

## MINUTES OF A MEETING OF THE PENSIONS BOARD

MONDAY, 18TH NOVEMBER, 2019

- Present:** Samantha Lloyd (Chair)  
Kay Brown  
Michael Hartney
- Officers in Attendance:** Michael Honeysett (Director of Financial Management)  
Rachel Cowburn (Head of Pension Fund investment)
- Also in Attendance:** Catherine Pearce (Aon)  
Kevin Cullen (London CIV)  
Silvia Knott-Martin (London CIV)

### 1 Apologies for absence

1.1 There were no apologies for absence.

### 2 Declarations of Interest- - Members to declare as appropriate

2.1 There were no declarations of interest.

### 3 Minutes of the previous meeting

3.1 The minutes of the previous meeting were agreed as a correct record with the addition of Catherine Pearce's (Consultant) to the list of attendees.

### 4 Review of the work of the Pensions regulator - update and training

4.1 Catherine Pearce (Consultant), presented to the Board on the review of the Pensions Regulator's Work.

4.2 Points arising from the presentation included:

- Much was going well with the Local Government Pensions Scheme but that some improvement was required
- Administrators had not yet been successful in recruiting new clients
- The number of complaints about the scheme was less than 10 a year. The Board asked to be kept aware of the numbers of complaints together with any patterns and trends

#### **Action: Rachel Cowburn**

- A membership of 4 was the statutory minimum membership for the Board
- The Regulator recommended that Boards meet on a quarterly basis  
The Board met the statutory requirements in meeting twice a year. It agreed to consider meeting three times at the next meeting of the Board

**Action: Rachel Cowburn**

- The Board asked that the robustness of Cyber security be evaluated
- Rachel Cowburn would prepare draft responses to the 2019 Public Service Governance & Administration Survey and circulate to members for comment.

**Action: Rachel Cowburn**

**RESOLVED:**

1. To note the report, with particular reference to the areas in which Hackney Pension Fund could make improvements to its governance and administration.
2. To note the requirement to complete the scheme governance and administration survey by 29<sup>th</sup> November 2019.

**5 London CIV Update**

5.1 The Board noted the report providing an overview of recent developments at the London CIV, including the requirement to recruit a new Chief Investment Officer and the introduction of a new work-stream to consider responsible investment.

5.2 Kevin Cullen (Client Relations Director - London CIV) told the Board that a new Chief Executive had been appointed at the London CIV. The departure of the previous Chief Investment Officer after a brief period in post had an unsettling effect on the organisation with a lack of strategic oversight. It was hoped to soon announce the appointment to this post on an interim basis. In response to a question from Kay Brown, the appointment would be for a period of over a year. Kevin Cullen told the Board of the challenges facing the London CIV, including that there was a need for it to be more cost effective. Measures in relation to this had been proposed, receiving the agreement of 31 out of the 32 London Boroughs. Implementation required the agreement of all boroughs and it was not possible to implement changes at this time. It was noted that the London CIV had been the first to commence operating and as such did not have the flexibility of others that had started to operate later.

5.3 Rachel Cowburn referred to the need for the CIV to set out a clear investment strategy. In relation to illiquid assets there was a need to have sufficient boroughs signed up to make the funds viable. Further challenges included getting additional assets into the pool and seeing beyond equities. Kevin Cullen referred to asset growth as currently being flat and that the pace of pooling was not at the required level. There was a need for more forceful growth and Boroughs needed to see the process as mandatory and not voluntary. He stressed the need for London boroughs to work with the CIV. Further, boroughs needed to focus on mandate design. There was an increased emphasis on sustainability and a move to significant exposure to renewables in investment, with a target of 30%. Kevin Cullen reported that an ESG stock take for the CIV was currently being carried out. In response to a question from the Chair it was felt that the Hackney fund was engaging appropriately. In response to a question from Kay Brown regarding staff turnover at the CIV, Kevin Cullen confirmed that there were now 28 staff, with the client side being at full capacity. There continued to be a need to increase staffing on the investment team.

**RESOLVED**

To note the report

**6 Data Improvement Update**

6.1 Rachel Cowburn introduced the report updating the Board on progress made on issuing the 208/19 Annual Benefits Statement to active members of the Fund. The report also covered actions taken to help improve in the longer term the quality of data provided by the Council as an employer and to cleanse the data currently held on the pension administration system in relation to Hackney and school staff. Rachel Cowburn stressed the need to ensure that the improvements are maintained and built upon. A Payroll Board was now in place to ensure proper, systematic year end reporting. Michael Honeysett confirmed that the Board's aim was to engrain the current improvements. The Pensions Board noted that Equiti had made big improvements. However, there continued to be issues with Midland in terms of consultant support. The Chair asked that this issue be placed on the agenda for the next meeting of the Board.

**Action: Rachel Cowburn**

**RESOLVED:**

To note the actions taken to improve data provision from the Council, in respect of those employees who are members of the LGPS, to the pension administrators.

**7 TPR Code Compliance Checklist**

7.1 Rachel Cowburn introduced the updated compliance checklist for the London Borough of Hackney Pension fund.

**RESOLVED:**

To note the Code of Compliance Checklist and where further work is required and being undertaken.

**8 Risk Register Review**

8.1 Rachel Cowburn introduced the report providing the Board with a copy of the Fund's risk register, last updated in September 2019. She confirmed that the format was slightly changed and that the Regulator had recommended that the entire register should be presented to the Board.

8.2 The Chair expressed concern that recruitment and retention was showing as green and asked about the reasons for this. Rachel Cowburn referred to difficulties in recruiting people with the necessary experience, with many attracted to working at the London CIV. In response to a further question from the Chair, Michael Honeysett confirmed that that this matter was taken seriously with a market supplement in place.

**RESOLVED:**

To note the report

## **9 Actuarial Valuation & Investment Strategy Setting**

9.1 Rachel Cowburn introduced the report, providing the Board with an introduction to the 2019 valuation process and setting out progress to date and the expected timetable. The report also provided an overview of the process the fund will follow to set its investment strategy once the outcome of the valuation is known. The Fund would generally have expected to provide valuation data to the actuary by August 2019. However, the provision of data had been delayed by the late receipt of employer data from the Council and the subsequent need to undertake a significant cleansing exercise. The data was now considered to be of a higher quality relative to 2016. Once the results of the whole fund valuation were known, the Fund will commence a formal review of its investment strategy to ensure that its investment approach remains appropriate to help close the deficit and achieve the funding target.

### **RESOLVED:**

To note the report.

## **10 Review of Pensions Committee Work**

10.1 Rachel Cowburn introduced the report detailing the work undertaken by the Pensions Committee at its meetings during the period from March 2019 to September 2019 together with a forward look at the upcoming work of the Committee. The Board was asked to note items that were relevant to the work of the Pensions Board.

### **RESOLVED:**

To note the report.

## **11 Good Governance Consultation Update**

12.1 Rachel Cowburn introduced the report detailing the work on good governance undertaken by Hymans Robertson on behalf of the LGPS Advisory Board. This set out the background to and context of the work. It considered the good governance report produced by Hymans Robertson and set out the expected next steps for the project. The second report would soon be available and would be circulated.

**Action: Rachel Cowburn**

### **RESOLVED:**

To note the report.

## **12 Board Workplan - Forward look**

### **RESOLVED:**

To note the board's work plan.

## **13 Any other business**

13.1 There was no other non-confidential business

**Duration of the meeting:** 10 – 12:15 pm

**Monday, 18th November, 2019**