

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
REVIEW OF PENSIONS COMMITTEE PAPERS – MARCH – SEPTEMBER 2016	Classification PUBLIC	Enclosures None
	Ward(s) affected ALL	AGENDA ITEM NO.
Pension Board 2nd December 2016		

1. INTRODUCTION

- 1.1 The purpose of this report is for the Pension Board to consider the work undertaken by Pensions Committee at its meetings in the period from March to September 2016 and to note items that are relevant to the work of the Pension Board.

2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to note the report

3. RELATED DECISIONS

- Pensions Committees (23rd March 2015, 27th June 2016 and 19th September 2016)

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

- 4.1 The Pension Board's role is to assist the Administering Authority in ensuring compliance with the regulations. Consideration of Pensions Committee agendas and being able to understand the remit of the Committee and its work is therefore key to the understanding of the Pension Board.

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

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The Pension Board has been established in accordance with the Public Service Pensions Act 2013 and in accordance with the Local Government Pensions Scheme (Amendment) (Governance) Regulations 2014. For the Board to demonstrate that it is meeting its broad terms of reference it will need to consider the ongoing work of the Pensions Committee to ensure that the powers and responsibilities delegated to it by the Administering Authority are being met. Reviewing the work of the Pensions Committee on a regular basis forms part of the ongoing work of the Pension Board.
- 5.2 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 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. Members will be provided with copies of the Pensions Committee meetings held on the 23rd March 2016, 27th June 2016 and 19th September 2016. A link to the Committee papers is provided here:
<http://mginternet.hackney.gov.uk/ieListMeetings.aspx?CId=499&Year=0>
- 6.2 Over the period March to September 2016, Pensions Committee have considered reports covering a wide range of issues including investments, pensions administration, accounts, government consultations and actuarial matters. Members of the Board have been provided with copies of the agenda and associated reports for the Pensions Committee meetings.
- 6.3 Where Pensions Committee work has specific relevance to the Pension Board and where the subject matter is such that it would be helpful to expand further for the Board to fulfil the role, 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 particular relevance to the Board.
- 6.4 The quarterly monitoring report provides both the Pensions Committee and the Board with an update on the key facts pertaining to the Pension Fund with updates provided on funding, investment performance, budget monitoring, corporate governance and engagement, pensions administration and reporting of breaches either to the Committee or where appropriate to the Pensions Regulator. 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 is taking all aspects of their role in managing the Pension Fund in to account and not just investment related issues. Of particular relevance to this Board is the quarterly reporting on administration performance and also the reporting of breaches sections.
- 6.5 Key items from the 23rd March meeting included an updated Training Policy, a self-assessment questionnaire to allow the Committee to assess their Knowledge and Skills requirements and the performance of advisors, and an updated Pension Administration Strategy. The Training Policy has direct relevance to the Pension Board, as the arrangements it sets out also apply to Board Members. The current

policy was approved by the Board at its initial meeting; a copy has been included in the current agenda for new members to note.

- 6.6 The self-assessment questionnaire is completed by the Pensions Committee each year, and the Board also will be asked to complete this in due course. It has particular relevance to Board members thanks to the legal requirement placed upon them to maintain a certain level of Knowledge and Understanding. The questionnaire is key in identifying where members of both the Committee and Board may feel they lack the necessary knowledge, and therefore helps to dictate the training programme for both bodies.
- 6.7 Items of relevance from the 27th June committee include an update on LGPS pooling, the annual report of the Pensions Committee and the Pension Fund Administration annual report (both provided for further discussion in this agenda). The Pension Fund Business Plan 2016-19 is also of relevance to the Board. The business plan covers all the known key strategic matters for the financial years 2016-2019, the majority of which will be covered by the Committee in some detail. The key items for the coming financial year include the actuarial valuation and review of the Funding Strategy Statement and Statement of Investment Principles/Investment Strategy Statement the latter of which will be subject to new legislation from 1st April 2017. Also key are the Third Party Administration procurement, and the ongoing work on the development of the London CIV, which has implications for Fund governance. As usual the Committee will also be asked to consider a range of policy documents, many of which require updating on an annual or biennial basis.
- 6.8 The 19th September meeting included initial results from the Fund's valuation and a review of TPRs Code of Practice Compliance Checklist (included in this agenda for further discussion). The initial valuation results set out the indicative Whole Fund funding level, and the timetable for the process through to 2017.
- 6.9 Board Members will note that the Compliance Checklist includes a reference to the fact that the Pension Fund has reported itself to the Pensions Regulator for failing to meet its statutory duty to provide all active members of the Fund with an annual benefit statement by 31st August 2016. Whilst statements for deferred members and the majority of statements for active members were sent out by the deadline, around 3200 statements could not be produced as a result of lack of data. After discussion with the Council's payroll provider, a revised deadline of 31st October was agreed. Whilst the Council did produce updated year end data by the new deadline, this was not of sufficient quality to permit statements to be sent by 31st October. After further analysis of the data available, it has been agreed that these will now be sent in batches, with the final batch to be sent by 31st December.
- 6.6 The Fund has remained in contact with TPR throughout this period, providing an initial breach report ahead of 31st August, and a further report once the 31st December deadline had been set. The Fund has recently received confirmation that no action will be taken by the Regulator in this instance, provided that all statements are sent by 31st December 2016. However, it should be noted that, as the Council is currently changing payroll provider, problems with the receipt of data are likely to persist into 2016/17. The Fund is closely involved with the implementation project and has raised the issue with TPR; this is covered in more detail in the 2nd December Pension Report, 'TPR Code of Practice Compliance'.

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