

<b>REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES</b>		
<b>ANNUAL REPORT OF THE PENSIONS COMMITTEE 2016-2017</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> <b>One</b>
	<b>Ward(s) affected</b> <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pensions Committee</b> <b>11<sup>th</sup> September 2017</b>		

---

## 1. INTRODUCTION

- 1.1 The purpose of this report is to detail the role of the Pensions Committee and summarise the key activities and achievements in 2016/17 that demonstrate how the Committee has fulfilled its role effectively acting in its capacity as quasi-trustees of the Council's Pension Fund. This report will then be presented to full Council in due course as a Committee of the Council.

## 2. RECOMMENDATIONS

- 2.1 The Pensions Committee is recommended to note the report.

## 3. RELATED DECISIONS

- Pensions Committee (27<sup>th</sup> June 2017) – Business Plan

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

- 4.1 The Pensions Committee act in the capacity of quasi trustees for the Pension Fund and its Administering Authority, the London Borough of Hackney and as such are responsible for the management of approximately £1.39 billion worth of assets and for ensuring the effective and efficient running of the Pension Fund. The decisions taken by the Committee impact directly on the financial standing of the Fund and, given the need to ensure that the Fund is able to meet its liabilities (pension benefit payments), the decisions taken will affect its ability to meet such liabilities. The Administering Authority has a responsibility to ensure that over time the Pension Fund is able to meet all its future liabilities and ensuring prudent financial management will directly impact on the contribution rates payable by all employers participating in the Fund, with the Council representing the largest employer in the Fund.

## 5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The Council's Constitution gives the Pensions Committee responsibility for a wide range of 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 (LGPS) Regulations.

- 5.2 The Committee has legal responsibilities for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions.
- 5.3 The annual report of the Pensions Committee's activities demonstrates how it has undertaken and fulfilled its statutory and constitutional responsibilities during 2016/17.
- 5.4 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 Delegated powers under the Council Constitution have been given to the Pensions Committee to oversee the management of the Pension Fund as the Administering Authority and are set out in the Terms of Reference for the Committee.
- 6.2 The Pensions Committee is a committee of the Council and reports annually on the work undertaken at Committee. The attached report covers the 2016/17 Financial Year where the Committee has met 5 times to cover a broad spectrum of pension related business. The full programme of work and training undertaken by the Committee is set out in the Appendix to this report.
- 6.3 Members continued with an extensive training programme during the year which reflected the key requirements laid down in the CIPFA Knowledge and Skills Framework.
- 6.6 Committee papers have largely been provided in accordance with the agreed timeframe with 1 late report. This was a report concerning Brexit, provided after the publication deadline following the UK's surprise decision to leave the EU, made 3 days prior to the Committee.
- 6.7 The Annual Report of the Committee evidences the work that the Committee has undertaken and demonstrates that it has discharged its responsibilities effectively both in terms of its legal responsibilities under the LGPS Regulations and the Committees Terms of Reference.
- 6.8 The coming year will continue to provide the Committee with an extensive work programme which includes work on asset pooling in line with the Government's investment reform agenda. In addition the Committee will continue with the work on planned changes to the Fund's investment strategy. The Fund will, from 3<sup>rd</sup> January 2018, need to opt up as an elective professional investor, following the introduction of MiFID II. The Committee began its review of the opt up process in 2016/17, with approval due in September 2017. The Committee will also continue to closely monitor the quality of membership data submitted to the Fund, with ongoing work for officers on process improvements within the Council.. A number of policy reviews will also be undertaken to update current arrangements. Ongoing training for the Committee in relation to both the Knowledge and Skills Framework and pertinent investment and governance issues will continue to be a regular feature as will monitoring of funding levels and the Pension Fund budget.

Ian Williams  
**Group Director of Finance & Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett ☎020-8356 3332

Legal comments: Stephen Rix ☎020-8356 612

APPENDIX

Annual Report of the Pensions Sub-Committee 2016-17