

REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

Business Plan 2019-2022	Classification PUBLIC	Enclosures One
	Ward(s) affected ALL	AGENDA ITEM NO.
Pensions Committee 25th June 2019		

1. INTRODUCTION

- 1.1 This report introduces the Pension Fund Business Plan for the period covering 2019-22. The Business Plan sets out the key tasks the Fund needs to undertake to fulfil its strategic objectives for the next 3 years; it also includes a draft plan of work for the Pensions Committee and communications plan for the current financial year 2019-20.

2. RECOMMENDATION

- 2.1 **The Pensions Committee is recommended to:**
- **Approve the Business Plan for the Pension Fund for 2019-22**

3. RELATED DECISIONS

- Pensions Committee 23rd July 2018 – Business Plan 2018-21
- 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 as scheme manager for the Pension Fund and is responsible for the management of £1.5 billion worth of assets and for ensuring the effective and efficient running of the Fund.
- 4.2 Having a three year business plan helps ensure 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 helps to improve the overall financial position of the Fund, potentially impacting on the contribution rates payable by participating employers.
- 4.3 There are no direct financial implications arising from this report

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 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 Local Government Pension Scheme Regulations 2013. Those obligations include producing specific documents and complying with statutory deadlines.

- 5.2 It is sensible against this background, and consistent with good administration and governance, to set out a three year business plan and schedule the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.

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 Pensions 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 2019-2022, the majority of which will be covered by the Committee in some detail. Plans for 2019/20 include work on the Fund's triennial valuation and a subsequent full review of its investment strategy. Further work towards the Fund's carbon target is also planned, with an interim carbon risk audit scheduled for September 2019. More broadly, Responsible Investment will also continue to be an area of the focus for the Committee, as it looks to deepen the Fund's approach to shareholder engagement, particularly in the context of its relationship with the London CIV. The Committee will also be asked to consider a range of policy documents, most of which require updating on either an annual or triennial basis.
- 6.3 Also included within the business plan is a draft communications plan for the current financial year 2019-20. This sets out the main areas to be targeted under the communications plan; 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 alter the business plan over the medium term.

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Appendices

Appendix 1 – Pension Fund Business Plan 2019-22

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