

**LONDON BOROUGH OF HACKNEY**

**PENSION FUND**

**BUSINESS PLAN**

**2018-2021**

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## INTRODUCTION

The London Borough of Hackney is the Administering Authority of the London Borough of Hackney Local Government Pension Scheme (LGPS). Management of the Pension Fund is delegated to the Pensions Committee acting in the role of trustees of the Pension Fund. The day to day running of the Fund has been delegated to the Group Director, Finance and Corporate Resources, the Director, Financial Management and the Financial Services section of the Council. The Financial Services section has responsibility for all aspects of the day to day running of the Fund including administration, investments and accounting.

The purpose of this document is to set out a business plan for the Pension Fund for the period 2018-2021 and to outline the Fund's goals and objectives over the longer term. The business plan details our priorities and areas of key focus in relation to the London Borough of Hackney Pension Fund for 2018/19, 2019/20 and 2020/21. The business plan is formally reviewed and agreed every year. However, throughout the year it is monitored and the Pensions Committee may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the objectives for the management of the Hackney Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide staff, partners and customers with a clear vision for the next three years.

## OBJECTIVES

The primary objectives of the Fund have been agreed by the Pensions Committee and are sub-divided into specific areas of governance, funding, investments, administration and communications:

| <b>Governance Objectives</b>  |
|---|
| 1. All staff and Pension Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. |
| 2. The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties  |
| 3. To understand and ensure compliance with all relevant legislation  |

**Governance Objectives**

4. To ensure the Fund aims to be at the forefront of best practice for LGPS funds
5. Ensures the Fund manages Conflicts of Interest

**Funding Objectives**

6. To ensure the long-term solvency of the Fund.
7. To help employers recognise and manage pension liabilities as they accrue.
8. To minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so.
9. 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. (Including: To address the different characteristics of disparate employers or groups of employers to the extent that this is practical and cost effective.)

**Investment Objectives**

10. Optimise the return on investment consistent with a prudent level of risk
11. Ensure that there are sufficient assets to meet the liabilities as they fall due (i.e. focus on cash flow requirements)
12. Ensure the suitability of assets in relation to the needs of the Fund (i.e. delivering the required return).
13. Ensuring that the Fund is properly managed (and where appropriate being prepared to change).
14. Set an appropriate investment strategy for the Fund to allow the Administering Authority to seek to maximise returns and minimise the cost of benefits for an acceptable level of risk. Ensure return seeking assets are in line with funding objectives.

**Administration Objective**

15. To deliver an efficient, quality and value for money service to its scheme employers and scheme members.

**Communications Objective**

16. Ensure that all stakeholders are kept informed of developments within the Pension Fund. Ensuring that all parties are aware of both their rights and obligations within the Fund.

## **BUSINESS PLAN 2018-2021**

In order to meet the objectives of the Pension Fund, the Pensions Committee has reviewed and agreed a business plan for the period 2018-2021. This has to be put in the context of a period of uncertainty for the Fund, which reflects not just volatility in investment markets, but also changes to comply with the Government's asset pooling agenda which have a significant impact on the management of the Fund. Set out in the table below is the 3 year business plan for the Pension Fund:

|   | <b>2018/19</b>     | <b>2019/20</b>     | <b>2020/21</b>     | <b>Relevant Committee</b> |
|---|--------------------|--------------------|--------------------|---------------------------|
| <b>Governance Objectives</b>                                      |                    |                    |                    |                           |
| Pension Fund Accounts   | April - September  | April - September  | April - September  | September                 |
| Employer Forum  | November - January | November - January | November - January | N/A                       |
| Review Risk Register  | October - December | October - December | October - December | December                  |
| Review Risk Policy  | October - December |                    |                    | December                  |
| TPR Code of Practice  | July- Sept         | July- Sept         | July- Sept         | September                 |
| Governance policy & compliance statement Review                   | July - September   | July - September   | July - September   | September                 |
| Self-Assessment & Review of Advisers                              | October - December | October - December | October - December | December                  |
| Member's Training Programme to include Pensions Board             | Quarterly          | Quarterly          | Quarterly          | All                       |
| Induction training for any new PC members at start municipal year | As required        | As required        | As required        | N/A                       |
| Training Policy Review  | July - September   | July - September   | July - September   | September                 |

|   | 2018/19            | 2019/20            | 2020/21            | Relevant Committee                  |
|---|--------------------|--------------------|--------------------|-------------------------------------|
| Conflicts of Interest Policy Review   |                    |                    | January - March    | March                               |
| Procedure for Reporting Breaches Review                                     | April - June       |                    |                    | June                                |
| Pensions Board –Annual Report   | July - September   | July - September   | July - September   | September                           |
| Review Performance, funding, budget   | Quarterly          | Quarterly          | Quarterly          | All                                 |
| AVC Review  | January - March    |                    |                    | March                               |
| Actuarial Services tender   |                    |                    | June - September   | September                           |
| Benefits and Governance Consultancy tender                                  |                    |                    | June - September   | September                           |
| Investment Consultancy tender   |                    | January - March    |                    | March                               |
| Custody Services tender   |                    |                    |                    | Due Oct 2021                        |
| Third Party Administration Tender   |                    |                    |                    | Due Jan 2023                        |
|   |                    |                    |                    |                                     |
| <b>Funding Objectives</b>   |                    |                    |                    |                                     |
| Actuarial Valuation 2019  |                    | April - March      |                    | As required/March                   |
| Funding Strategy Statement  |                    | November - March   |                    | December/March                      |
| Longevity Monitoring – Club Vita  | October - December | October - December | October - December | December                            |
|   |                    |                    |                    |                                     |
| <b>Investment Objectives</b>  |                    |                    |                    |                                     |
| Review Investment Strategy Statement (incl Climate Change policy statement) | As required        | As required        | As required        | As required (minimum every 3 years) |

|   | <b>2018/19</b>     | <b>2019/20</b>     | <b>2020/21</b>     | <b>Relevant Committee</b> |
|---|--------------------|--------------------|--------------------|---------------------------|
| Strategic Asset Allocation - Regular Review                         | Ongoing            | Ongoing            | Ongoing            | As required               |
| Strategic Asset/Liability Review                                    |                    | October - January  |                    | December                  |
| Pension Fund Treasury Management Strategy                           | November - January | November - January | November - January | December                  |
| Individual Manager Review   | Quarterly          | Quarterly          | Quarterly          |                           |
| Asset/Liability Monitoring  | Ongoing            | Ongoing            | Ongoing            |                           |
| Collaborative working – London CIV & DCLG asset pooling development | Ongoing            | Ongoing            | Ongoing            | As required               |
| Investment in Infrastructure analysis                               | January - March    |                    |                    | March                     |
| MiFID II compliance - review  | Ongoing            | Ongoing            | Ongoing            | As required               |
| Implementation of climate change resolutions                        | Ongoing            | Ongoing            | Ongoing            | As required               |
| Alternative credit allocation                                       | July - December    |                    |                    | As required               |
| <b>Pension Administration</b>                                       |                    |                    |                    |                           |
| Restaged auto-Enrolment   |                    | April - July       |                    | September                 |
| Pension Administration Strategy                                     | January - March    | January - March    | January - March    | March                     |
| Annual Pension Administration Performance Review                    | April - June       | April - June       | April - June       | June                      |
| Scheme/GMP Reconciliation   | Ongoing            | Ongoing            | Ongoing            | As required               |
| Employer data improvements  | Ongoing            | Ongoing            | Ongoing            | As required               |

|   | <b>2018/19</b>     | <b>2019/20</b>     | <b>2020/21</b> | <b>Relevant Committee</b> |
|---|--------------------|--------------------|----------------|---------------------------|
| Agree any further administration improvements with third party provider | Ongoing            |                    |                | September 2018            |
| Administering Authority Discretions Review                              | April - June       |                    |                | June                      |
| Admission Bodies Policy   | April - June       |                    |                | June                      |
| Employing Authority Discretions Review                                  | January - March    |                    |                | March                     |
| Employer data audit   | July - September   |                    |                | September                 |
|   |                    |                    |                |                           |
| <b>Communications</b>   |                    |                    |                |                           |
| Annual Benefit Statements   | April - August     | April - August     |                | N/A                       |
| Communications Policy Review  | November - January | November - January |                | December                  |
|   |                    |                    |                |                           |

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## Draft Communications Plan 2018-2019

### Objective of the Communications Strategy

The aim of the communication strategy is to make sure that all stakeholders are kept informed of developments within the Pension Fund. Effective communications will help to maintain the efficient running of the Scheme and ensure all parties are aware of their rights and responsibilities within the Fund.

An outline communications plan for 2018-2019 is set out below:

| Stakeholders                   | Scheme Member                      | Prospective Scheme Members | Employers                  | Press and FOI Requests | Central Government & the Pensions Regulator |
|--------------------------------|------------------------------------|----------------------------|----------------------------|------------------------|---|
| <b>Type of Communication</b>   |                                    |                            |                            |                        |   |
| Annual Benefit Statements      | July-August                        |                            |                            |                        |   |
| Annual Newsletter - Accounts   | August - September                 |                            | August - September         |                        |   |
| Quarterly Newsletters          | Quarterly                          |                            |                            |                        |   |
| Individual Member Self-Service | Available – Reminder in newsletter |                            |                            |                        |   |
| Website                        | Updates posted as required         | Updates posted as required | Updates posted as required |                        |   |
| Posters/Scheme Guides          | June - March                       | June - March               | June - March               |                        |   |
| Induction Sessions             | Weekly                             | Weekly                     | As required                |                        |   |
| Pre-Retirement Seminars        | As required                        |                            |                            |                        |   |
| Employer Forum                 |                                    |                            | November - January         |                        |   |
| Employer training workshops    |                                    |                            | As required                |                        |   |
| Pensions Admin Strategy        |                                    |                            | January - March            |                        |   |
| Report & Accounts              | Annual Newsletter                  |                            | November                   |                        | October                                     |
| Funding strategy Statement     |                                    |                            | September - January        |                        |   |
| Ad-Hoc Queries                 | Within set timescales              | Within set timescales      | Within set timescales      | Within set timescales  | Within set timescales                       |
| Pension Board                  | April - March                      | April - March              | April - March              |                        | As Required                                 |
| GMP Letters - Reconciliation   | January - March                    |                            | November - January         | As Required            | As required                                 |



## **Pensions Committee – Suggested Future Agendas**

### **September/October 2018**

1. Apologies for Absence
2. Declarations of Interest
3. Consideration of minutes of previous meeting
4. Training – Investment: Alternative Credit
5. Alternative Credit Options
6. Pension Fund Accounts
7. Quarterly Update
8. Third Party Administration – Contract Implementation review
9. TPR Code of Practice Compliance
10. Governance Policy & Compliance Statement Review
11. Actuarial Services and Benefits Consultancy contracts
12. Training Policy Review
13. Employer Data Audit

### **December 2018**

1. Apologies for Absence
2. Declarations of Interest
3. Consideration of minutes of previous meeting
4. Training – TBC
5. Responsible Investment – Strategy review for pooled arrangements
6. Risk Register Update
7. Quarterly Update
8. Treasury Management Strategy
9. Club Vita
10. Communications Policy Review
11. Self Assessment and Review of Advisers