

REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

PENSION FUND BUSINESS PLAN 2017-2020	Classification PUBLIC	Enclosures 1
	Ward(s) affected ALL	
Pensions Committee 27th June 2017		

1. INTRODUCTION

- 1.1 This report introduces the Pension Fund Business Plan for the period covering 2017-20 and includes a draft plan of work for the Pensions Committee and communications plan for the current financial year 2017-18

2. RECOMMENDATION

- 2.1 **The Pensions Committee is recommended to:**
- **Approve the Business Plan for the Pension Fund for 2017-20**
 - **Approve the draft work plan for the Pensions Committee for the Financial Year 2017-18**

3. RELATED DECISIONS

- Pensions Committee 27th June 2016 – Business Plan 2016-19
- Pensions Committee 17th January 2013 – Pension Fund Objectives and Measurement.

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 The Pensions Committee acts in the role of quasi trustees for the Pension Fund and as such is therefore responsible for the management of £1.39 billion worth of assets and for ensuring the effective and efficient running of the Pension Fund.
- 4.2 Having a 3 year business plan helps to ensure that the Fund is at the forefront of best practice amongst LGPS Administering Authorities and ensures that the Committee is able to plan and understand the financial decisions that it will be faced with over the coming years. The decisions taken by the Committee impact directly on the financial standing of the Fund and can affect its ability to meet its liabilities. Ensuring prudent financial management help to improve the overall financial position of the Fund, potentially impacting on the contribution rates payable by participating employers.
- 4.3 The schedule of work as set out in the draft programme should help to ensure that Members are conversant with the key factors that are likely to affect the Pension Fund and to be able to take informed decisions in the management of the Fund over the coming 12 months.

5. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

- 5.1 The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension fund. In carrying out those functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the suite of Local Government Pension Scheme Regulations. Those obligations include producing specific documents and complying with statutory deadlines. It is sensible against this background, and consistent with good administration, to set out a 3 year business plan and programme the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.
- 5.2 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 6.1 The London Borough of Hackney is the Administering Authority for the Pension Fund; delegated powers under the Council Constitution have been given to the Pension Committee to oversee its management. This includes monitoring of investments, making decisions on strategic asset allocation, appointing advisors, overseeing pension administration, setting budgets and receiving the annual report and accounts for the Pension Fund.
- 6.2 The business plan covers all the known key strategic matters for the financial years 2017-2020, the majority of which will be covered by the Committee in some detail. Given the Fund's recent Investment Strategy Review, the coming year looks to be a busy one on the investment side, with plans including a review of the Fund's passive equity investments and the introduction of multi asset credit, along with ongoing work on the transition of liquid assets across to the London Collective Investment Vehicle. Responsible Investment is also likely to be an area of the focus for the Committee, as it looks to deepen the Fund's approach to shareholder engagement and review its compliance with the Stewardship Code. With the third party administration procurement now complete, the Fund is also making plans for improvements to employer engagement and reporting, to assist with data improvements ahead of the 2019 valuation. 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.
- 6.3 Also included within the business plan is a draft communications plan for the current financial year 2017-18 which the Committee are asked to agree. This sets out the main areas to be targeted under the communications plan and annual reporting on actions undertaken during the year is included within the Pension Fund Report and Accounts under the Communications Policy
- 6.4 Clarity over the longer term strategic items within the business plan becomes more difficult further into the future, but the current business plan sets out the key known variables at this stage. It is recognised that this continues to be a time of considerable change for the LGPS and for the associated Pension Funds and that developments over the coming months could considerably alter the business plan over the medium term.

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Appendices

Appendix 1- Pension Fund Business Plan 2017-20

Appendix -Draft Communications Programme 2017-18

Background papers

None