

## AGENDA ITEM 7

| REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES  |                                    |   |
|--|------------------------------------|---|
| <b>REVIEW OF THE WORK OF PENSIONS COMMITTEE OCTOBER 2020 - MARCH 2021</b><br><br><b>Pensions Board</b><br><b>17th March 2021</b> | Classification<br><b>PUBLIC</b>    | Enclosures<br><br>One<br><br><b>AGENDA ITEM NO.</b> |
|  | Ward(s) affected<br><br><b>ALL</b> |   |

### 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 October 2020 to March 2021 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 2021/22.

### 2. RECOMMENDATIONS

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

### 3. RELATED DECISIONS

- 3.1 Pensions Committee (14th January 2021)
- 3.2 Pensions Committee (15th March 2021)

### 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. The links to the Committee meetings covered in this report are as follows:

- January 2021:

[Documents to be published online](#)

- March 2021:

[https://drive.google.com/drive/folders/1rJ0CsJ2KcAmaSW7is\\_MjEo05Q5Ee1VHn](https://drive.google.com/drive/folders/1rJ0CsJ2KcAmaSW7is_MjEo05Q5Ee1VHn)

6.2 In addition to the above formal meetings, a workshop was held on 2nd December 2020 in order for members of the Committee to discuss in detail proposed changes to the Fund's investment strategy and specifically the asset allocation in order to inform future decisions regarding the Fund's investment strategy at relevant subsequent Committee meetings.

6.2 At its January 2021 meeting, the Committee considered the following reports:

- Implications of the £95k Exit Cap
- CMA Investment Consultant Assessment Against Objectives
- Under/Overpayment Policy and GMP Update
- Quarterly Update
- Pensions Committee Annual Report 2019/20
- Investment Strategy - Asset Allocation

6.3 At its March 2021 meeting, the Committee considered the following reports:

- LCIV Update - Responsible Investment and Renewable Infrastructure
- Responsible Investment Timetable
- Pension Fund Risk Register - Training/Update
- Pensions Fund Business Plan 2021/22 - 2023/24
- Quarterly Update Report
- Custodian Contract Extension
- Investment Strategy Implementation Timetable
- Private Lending Performance Update

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 usually 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 It should be noted that due to the impact of the cyber attack on the Council we have been unable to complete budget monitors due to a backlog of transactions processed. We had been unable to process journals into the financial ledger as a result of this. I am pleased to say that the ability to process journals has now been reinstated and the accounting transactions are being brought up to date ahead of the closure of the accounts at the end of this month.

- 6.8 Key items particularly relevant to the Board from the January 2021 meeting were the implications of the £95k exit cap on administration (also covered at the last Board meeting) and the under/overpayment policy and GMP.
- 6.10 At its March 2021 meeting, the Committee approved the Pension Fund Business Plan for 2021/2024 and considered the updated risk register in detail.
- 6.11 At both meetings, along with the workshop in December 2020, the work to revise and refresh a new investment strategy was progressed further and the Committee is now looking at the actual implementation of the revised strategy.

## **7. UPCOMING WORK**

- 7.1 Over the coming months, the main focus of the Committee will be the implementation of the investment strategy and further work on the development of its responsible investment policy, including environmental, social and corporate governance issues.
- 7.2 The Committee will also be considering a number of policy updates including the administering authority and employing authority discretion policies, voting policy, voluntary scheme pays policy and cyber crime policy update. Further to this it will also receive updates on major projects such as the McCloud rectification, good governance and pensions administration strategy.

## **Group Director of Finance & Resources**

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