as a result of the public sector exit payments cap and national pensions dashboard)	A1-A5	Major	Likely	High	1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible	High	☹️	Current impact 1 too high Current likelihood 1 too high	16/07/2020	Mar 2023	1. Continue to keep abreast of proposed changes and their implications (LP)	Lucy Patchell	01/03/2023	01/03/2022
8	Regulatory changes resulting from the McCloud case impact the quality/timeliness of administration of the Fund (both BAU and McCloud specific)	Regulatory changes that must be reflected in future benefit calculations and historic benefit calculations must be revisited, resulting in: - large amount of additional administrative work for EQ/Hackney which may result in backlogs etc - data back to 2014 being requested from employers which may be missing/not provided	A1-A5	Major	Almost certain	High	1 - Programme management - Programme planning for McCloud has already started and will continue until end of project 2 - Employers engaged with and data collection commenced	Minor	Almost certain	High	☹️	Current impact 2 too high	01/03/2021	Sep 2023	1 - Ensure project management for McCloud continues (LP) 2 - Ensure Equiniti have the resources required to undertake review of historic calculations/carry out data processing 3 - Ensure Equiniti have made required software changes to Compendia and have adequately trained administrators to correctly apply regulatory changes when made (LP) 4 - Finalise data collection from employers, prioritising Hackney Council	Lucy Patchell	01/03/2023	01/03/2022

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<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>PENSIONS ADMINISTRATION STRATEGY</b>  Pensions Board 16th March 2022	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> One
	Ward(s) affected  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

## 1. INTRODUCTION

- 1.1. This report includes the final version of the Fund's Pensions Administration Strategy which has been reviewed, updated and has been out for employer consultation. Generally, unless otherwise specified, the Fund's policy is to review policies every three years (or sooner if required, for example, due to changes in legislation). This Strategy has been updated to reflect the development of the Employer Self Service (ESS) portal for collecting monthly employer data.

## 2. RECOMMENDATIONS

- 2.1. The Board is recommended to:
- Note the updated Hackney Pensions Administration Strategy as outlined in Appendix 1 for publication.

## 3. RELATED DECISIONS

- Pensions Committee (March 2022) – to approve the final Pensions Administration Strategy following employer consultation
- Pensions Committee (January 2022) – to approve the updated Pensions Administration Strategy for employer consultation.
- Pensions Committee (September 2020) – Update of Pensions Administration Strategy.

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1. Ensuring that the Fund has clear policies in place helps maintain proper financial governance of the Fund. Some of the areas within the Fund's policies can impact the financial health of the Fund or change its exposure to certain risk factors. It is recognised that robust administration arrangements can reduce risk which could have financial consequences; for example having a structure that enables timely information provision helps ensure that legal deadlines are met.
- 4.2. There are no new immediate financial implications arising from this report.

## **5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

5.1. The role of the Pensions Board is prescribed by Section 106 of the Local Government Pension Scheme Regulations 2013 and includes the following:

- Securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
- Ensuring the effective and efficient governance and administration of the Scheme and any connected scheme

5.2. Taking into account the role of the Pensions Board as set out in the Regulations, the consideration of the Pensions Administration Strategy would appear to properly fall within the Board's remit.

## **6. BACKGROUND TO THE REPORT**

6.1. Where a Pensions Administration Strategy is published, it is legally required to include:

- procedures for liaison and communication with Scheme employers
- levels of performance to be achieved by Scheme employers and the Administering Authority
- procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements
- procedures for improving the communication between the Administering Authority and Scheme employers
- circumstances in which the Administering Authority may require a Scheme employer to pay additional costs due to that employer's unsatisfactory performance
- the publication of annual reports covering
  - the extent to which the Administering Authority and its Scheme employers have achieved the performance standards set out in the Strategy
  - anything else in the Strategy that the Administering Authority considers appropriate
- any other matter that the Administering Authority considers appropriate to include in the Strategy.

6.2. The draft Strategy was circulated to all employers and other interested parties, with a deadline of 11 February 2022 for comments. No comments were received. Once approved, the Strategy will be published and circulated to all employers and interested parties, to take effect from 1st April 2022, with performance monitored

accordingly.

## **7. PROPOSED CHANGES TO THE PENSIONS ADMINISTRATION STRATEGY**

7.1. The proposed Pensions Administration Strategy is attached as Appendix 1. Many of the original elements of the Strategy remain mainly unchanged. The Policy outlines:

- the Fund's administration aims and objectives
- the regulatory background
- communications and employer training
- performance standards and responsibilities
- how performance and objectives will be monitored
- the policy on the recovery of additional administration costs from employers.

7.2. The key updates made to the Policy include:

- A number of minor wording changes and clarifications
- Clarification of the sections of the Strategy that do and do not apply to Local Authority maintained schools (which are part of Hackney Council for pensions purposes but which may have outsourced payroll providers which are required to provide employee data to the Fund).
- Amendments made to reflect the implementation of the Employer Self Service (ESS) portal, particularly updating the section about the recovery of additional costs to make clear that the failure to use ESS (or to engage with the onboarding process) will result in additional charges.
- Amendments made to include the requirement to provide data required by the Fund to meet its obligations as a result of the McCloud judgement, including an update in the section about the recovery of additional costs to make clear that the failure to supply data (or to make every effort to locate data) will result in additional charges.
- An update to the section on The Pension Regulator's role, about the planned replacement of Code of Practice 14 with the new Single Modular Code in summer 2022.
- An update to the way objectives are measured – where a customer satisfaction survey is used to measure success, the target for positive responses has been amended from 95% to 90% to bring it into line with similar measures in the communications policy.

Ian Williams  
**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Ian Williams 020-8356 3003

Legal comments: Angelie Walker 020-8356 6994

## **Appendices**

Appendix 1 - Draft Pensions Administration Strategy (Due for approval by Pensions Committee on 10th March 2022).



**LONDON BOROUGH OF HACKNEY  
PENSION FUND**

**PENSION ADMINISTRATION  
STRATEGY  
2022/25**

**For the Local Government Pension Scheme  
(LGPS)**



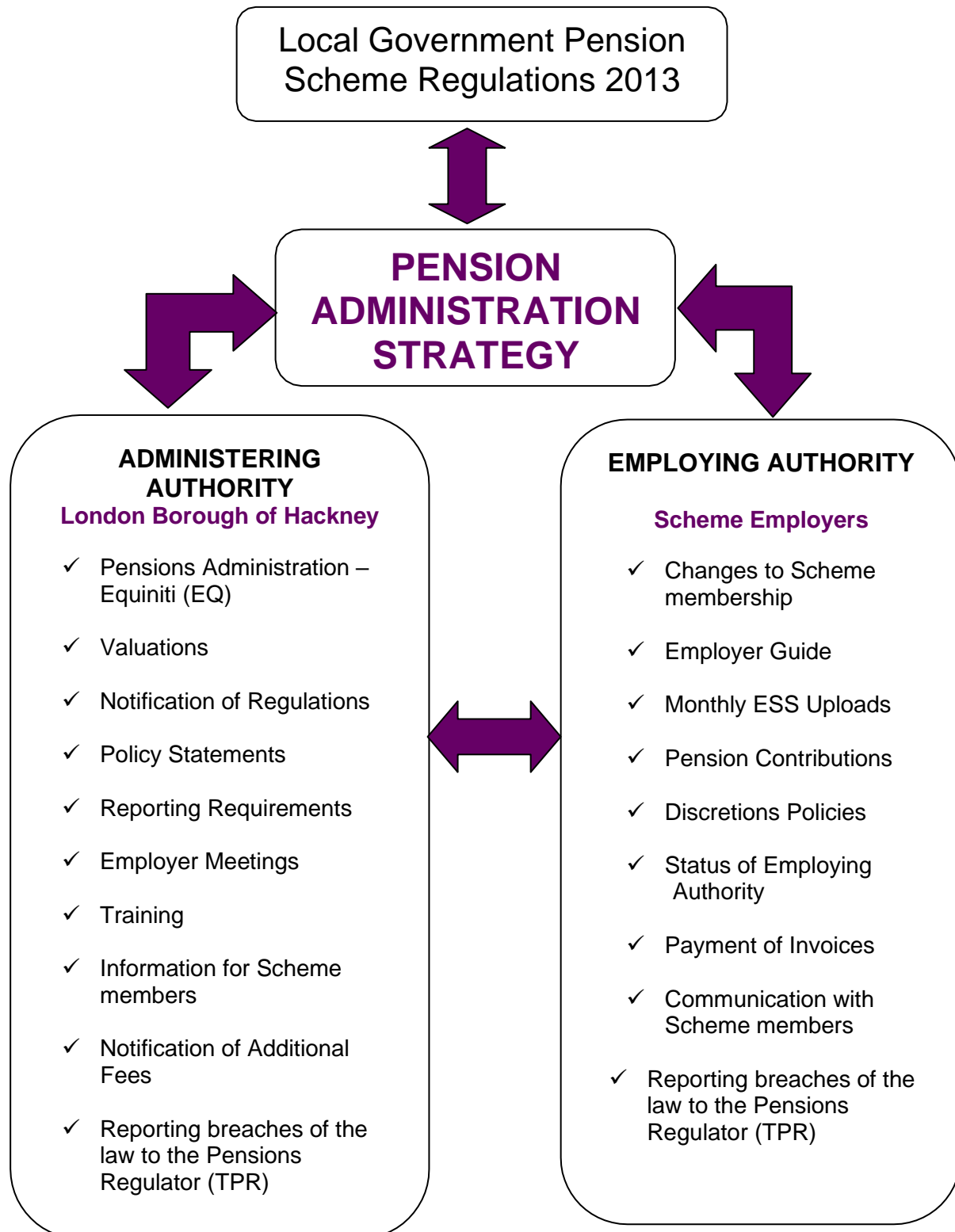
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# INTRODUCTION

This is the Administration Strategy Statement of the London Borough of Hackney Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS – the Scheme), which is administered by the London Borough of Hackney (LBH) and Equiniti (EQ). Below is a diagram showing the roles and responsibilities of the parties in the administration of the scheme



## Aims and Objectives

The aim of this Pension Administration Strategy is to set out the quality and performance standards expected of the Fund and its scheme employers. The Administration Strategy will assist in clarifying the roles and responsibilities of both the Administering Authority and the Employing Authorities, i.e. those employers who participate in the Pension Fund.

In addition, there are approximately 70 local authority schools that operationally are part of the London Borough of Hackney, but use separate payroll providers. Unless specifically mentioned otherwise, all references in this strategy to employers apply to these local authority schools, and they are required to provide information as if they are separate employers. However, local authority schools are not required to maintain their own policies (e.g. discretions).

Effective and efficient administration of the pension fund is beneficial to all stakeholders in the Pension Fund, the Administering Authority, employers and scheme members. The following are some of the benefits to be had from having efficient pension scheme administration; the list is by no means exhaustive and is not in order of importance.

For the Administering Authority, effective administration means:

- It can fulfil its obligations under the regulations for administering the pension scheme
- Lower costs, improved use of resources
- Easier and swifter provision of services to employers and scheme members
- Improved communication between Administering Authority, employers and scheme members
- Improved monitoring of performance
- Clean data enabling faster and more accurate monitoring of the Pension Fund by the Fund actuaries
- Improved decision making in relation to policies and investments

For Employing Authorities, effective administration means:

- Greater understanding of the Pension Fund and its impact upon them as an employer
- Lower costs
- Improved communication
- Employee satisfaction
- Improved decision making for budgeting
- Fulfilling its obligations as an Employing Authority under the LGPS regulations

For Scheme members, efficient administration means:

- Accurate records of their pension benefits
- Earlier issuance of annual benefit statements
- Faster responses to their pension record queries
- Faster access to benefits at retirement
- Improved communications
- Enhanced understanding of the pension scheme and the benefits of being a member

Setting out the expectations of the Administering Authority and Employing Authorities will help to ensure that both parties are aware of their roles and responsibilities in relation to the administration of the pension scheme. Both employer and administrator are dependent on the other for effectual communication and accurate flows of information without which the pension scheme cannot be administered effectively. The scheme members are reliant on both the employer and the administrator to ensure that their pension records are accurate and that they are well informed.

The Pension Administration Strategy is not meant to supersede existing procedures or policies but to complement them. The Admission Agreement sets out some basic requirements of both the Administering Authority and the employer and the Employer Guide sets out in detail how to carry out day to day administration of the LGPS within the employer's site: [www.hackneypension.co.uk/scheme-information](http://www.hackneypension.co.uk/scheme-information)

The Pensions Administration Strategy has a number of specific objectives, including:

- Deliver an efficient, quality and value for money service to its scheme employers and scheme members
- Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
- Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
- Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
- Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to scheme employers and scheme members
- Continuously review and improve the service provided.

## **Implementation**

The Administration Strategy is effective from 1 April 2022.

## **Regulatory basis**

The Scheme is a statutory scheme, established by an Act of Parliament. The following regulations governing the Scheme are shown below:

- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2013 (as amended)

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013 enables a Local Government Pension Scheme Fund to prepare a written statement of the authority's

policies ("its pension administration strategy") as one of the tools which can help in delivering a high quality administration service to its scheme members and other interested parties.

In addition, Regulation 70(2) of the 2013 regulations allows a fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the fund is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

# ADMINISTRATION IN THE LONDON BOROUGH OF HACKNEY

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## Responsibility

The London Borough of Hackney has delegated responsibility for the management of the Pension Fund to the Pension Committee. The Pension Committee will monitor the implementation of this Administration Strategy on an annual basis.

In addition the Pensions Board will assist and advise the Administering Authority in ensuring compliance with the Regulations and will receive reports on the Administration Strategy and its effectiveness.

## Objective

The Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. Operationally the administration of the Fund is partly outsourced to Equiniti and partly carried out by staff of the Administering Authority.

The Administering Authority and Equiniti staff work together to provide a seamless service to scheme employers and scheme members.

## Communications

The Fund has published a Communication Strategy Statement, which describes the way the Fund communicates with:-

- scheme members
- members representatives
- prospective members
- scheme employers
- other stakeholders/interested parties

The latest version of the Communication Strategy Statement can be obtained from the Fund website:- [www.hackneypension.co.uk](http://www.hackneypension.co.uk)

The table below summarises the current methods the Fund uses to communicate:

Method of Communication	Communication material
Website <a href="http://www.hackneypension.co.uk">www.hackneypension.co.uk</a>	Information about the Fund, the LGPS, administrative procedures, policies and forms for use
Newsletters	Annual newsletter and additional newsletters issued as may be necessary to highlight new issues and forthcoming events

Employer meetings	Held annually to provide Employers with a forum to address the Fund's staff and advisers
Pensions helplines:- Equiniti	020 3997 6724
Administering Authority (LB Hackney) Pension Team	020 8356 2521
E-mail addresses:  For the Equiniti team: <a href="mailto:Hackney.pensions@equiniti.com">Hackney.pensions@equiniti.com</a>  For the Administering Authority team: <a href="mailto:pensions@hackney.gov.uk">pensions@hackney.gov.uk</a>	To answer day to day questions about administering the Scheme
Individual Employer meetings	Offered to Employers who need advice about how to carry out the day to day administration of the Scheme
Annual Benefit Statements	Sent to active and deferred scheme members
Individual Scheme member meetings	1-2-1 meetings available with a member of the Pensions team as required
Pension Presentations	Presentations to staff, managers, new employees, etc. on pension related matters

## Training and Engagement

The objectives of the Fund have always been to keep stakeholders informed of new developments by sending emails and newsletters, and by providing free training, forums and workshops for Employers when new Regulations are implemented or are under consideration. Additionally free training is offered on an ongoing basis to new scheme employers or relevant new HR/Payroll staff.

It is important that Employers ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes. There is an ongoing need to continuously maintain the quality of member records and the administrative processes by improving the quality of information received from Employers.

The aims of this approach are therefore:-



- To maintain a high standard of customer service for members and Employers
- To ensure that relevant staff within each Employer have sufficient knowledge and skills to effectively discharge administrative processes
- To ensure that Employers are fully aware of the risks involved in poor administration and maintenance of member pension records and if they fail to discharge their discretionary functions
- To provide ongoing training on relevant employer responsibilities
- To support the implementation of new technology within the Fund to enable self-service for the Employer and streamlined administration

To achieve this, the Fund will:-

- Work with Employers' Human Resources, Payroll and other staff to help develop relevant skills and knowledge by providing appropriate assistance, guidance and training
- Organise free workshops and forums for Employers to debate new issues as they emerge

This strategy will ensure that Employers have a common understanding of their obligations under the Local Government Pension Scheme, and that administrative processes are designed to maximise efficiency and effectively manage risk.

The Fund will provide free training for Employers' relevant staff, to build up and maintain a level of professional expertise which will enable Employers to deliver information required by the Fund to efficiently administer the Scheme.

## PERFORMANCE STANDARDS

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The Scheme prescribes that certain decisions be taken by either the Fund or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Fund has agreed levels of performance between itself and scheme employers which are set out below:

### Overriding legislation

Scheme employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Acts 2004 & 2011 and associated disclosure legislation
- Public Service Pensions Act 2013 and associated record keeping legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 2018
- Finance Act 2013
- Relevant Health and Safety legislation
- Any other legislation that may apply at the current time

### Internal quality standards

The Fund and scheme employers will ensure that all functions and tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the Employers' Guide (or as communicated by the Pensions Team/Equiniti during the Employer Self Service (ESS) onboarding process)
- all information required by the Fund to be provided in the required format and/or on the appropriate forms referred to in the Employers' Guide which are accessible from the Fund website at [www.hackneypension.co.uk](http://www.hackneypension.co.uk)
- information to be legible and accurate
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately qualified member of staff
- information provided to be authorised by an appropriate officer
- actions are carried out, or information provided, within the timescales set out in this Administration Strategy.

### Timeliness

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. The Scheme itself sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. The following sections on responsibilities set out the locally agreed timescales for these requirements.

## FUND RESPONSIBILITIES

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The London Borough of Hackney is the Administering Authority of the London Borough of Hackney Pension Fund and has delegated powers to the Pensions Committee to oversee the management of the Pension Fund. The role of the Administering Authority is to administer the Pension Fund and act as a quasi-trustee body for the management of the Pension Fund.

The Pensions Board comprising equal numbers of employer and scheme member representatives will assist the Administering Authority in ensuring compliance with the regulations and in particular as this affects the administration of the Pension Fund and will therefore review the effectiveness of the Fund's Pension Administration Strategy on an annual basis.

This section outlines the key responsibilities of the Fund and the performance standards scheme employers and scheme members should expect. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as a complete list of all activities. It includes the performance standards that the Administering Authority has agreed with the pension administrators, Equiniti (EQ).

### Administering Authority Fund Administration



This section details the functions which relate to the **whole Fund**, rather than individual scheme members' benefits.

Task/Function	Standard
<b>Pension Administration Strategy - PAS</b>	Consult with employers following any significant revisions to the Administration Strategy  Publish agreed Strategy within 2 months of being agreed by the Pensions Committee
<b>Member Scheme Guide to the LGPS</b> <b>Employers' Guide to the LGPS</b>	Update & publish within 30 working days from any significant revision.
<b>Pension forms</b>	Update & publish within 30 working days from any significant revision.
<b>Scheme Employers' meeting</b>	Annually

Task/Function	Standard
<b>Training sessions for scheme employers.</b>	Upon request from scheme employers, or as required.
<b>Changes to the scheme rules.</b>	Notify employers within 2 months of the change(s) coming into effect.
<b>Employer's unsatisfactory performance.</b>	As soon as a performance issue becomes apparent.
<b>Recovery of additional administration costs</b> - associated with the scheme employer's unsatisfactory performance (including any interest that may be due).	Within 30 working days of scheme employer's failure to improve performance, as agreed.
<b>Annual Benefit Statements</b> to active and deferred members	To be issued no later than 5 months after the end of the Scheme year to which it relates.
<b>Valuation results</b> (including individual employer details).	10 working days from receipt of results from the Fund's actuary (but in any event no later than 31 March following the valuation date).
<b>Cessation valuation exercises</b> – on cessation of admission agreements or a scheme employer ceasing participation in the Fund.	Upon each cessation or occasion where a scheme employer ceases participation on the Fund.
<b>Arrange for calculation of FRS102</b> (valuations for employers as required)	Issue results within 10 working days from receipt from the Fund's actuary
<b>Admission Agreements</b> for new scheme employers, where required (including the allocation of assets and notification to the Secretary of State).	Within 3 months of employer entry to the scheme

Task/Function	Standard
<b>Governance Policy and Compliance Statement.</b>	Publish within 30 working days of policy being agreed by the Pensions Committee.
<b>Funding Strategy Statement – FSS</b> reviewed at each triennial valuation, following consultation with scheme employers and the Fund’s actuary	Revised statement to be published at the same time as the final valuation report is issued.
<b>Pension Fund Annual Report and Accounts – PF R&amp;A</b> (and any report from the auditor)	By 30 September following the year end or following the issue of the auditor’s opinion
<b>Communications Strategy Statement.</b>	Publish within 30 working days of policy being agreed by the Pensions Committee
<b>Statement of Investment Principles - SIP</b>	Publish within 30 working days of policy being agreed by the Pensions Committee
<b>Administering Authority Discretions Policies</b>	Publish within 30 working days of policy being agreed by the Pensions Committee
<b>Statutory auto-enrolment communications</b> Agree with integrated bodies (e.g. maintained & VA schools) the arrangements for each 3 year auto-enrolment cycle, and provide written confirmation of those arrangements.	No less than 6 weeks prior to the staging date

## SCHEME ADMINISTRATOR RESPONSIBILITIES

### Provider - Equiniti



The Fund's third party administrators, Equiniti (EQ), assist with the overall administration of the scheme and to ensure the smooth operation of the administrative function.

Equiniti can be contacted via their helpline number – 020 3997 6724

or by email: – [hackney.employers@equiniti.com](mailto:hackney.employers@equiniti.com)

As a Fund, there are certain administrative functions that, under the LGPS Regulations, are legal requirements and must be processed within set timeframes. If scheme employers do not provide the requested data correctly, in the right format and within the timescales requested by the administrators, the Fund cannot meet its legal obligations and may be liable to penalty fines imposed by the Pension Regulator (TPR).

The administrators, and the Fund, are therefore reliant on employers providing the data in order to correctly administer the scheme and fulfil its legal duties as listed below:

Process	Legal Requirement
To process new member information e.g. creating a pension account record	Provide information about the scheme within: <ul style="list-style-type: none"><li>• 2 months from date of joining where scheme member information has been received or</li><li>• 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled.</li></ul>
To provide transfer value information	3 months from date of request
To inform members who leave the scheme of their deferred benefit entitlement	As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member)
To notify the amount of retirement benefits and payment of tax free cash sum	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age
To notify dependant(s) of the amount of death benefits	As soon as possible but in any event no more than 2 months from date of becoming aware of the death, or from date of request

Provide annual benefit statements to active and deferred members

31<sup>st</sup> August in the same calendar year

## Service Standards Agreement - SLAs

In order to meet the legal requirements of the LGPS, the Fund has implemented a number of operational Service Standards in relation to the administration services provided by Equiniti: -

- All Service Standards are quoted in working days unless otherwise indicated.

**Note – these Service Standards are only achievable with the cooperation of all scheme employers and by providing the correct data & information when requested:**

Category	Process	Service Standard
<b>Retirements</b>	Overall case target to later of payment of lump sum and notification of final benefits	95% within 20 days from date of retirement
	Notify members of benefits that may be payable	95% within 5 days
	Notification of final benefits and payment of lump sum (both to be completed in timescale)	95% within 3 days
	First pension payment	98% within 40 days
<b>Death of a Member</b>	Issue letter requesting any information required to verify entitlement to benefits	95% within 1 day
	Notification of benefits due and payment of lump sum death benefit (both to be completed in timescale)	95% within 3 days
	First survivor pension payment(s)	98% within 40 days
<b>New Joiners main scheme &amp; 50/50 scheme</b>	New Joiner - apply for any transfer value details from a previous fund or scheme	95% within 5 days
	New joiner - Issue a notice to member confirming details relating to their admittance.	95% within 5 days

	50/50 scheme - Notify member when 50/50 membership commences or ceases	95% within 10 days
<b>Estimates or Quotes</b>	Estimates or quotations of benefits	95% within 10 days
<b>Transfer In</b>	LGPS and non-LGPS – Request details from previous pension arrangements	95% within 5 days
	LGPS and non-LGPS – Calculate and provide quotation service credit to member	95% within 10 days
	LGPS and non-LGPS – Request payment of transfer	95% within 5 days
	LGPS and non-LGPS – Notify the member of the benefits awarded	95% within 10 days
<b>Transfer Out</b>	LGPS and non-LGPS – Provide transfer value details/information pack to new provider and/or scheme member as appropriate	95% within 10 days
	LGPS and non-LGPS – Pay transfer value	95% within 10 days
	LGPS and non-LGPS – Notify pension provider that payment has been made	95% within 5 days of transfer value is paid
<b>Pension Sharing Orders</b>	Carry out calculation and provide information to scheme member/solicitor	95% within 5 days
	Calculate and notify final pension debit	95% within 5 days
	Calculate and notify final pension credit	95% within 5 days
<b>Retirements</b>	Notify members of benefits that may be payable	95% within 5 days
	Notification of final benefits and payment of lump sum (both to be completed in timescale)	95% within 5 days
	First pension payment	98% within 40 days
<b>Leavers</b>	Write to scheme member with options	95% within 10 days



<b>Leaver Refunds</b>	Calculate and pay refund of contributions	95% within 10 days
	Write to scheme member in advance of payment due date	95% 2 months in advance
<b>Additional Contributions &amp; Benefits</b>	Providing information to members regarding paying or changing additional contributions (including AVCs) on request	95% within 10 days
	Absence Contributions – providing information to members on return from absence	95% within 10 days
	Action a request to pay additional contributions (including AVCs)	95% within 10 days
<b>Annual Benefit Statements</b>	Provide annual benefit statements to active and deferred members	31 <sup>st</sup> August in the same calendar year

## SCHEME EMPLOYER RESPONSIBILITIES

This section outlines the responsibilities of all scheme employers in the Fund and the performance standards scheme employers are expected to meet to enable the Fund to deliver an efficient, quality and value for money service.

### External Payroll or Administration Providers

Scheme employers must ensure that appropriate record-keeping is maintained and where they outsource their payroll, HR or pension administration functions to a third party, the legal responsibility for the provision of pension data to the Administering Authority or Equiniti still lies with the Scheme employer and not the third party. **Third party provision of these services includes companies such as: Hackney Education, Capita, EPM, Strictly Education etc.**

Any external service providers with responsibility for carrying out any functions relating to the administration of the Local Government Pension Scheme must be made aware of the standards that are to be met.

Scheme employers must therefore ensure, as part of any contract entered into with a third party, that the third party has sufficiently robust processes in place to fulfil the statutory duties of the Scheme and the performance levels set out in this Pensions Administration Strategy.

All information must be provided in the format prescribed by the Fund and within the prescribed timescales. Information and guidance is provided in the Employers' Guide which is available from the funds web site [www.hackneypension.co.uk](http://www.hackneypension.co.uk)

### Employer Responsibilities

This section details the functions, **some of which are statutory**, and relate to scheme employers' responsibilities and tasks:

Task/Function	Performance Target
<p><b>Nominated Representative</b> To receive information from the Fund and to take responsibility for disseminating it within the organisation. Ensure the Fund is kept up to date with any change to the nominated representative.</p>	<p>Notify the Fund <b>within 30 working days</b> of employer joining fund, or change to nominated representative.</p>
<p><b>Employer Discretions Policy</b> Formulate, publish and update (as necessary) in relation to all areas where the employer may exercise a discretion within the LGPS Regulations. A copy of the Policy must be provided to the Fund. This requirement does not apply to Local Authority maintained schools.</p>	<p>Provide a copy to the Fund <b>within 30 working days</b> of the policy being agreed <i>Failure to provide the Fund with a copy of your policies could impact on the release/payment of individuals' benefits.</i></p>

Task/Function	Performance Target
<p><b>Enquiries &amp; Data queries</b> From the Fund</p>	<p>Respond to the Fund/administrators within <b>10 working days</b> from receipt of enquiry.</p>
<p><b>Contributions – Employer &amp; Employee</b> Paid monthly to the Fund and to provide schedule of payments in the correct format stipulated by the Fund via ESS.</p>	<p>Cleared funds to be received <b>by/on 19<sup>th</sup> calendar day</b> of the month following the deduction.</p> <p><i>Failure to provide the Fund/Administrators with a schedule of contributions including additional pension payments – added years, ARCs, APCs, and AVCs - by the target date, and/or not in the correct format stipulated by the Fund, could result in additional administration costs being levied against you.</i></p>
<p><b>IMPORTANT NOTE</b></p> <p><b>Late payment of pension contributions</b> by Scheme employers is a serious offence and the Pensions Regulator or the Pensions Ombudsman has significant powers of sanction.</p> <p>Scheme managers must report payment failures which are likely to be of material significance to the Pensions Regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions</p> <p>The Pensions Regulator can impose fines of up to £50,000 for each instance of persistent offence. Recent changes to the Pensions Act have made it easier to prosecute employers for late payment of contributions.</p> <p><b>Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of an Employer, will be passed on to that Employer</b></p>	
<p><b>Changes to employer contribution rates</b> (as instructed by the Fund)</p> <p><i>Note - Employer contributions are expressed as a percentage of pensionable pay, and are payable at such rate(s) as may be advised by London Borough of Hackney Pension Fund following the completion of each triennial actuarial valuation of the pension fund, or otherwise.</i></p>	<p>At date specified on the actuarial advice received by the Fund.</p>

Task/Function	Performance Target
<p><b>Year end Reports</b> Required by the Fund <b>in the format stipulated</b> to your nominated representative in March each year.</p>	<p>Provide to the Administrators <b>by 30 April</b> following the year end. This may not be required once onboarded to ESS and this will be confirmed by Equiniti.</p>
<p><b>Additional Data &amp; Information Requests</b> May be requested by the Fund for the production of the annual benefit statements in each year</p>	<p>Respond to the Fund/administrators within <b>10 working days</b> of receipt of the request from the Fund</p>
<p><b>McCloud data requests</b> May be requested by the Fund for the purposes of recalculating benefits according to the McCloud judgement</p>	<p>Respond to the Fund within the timescales set out within the request</p>
<p><b>Data Errors</b> Following validation by the Fund, errors may be found in the contribution and/or year end information - corrective action may need to be taken promptly.</p>	<p>Respond fully to the Fund/administrators <b>within 10 working days</b> of receipt of the request from the Fund</p>
<p><b>Auto-enrolment – monthly assessment</b> Ensure that any staff who are not already scheme members are assessed according to their age and earnings.</p>	<p>Assessment to be made according to pay periods (e.g. staff paid monthly should be monitored on a monthly basis)</p>
<p><b>Auto-enrolment within statutory deadlines</b> Ensure that any staff who are not scheme members and become an Eligible Jobholder and none of the statutory exceptions apply, are enrolled into the LGPS.</p>	<p>With effect from the employee's auto-enrolment date</p> <p>Employers must provide the Fund/Administrators with their <b>monthly AE reports 1 month</b> following the month of enrolment</p>
<p><b>Auto-enrolment communications</b> Where employers are providing their own Automatic Enrolment communications, they must ensure that any staff affected by AE (including new starters) are provided with the necessary AE information within statutory deadlines</p>	<p>Within <b>6 weeks</b> of the date they become eligible for automatic enrolment</p>
<p><b>Auto-enrolment communications – if provided by the Fund</b> Where auto-enrolment (AE) communications are provided by the Fund</p>	<p>Employers must provide the Fund with their monthly AE reports within <b>5 working days</b> of your own payroll date</p>

Task/Function	Performance Target
<b>Contracting out services</b> Involving a <b>TUPE transfer</b> of staff to another organisation.	Contact the Fund at the very beginning of the tender process so that important pension information can be provided for inclusion in the tender documentation.
<b>Admission Agreements</b> To be put in place for new employers admitted to the Fund when contracting out a service	Provide to new Employers within <b>3 months</b> of joining the scheme
<b>Pension information</b> Information provided by the Fund is to be distributed to scheme members/potential scheme members	Provide to members within <b>15 working days</b> of receipt of the information or on the member joining the scheme
<b>Starter form and a Member Scheme Guide</b> Provided to new/prospective scheme members or refer them to the Fund website.	Provide to member within <b>5 working days</b> of commencement of employment or change in contractual conditions.
<b>Additional fund payments</b> In relation to early payment of benefits where a strain cost applies	Paid within <b>30 working days</b> of receipt of invoice from the Fund.
<b>Additional administration costs</b> Paid to the Fund associated with the poor performance of the scheme employer.	Paid within <b>30 working days</b> of receipt of invoice from the Fund.

## Scheme Administration - Forms

This section details the **employer responsibilities** and tasks which relate to member benefits from the Scheme. Once fully onboarded to ESS, there may no longer be a requirement to complete some of these forms and Equiniti will confirm new arrangements to you when you are fully onboarded. Until then, forms should be provided as set out below:

Task/Function	Performance Target
<b>Contractual Enrolment</b> To ensure that <b>all</b> employees are brought in to the Scheme from their employment start date.	

<p><b>Starter forms</b> Complete a starter form for each new employee admitted to the pension scheme and ensure that the employee completes their element of the process.</p> <p><b>More than one contract of employment</b> Each contract must have its own starter form as each employment and pension membership must be maintained separately under the Regulations.</p>	<p>Provide Administrators with copy of the <b>Starter form(s)</b> within <b>15 working days</b> of the employee's employment start date</p>
<p><b>Employee contribution rate</b> Applied in accordance with the LGPS contribution bandings based on actual pensionable pay – including overtime/bonuses etc.</p>	<p>Immediately upon commencing scheme membership and in line with the employer's policy and as a minimum in each April payroll thereafter.</p>
<p><b>Main Scheme or 50/50 Scheme contributions</b> To apply the correct employee contribution rate according to actual pensionable pay of the member &amp; in accordance to rates for main scheme or 50/50</p> <p>To reassess employee contribution rate in line with employer's policy on adjusting employee contribution rates and notify the employee of their change in rate.</p>	<p>Review as per employer's own <b>Employee Contribution Policy</b> and effect a change in rate if necessary – i.e. a move from the main section to the 50/50 section of the scheme, or vice-versa</p>
<p><b>Election to join 50/50 section</b> Member election form completed &amp; signed – move member to 50/50 section &amp; amend employee contributions only <b>NOTE – Employer continues to pay FULL rate contributions</b></p> <p><b>OR</b></p> <p><b>Election to re-join Main section</b> Member election form completed &amp; signed – move member to main section &amp; amend employee contributions only</p>	<p>Reduce <b>employee</b> contributions the month following month of election, or such later date specified by the scheme member.</p> <p>Provide Administrators with copy of <b>Election to join the 50/50 section form</b> within <b>1 month</b> following month of election</p> <p>Increase <b>employee</b> contributions the month following month of election, or such later date specified by the scheme member.</p> <p>Provide Administrators with copy of <b>Re-join Main Section Election form</b> within <b>1 month</b> following month of election</p>

Task/Function	Performance Target
<p><b>Commencing Additional Pension Contributions - APC</b> After receipt of the completed &amp; signed form from the member, commence deduction or amend such deductions, as appropriate.</p>	<p>Month following election to pay contributions or notification received from the Fund</p> <p>Provide Administrators with copy of the <b>APC agreement form within 1 month</b> of first contribution paid.</p>
<p><b>Ceasing deduction of :- Added Years Contracts Additional Regular Contributions - ARC Additional Pension Contributions - APC</b> After receipt of the completed and signed forms from the member</p>	<p>Immediately following receipt of election form from scheme member</p> <p>Provide Administrators with copy of <b>cessation form/notification within 1 month</b> of ceased payments</p>
<p><b>AVC – Additional Voluntary Contributions</b> Arrange for the deduction of AVCs via your payroll provider and the payment over of contributions to the approved AVC provider(s)</p>	<p>Commence deduction of AVCs in month of the member's election – provide Administrators with copy of <b>AVC member form</b> in the month of member's election</p> <p>Pay over contributions to the AVC provider(s) <b>on/by the 19<sup>th</sup></b> of the month the deduction was made in</p>
<p><b>IMPORTANT NOTE</b></p> <p><b>Monthly AVC deductions</b> should be paid directly to the AVC provider (Prudential) as soon as the payrolls are processed. A schedule must be sent with the payment, giving details of all contributions paid over to Prudential which must reach Prudential by the 19th day of the month following the month they were deducted.</p> <p>Scheme managers must report payment failures which are likely to be of material significance to the Pensions Regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions</p> <p><b>Failure to do so is in breach of legislation and may be reported to the Pensions Regulator. Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of an Employer, will be passed on to that Employer</b></p>	
<p><b>Opt outs</b> Member to complete the appropriate form – employer to provide copy of the form to the Fund</p>	<p>To cease contributions the month following month of election, or such later date specified by the scheme member.</p> <p>Provide copy of <b>Opt out form</b> to the Administrators within <b>1 month</b> following month of election to opt out</p>



Task/Function	Performance Target
<p><b>Opt outs – within 3 months of start date</b> Refund employee contributions via your own payroll - where the member has opted out of the Scheme within 3 months of joining.</p>	<p>Refund to be made in the month following the month of election to opt out.</p> <p>Refunds are to be included in the monthly contribution data to the Administrators</p>
<p><b>Contractual changes to conditions of service:</b></p> <ul style="list-style-type: none"> <li>• contractual hours</li> <li>• actual pay – including overtime</li> <li>• remuneration changes due to promotion or re-grade</li> <li>• honorariums</li> </ul>	<p>Provide copy of <b>Change of Details</b> form the Administrators within <b>20 working days</b> of change.</p>
<p><b>Changes in member’s personal circumstances:</b></p> <ul style="list-style-type: none"> <li>• marital or civil partnership status</li> <li>• change of name</li> <li>• national insurance number</li> </ul>	<p>Immediately inform the Administrators following notification by the scheme member of a change in circumstances</p>
<p><b>Assume Pensionable Pay – APP</b> Periods of reduced pay or nil pay as a result of:</p> <ul style="list-style-type: none"> <li>• sickness</li> <li>• injury</li> <li>• or relevant child related leave, includes – <ul style="list-style-type: none"> <li>ordinary maternity, paternity or adoption leave;</li> <li>paid shared parental leave;</li> <li>any additional maternity or adoption leave</li> </ul> </li> </ul> <p>Employer must apply <b>Assumed Pensionable Pay (APP)</b> for pension purposes.</p> <p>The employer contributions must be deducted against the amount of APP and employee contributions against any actual pay they receive.</p>	<p>Employers must notify the Administrators of the date the reduction is effective from for sickness or injury OR the date from which the relevant child related leave began.</p> <p>Provide the appropriate <b>absence form</b> to the Administrators within <b>20 working days</b> of effective date.</p>



Task/Function	Performance Target
<p><b>Periods of reduced pay or nil pay as a result of:</b></p> <ul style="list-style-type: none"> <li>unpaid additional maternity, paternity or adoption leave</li> <li>unpaid shared parental leave</li> </ul> <p>taken at the end of the relevant child related leave.</p>	<p><b>This is treated as unpaid leave for pension purposes</b> - Assumed Pensionable Pay (APP) does <b>NOT</b> apply.</p> <p>Provide the appropriate <b>absence form</b> to the Administrators within <b>20 working days</b> of effective date</p>
<p><b>Periods of reduced pay or nil pay as a result of:</b></p> <ul style="list-style-type: none"> <li>authorised/unauthorised unpaid leave of absence (sabbatical etc)</li> <li>industrial action</li> </ul>	<p><b>This is treated as unpaid leave for pension purposes</b> - Assumed Pensionable Pay (APP) does <b>NOT</b> apply.</p> <p>Provide the appropriate <b>absence form</b> to the Administrators within <b>20 working days</b> of effective date</p>
<p><b>Leavers – leaving your employment</b> The leaver form must include an accurate assessment of their final pay.</p>	<p>Provide the Administrators with a completed <b>leaver form</b> within <b>15 working days</b> of month end of leaving.</p> <p>Revised pay details can be submitted to the Administrators on an amended leaver form if they differ from the initial notification</p>
<p><b>Retiring – normal retirement from your employment</b> The leaver form must including an accurate assessment of their final pay.</p> <p>You must also provide the authorisation form, stating the reason for retirement, signed by the employer as agreement to meet any associated costs with the retirement.</p>	<p>Provide the leaver form to the Administrators within 15 working days <b>before</b> the member retires</p> <p>Revised pay details can be submitted to the Administrators on an amended leaver form if they differ from the initial notification</p>
<p><b>Death of a scheme member</b></p> <p>OR</p> <p><b>Member is suffering from a potentially terminal illness</b></p>	<p>Notify the Administrators who will then ensure next of kin details are held and any benefits due are paid in accordance with the members' wishes, if appropriate</p> <p>As soon as practicable, but <b>within 5 working days</b> of members death</p>

Task/Function	Performance Target
<p><b>Ill Health Retirement applications</b> Employer to appoint an independent registered medical practitioner (IRMP) qualified in occupational health medicine, in order to consider all ill health retirement applications</p>	<p>Notify the Administrators <b>within 1 month</b> of commencing participation in the scheme, or date of resignation of existing medical adviser</p>
<p><b>Ill Health Retirement decisions</b> The Employer must determine, based on medical opinion from your IRMP (and assistance from the Administering Authority, if required), whether ill health retirement benefits are to be awarded <b>and</b> to determine which tier of benefits are to be awarded e.g. Tier 1, 2 or 3.</p>	<p>To make the decision <b>within 1 month</b> of receipt of the IRMP report</p> <p>Provide the Administrators with the <b>ill health retirement declaration form &amp; completed leaver form with 5 working days</b> of the employers final determination and agreed last day of service for the member</p> <p><i>Refer to page 39 – ill health retirements &amp; tier 3 awards – if you require any assistance</i></p>
<p><b>Ill Health Retirements – Tier 3 awards</b> Employers must keep a record of all Tier 3 ill health retirements, &amp; undertake a review once the pension has been in payment for 18mths to assess if the former employee is gainfully employed &amp; payments are to cease <b>and</b> to arrange subsequent appointments with the IRMP to assess whether an increase in benefits is applicable.</p>	<p>Notify the Administrators within <b>5 working days</b> of the review being completed in accordance with the LGPS regulations, by providing all necessary paperwork for the Administrators to either continue or cease payments, or to increase the level of benefits to be paid.</p> <p><i>Refer to page 39 – ill health retirements &amp; tier 3 awards – if you require any assistance</i></p>

### **Important Note:**

The Fund has begun introducing the use of Employer Self Service (ESS) for you to submit your monthly data to Equiniti, in line with TPRs expectations for schemes to be collecting monthly data. While being onboarded to ESS you will be expected to be using this portal alongside the existing secure portal Sharefile.

ESS will be **mandatory from 1 April 2022**, and some of the above information can, and will be provided on your monthly data submissions through ESS, and as such not all of the administration forms will be used.

## MONITORING PERFORMANCE AND COMPLIANCE

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Ensuring compliance with the Scheme regulations and this Administration Strategy is the responsibility of the Fund **and** Scheme Employers. We will work closely with all Scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation or in this Administration Strategy.

This section describes the ways in which performance and compliance will be monitored.

### **The Pension Board, the National Scheme Advisory Board & the Pensions Regulator (TPR)**

The Public Service Pensions Act 2013 established the requirement for local Pension Boards in the LGPS with responsibility for assisting the Administering Authority in relation to the following:

- Securing compliance with the scheme regulations
- Ensuring the effective and efficient governance and administration of the scheme
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Such other matters as the LGPS regulations may specify.

As a result the Local Pension Board of the London Borough of Hackney Pension Fund was established from 1 April 2015. A key aim of the Pension Board is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

In addition, the Pensions Regulator's remit was extended to include the public sector, and a national Scheme Advisory Board was created. The Administering Authority and scheme employers are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator. Any recommendations made by any of these entities will be considered by the Administering Authority, and where appropriate duly implemented (following discussions with employers where necessary).

### **Audit**

The Fund is subject to an annual external audit of the accounts and, by extension the processes employed in calculating the figures for the accounts, by KPMG. The key findings of their work are presented to the Pensions Committee in an Annual Governance Report and the Fund is set an action plan of recommendations to implement.

In addition the Fund is subject to internal audits by the Council of its processes and internal controls. Any subsequent recommendations made are considered by the Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

## Performance monitoring

The Fund monitors Equiniti's performance against the agreed contract and Service Level Agreements (SLAs). Monthly Service Review Meetings (SRM) are held where work received/completed and SLAs are discussed and Equiniti are asked to explain any variations from the SLAs and Key Performance Indicators (KPIs).

## Measuring the Fund against the administration objectives

Objectives	Measurements
<p>Deliver an efficient, quality and value for money service to its scheme employers and scheme members</p>	<p>Service standards achieved in 95% of cases (100% for legal requirements)</p> <p>Customer Satisfaction Surveys with scheme employers and scheme members achieving 90% of scores in positive responses in these areas</p> <p>Positive scheme employer feedback with minimal or no employer complaints</p> <p>Positive scheme member feedback with minimal or no member complaints</p>
<p>Improving the delivery of services, enhanced security and interaction with scheme employers, by greater use of technology and partnership working.</p>	<p>Use of Employer Self Service (ESS) as a default, (100% of employers using the data portal), unless valid reasons not to do so (and have been agreed by the Fund)</p> <p>Positive scheme employer feedback with minimal or no employer complaints</p> <p>No breaches of data security protocols</p>
<p>Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner</p>	<p>Positive results in internal and external audits and other means of oversight/scrutiny.</p> <p>Performance target achieved for collection of contributions by 19th day of the month following the deduction</p> <p>Minimal issues against the Fund identified by Internal Dispute Resolution Procedures and complaints</p>

<p>Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function</p>	<p>Customer Satisfaction Surveys with scheme employers achieving 90% of scores in positive responses in these areas</p> <p>Issues included in formal improvement notices issued to scheme employers resolved in accordance with plan</p> <p>Notify scheme employers of changes to the scheme rules within 2 months of change</p> <p>Offer/organise training sessions for new scheme employers and relevant new staff in scheme employers within 2 weeks of new employer/staff starting</p> <p>Organise training for employers where unsatisfactory performance and escalate within 1 month if not attended training or improvements not evident</p> <p>Employer responsibilities in relation to administration are regularly communicated to employers</p>
<p>Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner</p>	<p>No breaches of data security protocols</p> <p>Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months</p> <p>Data improvement plan in place with ongoing evidence of delivered agreed improvements</p> <p>Positive results in audit and other means of oversight/scrutiny</p>
<p>Set out clear roles and responsibilities for the Fund and Equiniti and work together to provide a seamless service to Scheme employers and scheme members</p>	<p>Monthly monitoring of Equiniti where Fund asks them to explain variations from agreed Service Level Agreement targets</p> <p>The Fund specifies clear service standards with Equiniti</p>
<p>Continuously review and improve the</p>	<p>Achieve continual improvement in member engagement with our online tools</p>

services provided	<p>Monitoring of the performance standards used to inform the service going forward</p> <p>Use feedback from scheme employers on the service to develop plans</p> <p>Fund work with Equiniti on programme of continuous improvement to the service</p>
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## Key Risks

The key risks to the delivery of this Strategy are outlined below. Fund officers will work with the Pensions Committee and Pension Board in monitoring these and other key risks and consider how to respond to them.

- Significant external factors, such as national change, impacting on workload
- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff members
- Inadequate performance of Equiniti against service standards
- Increase in the number of employing bodies causes strain on day to day delivery
- Incorrect calculation of members' benefits, resulting in inaccurate costs
- Employer's failure to provide accurate and timely information resulting in incomplete and inaccurate records. This leads to incorrect valuation results and incorrect benefit payment
- Failure to administer the scheme in line with regulations. This may relate to delays in enhancement to software or regulation guidance
- Failure to maintain records adequately resulting in inaccurate data
- Unable to deliver an efficient service to pension members due to system unavailability or failure.

## Feedback from employers

Employers who wish to provide feedback on the performance of the Fund against the standards in this Administration Strategy should e-mail comments to the following address: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk) . This will be acknowledged within 5 working days and an investigation of the matter will then be undertaken. Following the investigation a response will be provided to the scheme employer within 15 working days of the initial acknowledgment.

## Annual report on the strategy

The Scheme regulations require the Fund to undertake a formal review of performance against the Administration Strategy on an annual basis. This report details the performance of the pension administrators and the Fund's Employers. It is presented to Pensions Committee, Pensions Board and is included within the Pension Fund Annual Report and Accounts.

## Background

Section 17 and Schedule 4 of the Public Service Pensions Act 2013 extended the role of the Pensions Regulator to include public sector pension schemes including the Local Government Pension Scheme (LGPS) from 1 April 2015. With regard to the LGPS, the Pensions Regulator now has responsibilities in relation to governance and particularly administration.

Schedule 4 of the Public Service Pensions Act 2013 requires the Pensions Regulator to issue a Code of Practice or Codes of Practice in respect of certain specified matters. In response to this requirement, the Pensions Regulator Code of Practice No 14 **“Governance and administration of public service pension schemes”** came into effect from 1 April 2015.

This Code of Practice is applicable both to the Pension Fund and the individual Employers within the Fund. In 2022 TPR will replace the majority of its codes, including Code of Practice No 14, with a new Single Modular Code. Once that Code comes into force the relevant sections will apply to the Pension Fund and its scheme employers in place of Code of Practice No 14. Many of the items highlighted below will still apply once the new Code comes into force.

## Code of Practice No 14 Governance and Administration of Public Service Pension Schemes

Code of Practice No 14 covers the following:-

### Governing your scheme

- Knowledge and understanding required by pension board members
- Conflicts of interest and representation
- Publishing information about schemes

### Managing risks

- Internal Controls

### Administration

- Scheme record-keeping
- Maintaining contributions
- Providing information to members

### Resolving issues

- Internal dispute resolution
- Reporting breaches of the law



It is crucial that all Employers within the London Borough of Hackney Pension Fund are aware of, and comply with, the legal requirements and standards covered in the Code.

Failures by an Employer to fulfil legal requirements and follow the expected standards within the Code may result in that Employer (rather than the Pension Fund) being subject to legal enforcement action by The Pensions Regulator.

Sections that have particular relevance for Employers in the Fund are Administration and Resolving Issues.

## **Administration**

### **Scheme record-keeping**

#### **Key points**

- The Scheme should work with employers to ensure they understand what information they're required to provide and when they need to do this.
- The Scheme should work with participating employers to seek to ensure they understand the key events and information they need to provide, and have processes in place to provide timely and accurate data.
- If an employer fails to provide the required information (meaning that they and/or the Scheme Manager may not be complying with legal requirements), the Scheme should consider whether to report the breach to the Pensions Regulator (TPR).

Schemes require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:

- joins or leaves the scheme
- changes their rate of contributions
- changes their name, address or salary
- changes their member status, and
- transfers employment between scheme employers.

If any Employer fails persistently to act according to the procedures set out in this Pension Administration Strategy, meaning that they and/or the Fund may not be complying with legal requirements, the Fund will assess whether there has been a relevant breach and take action as necessary to report breaches of the law to the Regulator under Section 70 of the Pensions Act 2004.

## **Maintaining contributions**

### **Reporting payment failures**

The Scheme must report payment failures that are likely to be of 'material significance' to the Pensions Regulator (TPR) as soon as possible – usually within 10 working days.

A late payment is likely to be of material significance where it was caused by:



- the employer not being willing or able to pay contributions
- possible dishonesty or misuse of assets or contributions
- fraudulent evasion of the duty to pay contributions
- the employer having inadequate procedures or systems in place to ensure the correct and timely payment of contributions due, for example where there are repetitive and regular payment failures,
- contributions having been outstanding for more than 90 days

**If any Employer has 3 repetitive or regular payment failures in any one financial year, the Fund will deem this as being of 'material significance' and in-line with its legal responsibilities, report this to the Pensions Regulator (TPR), immediately following the third failure. The Employer may then be subject to legal enforcement action by the Pensions Regulator.**

## Resolving issues

### Internal dispute resolution (IDRP)

Where a person with an interest in the scheme isn't satisfied with any matter relating to the scheme, they have the right to ask for that matter to be reviewed.

A person has an interest in the scheme if they:

- are a member or surviving non-dependant beneficiary of a deceased member of the scheme
- are a widow, widower, surviving civil partner or surviving dependant of a deceased member of the scheme
- are a prospective member of the scheme
- have ceased to be a member, beneficiary or prospective member or
- claim to be in one of the categories mentioned above and the dispute relates to whether they are such a person.

The Fund has a clear internal disputes resolution procedure (IDRP) set out for members of the LGPS which can be found on the Pension Fund's website:

[www.hackneypension.co.uk](http://www.hackneypension.co.uk)

All Scheme employers are required to nominate a Stage 1 Adjudicator to deal with disputes at Stage 1 of the process. Scheme employers are asked to supply the details of their Stage 1 Adjudicator as part of their discretionary policy statement and should advise the Fund immediately of changes made in this regard.

Where a Scheme employer is in dispute with a decision or action taken by the Fund, the Fund will in the first instance attempt to resolve the matter. Should this prove to be unsuccessful, the employer can invoke the IDRP and the adjudicators appointed by the Administering Authority to deal with disputes relating to decisions made by or actions taken by the Fund will review the matter.

## **POLICY ON THE RECOVERY OF ADDITIONAL ADMINISTRATION COSTS FROM EMPLOYERS**

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The Scheme regulations provide pension funds with the ability to recover from a scheme employer any additional costs associated with the administration of the Scheme incurred as a result of the unsatisfactory level of performance of that Scheme Employer.

Where a fund wishes to recover any such additional costs they must give written notice stating:

- The reasons in their opinion that the Scheme Employer's unsatisfactory level of performance contributed to the additional cost
- The amount of the additional cost incurred
- The basis on how the additional cost was calculated
- The provisions of the Administration Strategy relevant to the decision to give notice.

### **Circumstances where costs might be recovered**

It is the policy of the Fund to recover additional costs incurred in the administration of the Scheme as a direct result of the unsatisfactory level of performance of any scheme employer (including the Council) or third party service provider. This includes the payment of fees levied against the scheme employer.

The circumstances where such additional costs will be recovered from the scheme employer are:

- failure to use Employer Self Service within the expected timescales set out in this Administration Strategy (or failure to engage with the onboarding process), unless it has been agreed with the Fund that the employer may continue to use manual submission methods
- failure to provide information requested by the Fund (or failure to make all efforts to locate the requested information) in order for it to comply with its requirements under the McCloud judgement
- persistent failure to provide relevant information to the Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or accuracy/quality of information)
- failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets in this Administration Strategy
- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales
- instances where the performance of the scheme employer results in fines

- being levied against the Fund by the Pension Regulator (TPR), Pensions Ombudsman or other regulatory body.

For the avoidance of doubt, “accuracy/quality” in this Strategy is defined as when we have received a completed form, or transfer of information, with no gaps in mandatory areas and with no information which is either contradictory or which we need to query.

### **Approach to be taken by the Fund**

The Fund will seek, at the earliest opportunity, to work closely with scheme employers in identifying any areas of unsatisfactory performance, provide the necessary training and put in place appropriate processes to improve the level of service delivery in the future. Consideration for seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by a scheme employer would be seen as a failure and will only be taken once the steps described below are taken to resolve the situation:

1. Write to the scheme employer, setting out area(s) of concern and offer training.
2. If no improvement is seen within one month of the training or no response is received to the initial letter, the scheme employer will be asked to attend a meeting with representatives of the Fund to discuss area(s) of concern and to agree an action plan to address them. Where appropriate, the originating employer will be informed and expected to work with the Fund to resolve the issues.
3. If no improvement is seen within one month or a scheme employer is unwilling to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.
4. An invoice will then be issued to the scheme employer clearly setting out the calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this document.
5. An annual report will be presented to the Pensions Committee meeting detailing any fees levied against scheme employers and outstanding payments.

### **Fees for additional administration**

The table below sets out the fees which the Fund will levy on a scheme employer whose performance falls short of the standards set out in this document. Each task is referenced to the Employer Responsibilities section. Charging is a last resort and the approach outlined above will be followed before a fee is levied. Where the table refers to the provision of a form, the fee only applies while the form is still required, so will not be levied once Equiniti have confirmed that forms are no longer required following successful onboarding to ESS. However, a fee may still apply if the ESS upload is not done on time and/or does not include all relevant information.

Employer Responsibility	Additional Administration Charge
<p><b>Monthly Contributions Payment</b></p> <p>Late payment of employee and employer contributions to the administrators by the 19<sup>th</sup> calendar day of month following deduction (must be cleared funds by/on 19<sup>th</sup> of the month)</p>	<p>£65 plus interest*, calculated on a daily basis until contributions received.</p> <p><i>*Interest will be charged in accordance with regulation 44 of the LGPS Administration regulations, which states interest should be charged at Bank of England Base Rate plus 1%.</i></p>
<p><b>Employer Self Service Submission</b></p> <p>Non-provision of the full correct schedule of employee data accompanying the contributions by the 19<sup>th</sup> calendar day of month following deduction</p>	<p>£65 per occasion</p>
<p><b>Monthly Contributions Schedule (HK221) where it has been agreed for these to be submitted instead of ESS</b></p> <p>Non-provision of the correct schedule of payments and/or not in the format stipulated by the Fund, accompanying the contributions by the 19<sup>th</sup> calendar day of month following deduction</p>	<p>£65 per occasion</p>
<p><b>NOTE - Any fines imposed on the Fund by the Pensions Regulator, in relation to employer, employee and AVC contributions which is deemed to be the fault of the Employer, will be passed on to that Employer</b></p>	<p>Re-charge amount to be paid within 30 days of receipt</p>
<p><b>Change Notifications</b></p> <p>failure to notify the administrators of any change to a members</p> <ul style="list-style-type: none"> <li>- working hours</li> <li>- leave of absence with permission (maternity, paternity, career break) or</li> <li>- leave of absence without permission (strike, absent without permission)</li> <li>- within 20 days of the change in circumstance</li> </ul>	<p>£65 per change</p>

Employer Responsibility	Additional Administration Charge
<p><b>Year End Data</b></p> <p>Failure to provide year end data (where it is required) by 30<sup>th</sup> April following the year end or the non- provision of year end information or the accuracy/quality of the year end data is poor requiring additional data cleansing</p> <p><i>For the avoidance of doubt “accuracy/quality” in this Strategy is defined as when we have received a completed form or transfer of information with no gaps in mandatory areas and with no information which is either contradictory or which we need to query</i></p>	<p>Late receipt - initial fee of £300</p> <p>then a fee of £150 for every month the information remains outstanding</p> <p>Quality/format of data – fee of £150 should data provided not be in the correct format and/or the quality is poor</p>
<p><b>New Starter(s)</b></p> <p>Failure to notify the administrators of new starter(s) and the late or non-provision of starter form(s) – within 15 days of employee joining the scheme</p>	<p>Initial fee of £65 per form</p> <p>then a fee of £35 per form for each month the form(s) remains outstanding</p>
<p><b>Automatic Enrolment (AE)</b></p> <p>Failure to provide the administrators full details of staff affected by Automatic Enrolment on a monthly basis - within 6 weeks of the date they become eligible for automatic enrolment</p> <p><b>NOTE - Any fines imposed on the Fund by the Pensions Regulator due to failure to provided information for Auto enrolment process, which is deemed to be the fault of the Employer, will be passed on to that Employer</b></p>	<p>Initial fee of £100</p> <p>then a fee of £50 for every month the information remains outstanding</p> <p><b>Re-charge amount to be paid within 30 days of receipt</b></p>
<p><b>Leaver(s)</b></p> <p>Failure to notify the administrators of any leaver(s) and the late or non-provision of leaver form(s) including an accurate assessment of final pay – within 15 days of employee leaving the scheme or employment</p>	<p>Initial fee of £65 per form</p> <p>then a fee of £35 per form for each month the form(s) remains outstanding</p>

Employer Responsibility	Additional Administration Charge
<p><b>Retirees</b></p> <p>Failure to notify the administrators when a scheme member is due to retire 15 working days before the retirement date - including an accurate assessment of final pay and authorisation of reason for retirement.</p>	<p>Initial fee of £65 per form</p> <p>then a fee of £35 per form for each month the form(s) remains outstanding</p>
<p><b>Late payment of pension benefits</b></p> <p>As a result of the <b>employers failure</b> to notify the administrators of a scheme members retirement &amp; not providing the correct paperwork, interest becomes payable on any lump sum paid.</p> <p>The administrators will recharge the total amount of interest paid back to the employer</p>	<p>Calculation will be provided – payment due is as invoiced within 30 days of receipt of invoice</p>

## EMPLOYER CONTRIBUTION RATES / ADDITIONAL EMPLOYER ASSISTANCE & ASSOCIATED COSTS

### Employers Contribution Rates

Employers' contribution rates are not fixed. Employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.

The London Borough of Hackney has an actuarial valuation undertaken every 3 years by the Fund's actuary. The actuary balances the fund's assets and liabilities in respect of each employer, and assesses the appropriate contribution rate for each employer to be applied for the subsequent 3 years.

### Additional Employer Assistance & Associated Costs

The cost of running the London Borough of Hackney Pension Fund is charged directly to the Fund, and the actuary takes these costs into account in assessing the employers' contribution rates.

The following tasks will be undertaken by the Administering Authority, but are recharged back to the letting department/directorate or school:-

Function/Task	Description & Associated cost
FRS102 – for company Report & Accounts	Provision of data required for FRS102 calculations to the Actuary, plus any chargeable Actuary time  Cost – standard administration charge £100 Plus as invoiced from the Actuary + any chargeable Actuary time as invoiced
Admission Agreements – when contracting out services e.g .cleaning, catering, security provision – involving TUPE of existing staff	Setting up and amendment of admission agreements for Contractors/new Employers admitted to the Fund  Cost – standard administration charge of £100 plus as invoiced from the Actuary/Legal + any chargeable Actuary/Legal time as invoiced, if required
Cessation Valuations (upon service contract ending)  Interim Valuations (either during or prior to the service contract ceasing)	Provision of data required for interim and/provision of data required for interim and/or cessation valuations  Cost – as invoiced from the Actuary + any chargeable Actuary time as invoiced
Academy Conversions – schools converting to Academy status	Any work related to this requiring input from the Administering Authority  Cost – as invoiced from the Actuary + any chargeable Actuary time as invoiced



Legal Work & non-standard actuarial work	Any work in relation to this requiring input from the Administering Authority – e.g. contract review on outsourcing, employer policies, TUPE & future pension provision etc.  Cost – as invoiced from the Actuary/Legal + any chargeable Actuary/Legal time as invoiced
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If an employer wishes the \*London Borough of Hackney to carry out work not attributable to pensions administration they will be charged directly for the cost of that work.

**The following functions have been designated Employer Functions – this means that they are outside of the normal scope of pension administration responsibilities for the Fund, but the Administering Authority is willing to assist employers with these services.**

**They will be subject to a charge depending on the level of work required and whether external suppliers have to be engaged such as the Fund’s Actuary, Occupational Health, etc.**

Function/Task	Description & Associated cost
*Redundancy & Severance calculations (excluding/including pension calculation)	Information, guidance, calculations and the preparation of associated paperwork for employee signature and payroll instructions  Cost – 1 estimate per employee, per rolling 12 month period is provided free of charge.
*Efficiency Retirements	
*Flexible Retirements	Subsequent requests from the employer due to a change of circumstance (e.g. last day of service, change of earnings) will be charged at £50 per case
Ill health retirements & Tier 3 awards.	Monitor and review tier 3 ill health awards to cessation, liaise with Occupational Health Services, and provide support at the IHRP meetings to determine cessation of benefits or a potential uplift in benefits  Cost – as charged by the Occupational Health Service used for each case
Injury payments	Calculation and payment of injury awards  Cost – standard administration charge £100 plus any cost as invoiced from the Actuary + any chargeable Actuary time as invoiced

\* the Administering Authority’s (LB Hackney) Pensions Team, upon receipt of **accurate information** on the **appropriate estimate request form** in relation to an active member, or



employee not in the LGPS, retiring due to age, redundancy, efficiency or flexible retirement, can provide 1 free estimate per member/employee, per 12 month rolling period.

Estimates are normally returned to the requesting employer within 20-30 working days of the receipt of the request – timeframe is dependent on checking employee employment/pension records, complexity of each case and the number of requests received at any one time.

## SERVICE AND COMMUNICATION IMPROVEMENT PLANNING

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As set out earlier in this Administration Strategy, the Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. This can only be achieved through continuously reviewing and improving the service. Communication between the Fund and scheme employers is key to providing the service and is therefore an important aspect of service improvement planning.

Equiniti and the administering authority's in-house pension team work together on a programme of continuous improvement to the service.

The monitoring of the performance standards set out in this document will inform the programme going forward and feedback from scheme employers on the service and the way in which the Fund communicates is welcomed in developing plans. Feedback should be e-mailed to: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk).

The Fund will take responsibility for improving the service and determining the balance between implementing service improvements and the goal of providing a value for money service for the Fund.

Employers will be informed of any changes to the service provision which affect the way they interact with the Fund.

## CONSULTATION AND REVIEW PROCESS

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In preparing this Administration Strategy the Fund has consulted with all the scheme employers with active contributors in the Fund. The Strategy will be reviewed every 3 years, or more frequently if there are changes to the Scheme regulations or requirements.

All scheme employers will be consulted before any changes are made to this document.

The latest version of this document can be accessed from the Fund website [www.hackneypension.co.uk](http://www.hackneypension.co.uk)

# LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

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The Regulations in relation to the Pension Administration Strategy are contained in the Local Government Pension Scheme Regulations 2013, and are set out below:

## Pension administration strategy

**59.** (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

- (a) its pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer

### **Payment by Scheme employers to administering authorities**

**69.**—(1) Every Scheme employer must pay to the appropriate administering authority on or before such dates falling at intervals of not more than 12 months as the appropriate administering authority may determine—

(a) all amounts received from time to time from employees under regulations 9 to 14 and 16 (contributions);

(b) any charge payable under regulation 68 (employer's further payments) of which it has been notified by the administering authority during the interval;

(c) a contribution towards the cost of the administration of the fund; and

(d) any amount specified in a notice given in accordance with regulation 70 (additional costs arising from Scheme employer's level of performance).

(e) all amounts received from time to time from the Ministry of Defence in respect of contributions for a member on reserve forces service leave.

(2) But—

(a) a Scheme employer must pay the amounts mentioned in paragraph (1)(a) within the prescribed period referred to in section 49(8) of the Pensions Act 1995(41); and

(b) paragraph (1)(c) does not apply where the cost of the administration of the fund is paid out of the fund under regulation 4(5) of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016

(3) Every payment under paragraph (1)(a) must be accompanied by a statement showing—

(a) the total pensionable pay received by members during the period covered by the statement whilst regulations 9 (contributions) applied (including the assumed pensionable pay members were treated as receiving during that period),

(b) the total employee contributions deducted from the pensionable pay referred to in subparagraph (a),

(c) the total pensionable pay received by members during the period covered by the statement whilst regulation 10 applied (including the assumed pensionable pay members were treated as receiving during that period),

(d) the total employee contributions deducted from pensionable pay referred to in subparagraph (c),

(e) the total employer contributions in respect of the pensionable pay referred to in subparagraphs (a) and (c),

(f) the total additional pension contributions paid by members under regulation 16 (additional pension contributions) during the period covered by the statement, and

(g) the total additional pension contributions paid by the employer under regulation 16 (additional pension contributions) during the period covered by the statement.

(4) An administering authority may direct that the information mentioned in paragraph (3) shall be given to the authority in such forms as it specifies in the direction.

(5) If an amount payable under paragraph (1)(c) or (d) can not be settled by agreement, it must be determined by the Secretary of State.

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### **Additional costs arising from Scheme employer's level of performance**

**70.** (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in subparagraphs (a) or (b).



<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>CONFLICT IN UKRAINE - PENSION FUND IMPACT</b>  Pensions Board 16th March 2022	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> Two
	Ward(s) affected  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

**1. INTRODUCTION**

1.1. This report sets out how the Fund is managing various issues raised by the conflict in Ukraine and provides details of the guidance currently available to the Local Government Pension Scheme (LGPS) and other pension funds on how to respond.

**2. RECOMMENDATIONS**

2.1. The Board is recommended to:

- Note the report

**3. RELATED DECISIONS**

3.1. None

**4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

4.1. The current conflict in Ukraine has led to significant volatility in financial markets as a result of both sanctions against Russian organisations and individuals and the inevitable wider financial uncertainty that conflict produces. The wider impacts of the conflict are extremely difficult to predict; however, there are potential investment, administration and governance implications for pension funds and it is important that the Fund is aware of and manages these appropriately.

4.2. The risks include financial risks, such as increased market volatility and the impact of sanctions on Russian investments; being aware of and managing these will help the Fund to reduce the risk of financial loss as a result of the conflict.

4.3. There are no direct financial implications arising from this report.

**5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

5.1. The role of the Pensions Board is prescribed by Section 106 of the Local Government Pension Scheme Regulations 2013 and includes the following:

- Securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
- Ensuring the effective and efficient governance and administration of the Scheme and any connected scheme

5.2. Taking into account the role of the Pensions Board as set out in the Regulations, the consideration of the Fund's response to conflict in Ukraine would appear to properly fall within the Board's remit.

## 6. BACKGROUND TO THE REPORT

6.1. The current conflict in Ukraine has led to significant volatility in financial markets as a result of both sanctions against Russian organisations and individuals and the inevitable wider financial uncertainty that conflict produces. The wider impacts of the conflict are extremely difficult to predict; however, there are potential investment, administration and governance implications for pension funds and it is important that the Fund is aware of and manages these appropriately.

6.2. The Pensions Regulator (TPR) has issued an information statement for pension fund trustees which can be found here:

<https://www.thepensionsregulator.gov.uk/en/trustees/russia-ukraine-conflict>

The statement sets out the areas trustees should consider in responding to the risks posed by the conflict and sets out some general guidance on managing investment risk and communicating with scheme members.

6.3. The statement recommends that trustees should look to consider the following areas in responding to the risks posed by the conflict.

- for defined benefit (DB) schemes, the short-term liquidity needs and how those needs might be affected by margin calls and the need to meet short-term member benefit payments
- whether the employer or sponsor of the scheme has been affected, which for DB schemes may have consequences for the employer covenant: for example through any direct impacts to employer operations, through wider trading links where suppliers or customers are impacted, or through broader macroeconomic factors such as increased inflation, rising fuel prices or foreign exchange risks
- the likely impact of these events on your scheme's investments including short/medium-term risks



- in light of the potential heightened risk of cyber-attacks in the current environment, whether your cyber safety procedures remain adequate or need further consideration
- the potential for heightened risk of financial crime, including scams, and whether related processes and procedures should be reviewed
- whether investments remain aligned with the policies and principles set out in your statement of investment principles, including environmental, social and governance considerations

- 6.4. The LGPS Scheme Advisory Board (SAB) has also released a note (which can be found [here: https://lgpsboard.org/images/PDF/BDS/Investments\\_in\\_Russia\\_4\\_March\\_2022.pdf](https://lgpsboard.org/images/PDF/BDS/Investments_in_Russia_4_March_2022.pdf)) The note sets out the current UK position on sanctions regarding Russian investments and provides guidance to funds considering their position with regards to their Russian investments.
- 6.5. The Hackney Fund is following the guidance as set out above, in addition to taking advice from its investment consultant. The Fund has some very small exposures to Russia within some of its active equity mandates and is liaising with the relevant managers and Hymans Robertson with regards to these investments.
- 6.6. The Fund is also considering the other areas highlighted in the Regulator's guidance. The Pensions Committee has reviewed the Fund's new Cyber Security Strategy at its 10th March meeting and officers are liaising with the Fund's administrator to manage communication with members.

Ian Williams

**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

Legal comments: Angelie Walker 020-8356 6994

## **Appendices**

Appendix 1 - Draft Pension Fund Risk Policy

Appendix 2 - Risk Register

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<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>REVIEW OF THE WORK OF THE PENSIONS COMMITTEE</b>  <b>Pensions Board</b> <b>16th March 2022</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> None
	Ward(s) affected  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

**1. INTRODUCTION**

1.1. The purpose of this report is for the Pensions Board to consider the work undertaken by the Pensions Committee at its meetings in the period from October 2021 to March 2022 and to note items that are relevant to the work of the Pension Board. It also includes a forward look at the upcoming work of the Committee during 2022.

**2. RECOMMENDATIONS**

2.1. The Board is recommended to:

- Note the report

**3. RELATED DECISIONS**

- 3.1. Pensions Committee (23rd November 2021)
- 3.2. Pensions Committee (20th January 2022)
- 3.3. Pensions Committee (10th March 2022)

**4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

4.1. Understanding the remit of and decisions taken by the Pensions Committee helps the Pensions Board to assist Hackney Council as the administering authority in ensuring the efficient and effective governance and administration of the Fund, in line with its statutory duties. Good governance of the Fund helps to ensure its long term financial health and that of its stakeholders, including the Council.

4.2. There are no immediate financial implications arising from this report.

**5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

5.1. The role of the Pensions Board is prescribed by Section 106 of the Local Government Pension Scheme Regulations 2013 and includes the following:

- Securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
- Ensuring the effective and efficient governance and administration of the Scheme and any connected scheme

5.2. Reviewing the work and decision-making processes of the Pensions Committee helps the Board to ensure that decisions are being taken in line with the Local Government Pension Scheme Regulations 2013 and other relevant legislation, and that the scheme's governance and administration processes are efficient and effective.

5.3. Taking into account the role of the Pensions Board as set out in the Regulations, the consideration of the work of the Pensions Committee would appear to properly fall within the Board's remit.

## **6. REVIEW OF COMMITTEE WORK**

6.1. Whilst not a decision making body for the Pension Fund, the Board does have a broad remit to review the decision-making process of the Pensions Committee and in particular, matters relating to scheme administration and governance.

6.2. Where Pensions Committee work has specific relevance to the Pension Board and where the subject matter is such that it would be helpful for the Board to consider it in greater detail, these have become dedicated papers for the Board agenda. In other areas, it is worth highlighting either reports or elements of Committee reports that are of relevance to the Board.

6.3. The links to the Committee meetings covered in this report are as follows:

- November 2021

<https://drive.google.com/drive/folders/1FTjWdTgPTQiaxUxJqb046tV0CMZ9GfER>

- January 2022

[https://drive.google.com/drive/u/1/folders/108JWZAanxFmCbE\\_D16VNLfNYLk2R\\_zKq](https://drive.google.com/drive/u/1/folders/108JWZAanxFmCbE_D16VNLfNYLk2R_zKq)

- March 2022

**To be added**

6.4. At its November 2021 meeting, the Committee considered the following reports:

- PF Annual Report and Accounts 2020/21
- CIPFA Knowledge and Skills Policy

- Tenders Update
- Competition Markets Authority (CMA) Order - Review of Investment Consultants Objectives
- Transitions Update & Investment Strategy Statement
- Annual Benefits Statements, Pensions Savings Statements and Guaranteed Minimum Pension Update
- Governance Policy and Compliance Statement Review

6.5. Key items particularly relevant to the Board were the CIPFA Knowledge and Skills Policy, the Annual Benefit Statements, Pensions Savings Statements and Guaranteed Minimum Pension Update and the Governance Policy and Compliance Statement Review.

6.6. At its January 2022 meeting, the Committee considered the following reports:

- Quarterly Update Report
- CMA Objectives
- Annual Report to the Council
- Pension Administration Strategy
- Responsible Investment Timetable
- Actuarial Valuation Assumptions

6.7. Key items particularly relevant to the Board were the Pensions Administration Strategy (brought in final form to the March 2022 Board meeting) and the Actuarial Valuation Assumptions.

6.8. As a standing item on the Pensions Committee agenda, the quarterly monitoring report provides both the Pensions Committee and the Board with an update on the key facts pertaining to the Pension Fund. Updates are usually provided on funding, investment performance, budget monitoring, responsible investment, pensions administration and reporting of breaches. Key to the role of the Board is ensuring that the Fund is being administered in accordance with the regulations and the quarterly report helps demonstrate that the Committee receives regular updates on a number of issues covered by statute. Of particular relevance to the Board are the sections on administration performance and reporting breaches.

6.9. During February 2022, a virtual workshop was held for Committee members to consider an early draft of the Fund's new Responsible Investment Policy and consider how the Fund might best engage with managers and investee companies going forward. It is proposed that a Responsible Investment Working Group (RIWG) be set up with up to 3 Committee members plus officers, to allow for member involvement in engagement whilst allowing more flexible meeting schedules than full Committee.

## **7. UPCOMING WORK**

7.1. Over the coming months, one key focus of the Committee will be the actuarial valuation, including the production of the final cut of data (as at 31st March 2022) and the agreement of employer contribution rates. The Fund will also be putting a number of its contracts out to tender over the next year, which will require approval from the Committee.

- 7.2. The Committee will also need to consider the development of the Fund's approach to Stewardship given the introduction of the new Stewardship Code, as well as considering further changes to the investment strategy to pool more of the Fund's legacy assets and align with the 2022 funding strategy. The Committee will also continue to receive updates on major projects including the McCloud rectification, GMP rectification and the Pensions Data Service.

Ian Williams

**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Ian Williams 020-8356 3003

Legal comments: **Angelie Walker 020-8356 6994**

**Appendices**

Appendix 1 - Draft Pension Fund Risk Policy

Appendix 2 - Risk Register

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