

Title of Report	Business Plan 2023 - 2026
For Consideration By	Pensions Committee
Meeting Date	30 March 2023
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams, Group Director Finance & Corporate Resources

1. **Introduction**

- 1.1. This report introduces the Pension Fund Business Plan for the period covering 2023/24 to 2025/26, as well as the proposed Fund budget for 2023/24. The Business Plan sets out the key tasks the Fund needs to undertake to fulfil its strategic objectives for the next 3 years; it also includes a draft plan of work for the Pensions Committee and communications plan for the current financial year 2023/24.

2. **Recommendations**

2.1. **The Pensions Committee is recommended to:**

- **The Pensions Committee is recommended to approve the Business Plan for 2023/24 to 2024/25 including the 2023/24 budget.**

3. **Related Decisions**

- 3.1. Pensions Committee 15th March 2021 – Business Plan 2021/22 to 2023/24
- 3.2. Pensions Committee 10th March 2022 – Business Plan 2022/23 to 2024/25

4. **Comments of the Group Director of Finance and Corporate Resources.**

- 4.1. The Pensions Committee acts as scheme manager for the Pension Fund and is responsible for the management of £1.8 billion worth of assets and for ensuring the effective and efficient running of the Fund.
- 4.2. Having a three-year business plan helps ensure that the Committee is able to plan and understand the financial decisions that it will be faced with over

the coming years. The decisions taken by the Committee impact directly on the financial standing of the Fund and can affect its ability to meet its liabilities. Ensuring prudent financial management helps to improve the overall financial position of the Fund, potentially impacting on the contribution rates payable by participating employers.

- 4.3. The main financial implication arising from this report relates to the approval of the budget for 2023/24.

5. **Comments of the Director of Legal, Democratic and Electoral Services**

- 5.1. The Council's constitution gives the Pensions Committee responsibility for various specified functions relating to the management of the Council's Pension fund. This includes setting the fund's strategic objectives and developing a medium-term plan to deliver these, and also setting an annual budget for the operation of the Pension fund. In carrying out those functions the Committee must have regards to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the Local Government Pension Scheme Regulations 2013. Those obligations include producing specific documents and complying with statutory deadlines.
- 5.2. It is sensible against this background, and consistent with good administration and governance, to set out a three-year business plan and schedule the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.
- 5.3. There are no immediate legal implications arising from this report.

6. **Background to the report**

- 6.1. The London Borough of Hackney is the Administering Authority for the Pension Fund; delegated powers under the Council Constitution have been given to the Pensions Committee to oversee its management. This includes monitoring of investments, making decisions on strategic asset allocation, appointing advisors, overseeing pension administration, setting budgets and receiving the annual report and accounts for the Pension Fund.
- 6.2. The business plan covers all the key strategic matters for the financial years 2023/24 to 2025/26, the majority of which will be covered by the Committee in some detail. Plans for 2023/24 include monitoring of emerging financial, demographic and legislative changes in order to take early action ahead of the 2025 valuation.
- 6.3. It also includes delivering the outcomes of the Pension Regulator's new General Code, undertaking a governance review to assess the effectiveness of the fund's governance arrangements, implementing the fund's new

third-party administration contract and software, along with the ongoing work regarding the McCloud judgement which during the 2023/24 financial year moves into the rectification stage where amendments to members' records are required. The Committee will also be asked to consider a range of policy documents, most of which require updating on either an annual or a triennial basis.

- 6.4. Also included within the business plan (section 6) is a draft communications plan for the new financial year 2023/24. This sets out the main areas to be targeted during the year.
- 6.5. Clarity over the longer-term strategic items within the business plan becomes more difficult into the future, but the current business plan sets out the key known variables at this stage. It is recognised that this continues to be a time of considerable change for the LGPS and that developments over the coming months could alter the business plan over the medium-term. It is also possible that some activity may be delayed due to work pressures, particularly if there are issues with recruiting to vacant positions within the Pensions Fund Management Team (which is a key item in this year's business plan).

Appendices

Appendix 1 - Business Plan 2023 - 2026 (Supplementary paper)

Appendix 2 - Budget 2023/24 (Supplementary paper)

Background documents

None

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