

MINUTES OF THE PENSIONS BOARD

11 OCTOBER 2021 AT 10AM

THE MEETING WAS CONDUCTED REMOTELY AND CAN BE VIEWED HERE:

[HTTPS://YOUTU.BE/VwhHDAMJqC8](https://youtu.be/VwhHDAMJqC8)

Members Present: Samantha Lloyd (Chair) (Scheme Member Representative), Michael Hartney (Scheme Member Representative), Hugo Sparks (Employer Representative)

Officers: Jackie Moylan (Director - Financial Management), Michael Honeysett (Interim Head of Pensions), Peter Gray (Governance Services Officer)

In Attendance: Catherine Pearce - Aon, Mike Mordecai - Equiniti

1. Apologies for Absence

1.1 There were no apologies for absence.

2. Declarations of Interest

2.2 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.

Matters Arising

3.2 Michael Honeysett confirmed that back pay payable, where known, was reflected in the financial accounts.

3.3 Michael Honeysett said that work would be carried out in relation to the frequency of meetings of the Pensions Board and the appointment of a Employer representative to the Board prior to next Board meeting

4. Training

4.1 Catherine Pearce presented to the Board on the The Good Governance Project:

- Background and Timeline
- Phase 1 conclusions

- Phase 1 proposals
- Phase 2 Working Group
- Phase 3 - Detail of the recommendations to be implemented
- Conflicts of Interest and representation
- Knowledge and Understanding
- Service Delivery
- Compliance and Improvement
- Next Steps

4.2 The Chair referred to the good practice contained within the proposals and asked about the background to the proposals. Catherine Pearce confirmed that many of the structures referred to were already embedded in Local Government Funds but that there were concerns that other sector Funds' policy making decisions were not in the interest of funds.

4.3 Catherine Pearce presented to the Board on the Regulator's new code, highlighting the following:

- The five sections:
 - *The Governing Body - best practice under governing body*
 - *Funding and Investment*
 - *Administration*
 - *Maintenance of IT systems*
 - *Cyber controls*
 - *Communication and disclosure*
 - *Reporting to the TPR*

4.4 Michael Hartney asked if data monitoring was a new initiative. Catherine Pearce confirmed that this was not a new initiative and should be carried out by all Funds.

4.5 The Chair asked what action Hackney's Fund would be taking in regard to the proposals. Michael Honeysett confirmed that it would be necessary to defer any action in some areas until such time as final proposals were released but that work was currently being carried out on data flow. It was anticipated that the Governing Body referred to would be the Council's Pensions Committee.

5. Review of the work of the Pensions Committee - April to September 2021

5.1 Michael Honeysett introduced the report on the work undertaken by the Pensions Committee at its meetings in the period April 2021 to September 2021 and to note items that are relevant to the work of the Pension Board. The report also included a forward look at the upcoming work of the Committee during 2020/ 21.

5.2 In addition to the formal meetings of the Committee , a workshop was held on 22nd September 2021 in order for members of the Committee to discuss in detail the development of the Committee's approach to responsible investment strategy and policy and to start considering a refresh of its climate change target.

5.3 At its June 2021 meeting, the Committee considered the following reports:

- Responsible Investment - Fund Manager Policies and Alignment,

- Funding strategy statement update,
- Actuarial funding Issues and Update,
- Quarterly Update,
- Regulatory update report,
- Fund administration policy updates.

5.4 At its September 2021 meeting, the Committee considered the following reports:

- Cash flow monitoring,
- Funding and investment considerations,
- Quarterly update report,
- Employer flexibilities,
- Responsible investment update,

5.5 Michael Honeysett told the Board that over the past two weeks a large sum had been transferred to investments via London CIV from existing mandates. Upcoming work included a report on the final stages of the investment strategy, new targets on fossil fuel and the triennial valuation report. An additional meeting of the Pensions Committee had been scheduled for November to consider the Annual Report and 3 updated policies

5.6 Michael Hartney asked if a CIV representative would attend the Board with an update on governance and administration. He asked in relation to Identification documentation whether original documents continued to be required. Michael Honeysett reported that he would make arrangements for a CIV representative to attend the next meeting of the Pensions Board. He confirmed that copies of documents were used during the Pandemic and that the Web Portal could be utilized in this regard going forward, however at present original documents are required.

5.7 Michael Hartney asked for an update on any opt outs from the scheme. Michael Honeysett reported that the number of opt outs had not increased significantly. Some new employees who had been automatically enrolled had opted out. The reasons for opting out would be monitored.

RESOLVED:

- To note the report

6. Annual Benefits Statement

6.1 Mike Mordecai (Equiniti) reported to the Board on current difficulties in regard to the issuance of benefits statements. It was noted that not all statements that were due to be provided by the deadline of 31st August were issued by that time. There had been a number of reasons for the failure, including staff sickness and a failure in internal communications. Equiniti was already taking steps to address the issues that had arisen including the appointment of a new senior member of staff. There was to be increased resource and capacity planning with a review of current systems for producing statements. Michael Honeysett confirmed that the breach had been reported to the regulator and no action was to be taken, providing the situation was remedied by the end of October.

6.2 The Chair expressed concerns about the failures in regard to the issuance of benefits statements and asked that steps be taken to rectify this in advance of December 2021. She asked for an update on why the data set was creating difficulties. Mike Mordecai confirmed that the Equinity system was not sufficiently transparent and that there was a lack of a working interface.

RESOLVED:

- To note the report

7. Mayor Projects Update

7.1 Michael Honeysett introduced the report providing the Board with an update on the Fund's major projects relating to the GMP rectification, McCloud remedy and the development of an automated interface from payroll to the Pensions system (Pensions Data Service). All were important projects being undertaken by the in-house Pensions Administration team alongside the Council's third party administrators, Equiniti, the Governance & Benefits Consultants, Aon and our actuary, Hymans Robertson. The Pensions Data Service also included representation from the Council's payroll departments and the third party payroll software providers, Midland ITrent.

7.2 Officers have been working with the pension administrators, Equiniti, on a phased reconciliation project. The project was being undertaken by a specialist team within Equiniti's discontinuance department, and was separate from the main administration service provided to the Fund. Equiniti would report on compliance and any specific cases the Council needed to be involved with.

7.3 In relation to McCloud, confirmation of regulatory change was awaited. Data for the period 2014 to 2017 had been lost as a result of the Cyber attack but had been recreated using data held by Equiniti. A draft report on McCloud was expected by the end of the year.

RESOLVED:

- To note the report

End of Meeting

10:30

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