

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
REVIEW OF THE WORK OF PENSIONS COMMITTEE APRIL - SEPT 2020 Pensions Board 18th November 2020	Classification PUBLIC	Enclosures One AGENDA ITEM NO. 6
	Ward(s) affected ALL	

1. INTRODUCTION

- 1.1 The purpose of this report is for the Pensions Board to consider the work undertaken by the Pensions Committee at its meetings in the period from April 2020 to September 2020 and to note items that are relevant to the work of the Pension Board. It also includes a forward look at the upcoming work of the Committee during 2020/21.

2. RECOMMENDATIONS

- 2.1 The Pensions Board is recommended to note this report.

3. RELATED DECISIONS

- 3.1 Pensions Committee (24th June 2020)
- 3.2 Pensions Committee (30th September 2020)

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

- 4.1 Understanding the remit of and decisions taken by the Pensions Committee helps the Pensions Board to assist Hackney Council as the administering authority in ensuring the efficient and effective governance and administration of the Fund, in

line with its statutory duties. Good governance of the Fund helps to ensure its long term financial health and that of its stakeholders, including the Council.

4.2 There are no immediate financial implications arising from this report.

5. **COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES**

5.1 The role of the Pensions Board is prescribed by Section 106 of the Local Government Pension Scheme Regulations 2013 and includes the following:

- Securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
- Ensuring the effective and efficient governance and administration of the Scheme and any connected scheme

5.2 Reviewing the work and decision-making processes of the Pensions Committee helps the Board to ensure that decisions are being taken in line with the Local Government Pension Scheme Regulations 2013 and other relevant legislation, and that the scheme's governance and administration processes are efficient and effective.

5.3 Taking into account the role of the Pensions Board as set out in the Regulations, the consideration of the work of the Pensions Committee would appear to properly fall within the Board's remit.

6. **BACKGROUND TO THE REPORT**

6.1 Whilst not a decision making body for the Pension Fund, the Board does have a broad remit to review the decision-making process of the Pensions Committee and in particular, matters relating to scheme administration and governance. Unfortunately, at the time of writing this report, it is not possible to provide the links to the published reports for the June and September meetings in the usual manner. Instead PDF versions of the agendas and papers for those meetings will be included for the Board's information.

6.2 In addition to the above formal meetings, a workshop was held on 28th July in order for members of the Committee to discuss in detail a revised set of investment beliefs in order that these could be used to inform future discussions on the review of the Fund's investment strategy at relevant Committee meetings.

6.2 At its June 2020 meeting, the Committee considered the following reports:

- Covid 19 Impact Update

- Investment Strategy Review Timetable and ISS Update
- Quarterly Update
- Contract Extension - Actuarial and Benefits contracts
- Infrastructure - training and initial strategy decision

6.3 At its September 2020 meeting, the Committee considered the following reports:

- Quarterly Update Report
- Staffing Arrangements
- Investment Strategy and Training
- Pensions Administration Strategy
- Pension Fund Report and Accounts
- Pensions Committee Business Plan
- Pension Fund Budget
- Pension Fund Treasury Strategy

6.5 Where Pensions Committee work has specific relevance to the Pension Board and where the subject matter is such that it would be helpful for the Board to consider it in greater detail, these have become dedicated papers for the Board agenda. In other areas, it is worth highlighting either reports or elements of Committee reports that are of relevance to the Board.

6.6 As a standing item on the Pensions Committee agenda, the quarterly monitoring report provides both the Pensions Committee and the Board with an update on the key facts pertaining to the Pension Fund. Updates are provided on funding, investment performance, budget monitoring, responsible investment, pensions administration and reporting of breaches. Key to the role of the Board is ensuring that the Fund is being administered in accordance with the regulations and the quarterly report helps demonstrate that the Committee receives regular updates on a number of issues covered by statute. Of particular relevance to the Board are the sections on administration performance and reporting breaches.

6.7 Key items particularly relevant to the Board from the June 2020 meeting were the impact of Covid 19 on the operations of the Fund, including administration, funding and investment. The report set out how processes in respect of administration by both the in-house team and third party administrators had been amended to ensure that key tasks such as payments of benefits and bringing new pensions into payment, etc are prioritised and not delayed as a result of home working.

6.8 A further key item from the June meeting is the extension of the contracts in respect of the actuarial and benefits consultancy contracts with Hymans and Aon respectively. These decisions were made in order that a new procurement exercise could take place during 2021 using a revised and updated Actuarial, Benefits and Governance Consultancy Framework.

6.9 At its September 2020 meeting, the Committee approved the final Administration Strategy, previous drafts of which had been considered at the last Pensions Board

in March 2020. It also approved the annual report and accounts covering the 2019/20 financial year for publication along with the Fund's budget and treasury strategy for the current financial year.

- 6.10 At both meetings, along with the workshop in July, the work to revise and refresh a new investment strategy was progressed following finalisation of the triennial valuation in March 2020.

7. UPCOMING WORK

- 7.1 Over the coming months, the main focus of the Committee will be to finalise its work on and to approve the investment strategy covering 2020 - 2023 review following the completion and agreement of the 2019 triennial valuation. The Committee will build upon the work of the workshop held in July and a further workshop to be held in November to consider its beliefs and the interaction of its funding strategy.
- 7.2 The Committee will also be considering a number of policy updates over the coming months, including its conflict of interest policy and statements in respect of Governance, Policy & Compliance. Further to this it will review the third party administrator's processes and procedures, updates on the McCloud calculation exercise and GMP rectification.

Group Director of Finance & Resources

Report Originating Officer: Michael Honeysett (020 8356 3332)

Financial considerations: Jackie Moylan (020 8356 3332)

Legal comments: Angelie Walker (020 8356 6994)