

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
REVIEW OF THE WORK OF THE PENSIONS COMMITTEE	Classification PUBLIC	Enclosures None
	Ward(s) affected ALL	AGENDA ITEM NO.
Pensions Board 16th March 2022		

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 2021 to March 2022 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 2022.

2. RECOMMENDATIONS

- 2.1. The Board is recommended to:

- Note the report

3. RELATED DECISIONS

- 3.1. Pensions Committee (23rd November 2021)
3.2. Pensions Committee (20th January 2022)
3.3. Pensions Committee (10th March 2022)

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND 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

- 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. REVIEW OF COMMITTEE WORK

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.

6.2. 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.

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

- November 2021

<https://drive.google.com/drive/folders/1FTjWdTgPTQiaxUxJqb046tV0CMZ9GfER>

- January 2022

https://drive.google.com/drive/u/1/folders/108JWZAanxFmCbE_D16VNLfNYLk2R_zKq

- March 2022

To be added

6.4. At its November 2021 meeting, the Committee considered the following reports:

- PF Annual Report and Accounts 2020/21
- CIPFA Knowledge and Skills Policy

- Tenders Update
- Competition Markets Authority (CMA) Order - Review of Investment Consultants Objectives
- Transitions Update & Investment Strategy Statement
- Annual Benefits Statements, Pensions Savings Statements and Guaranteed Minimum Pension Update
- Governance Policy and Compliance Statement Review

6.5. Key items particularly relevant to the Board were the CIPFA Knowledge and Skills Policy, the Annual Benefit Statements, Pensions Savings Statements and Guaranteed Minimum Pension Update and the Governance Policy and Compliance Statement Review.

6.6. At its January 2022 meeting, the Committee considered the following reports:

- Quarterly Update Report
- CMA Objectives
- Annual Report to the Council
- Pension Administration Strategy
- Responsible Investment Timetable
- Actuarial Valuation Assumptions

6.7. Key items particularly relevant to the Board were the Pensions Administration Strategy (brought in final form to the March 2022 Board meeting) and the Actuarial Valuation Assumptions.

6.8. 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.

6.9. During February 2022, a virtual workshop was held for Committee members to consider an early draft of the Fund's new Responsible Investment Policy and consider how the Fund might best engage with managers and investee companies going forward. It is proposed that a Responsible Investment Working Group (RIWG) be set up with up to 3 Committee members plus officers, to allow for member involvement in engagement whilst allowing more flexible meeting schedules than full Committee.

7. UPCOMING WORK

7.1. Over the coming months, one key focus of the Committee will be the actuarial valuation, including the production of the final cut of data (as at 31st March 2022) and the agreement of employer contribution rates. The Fund will also be putting a number of its contracts out to tender over the next year, which will require approval from the Committee.

- 7.2. The Committee will also need to consider the development of the Fund's approach to Stewardship given the introduction of the new Stewardship Code, as well as considering further changes to the investment strategy to pool more of the Fund's legacy assets and align with the 2022 funding strategy. The Committee will also continue to receive updates on major projects including the McCloud rectification, GMP rectification and the Pensions Data Service.

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Appendices

Appendix 1 - Draft Pension Fund Risk Policy

Appendix 2 - Risk Register