

Title of Report	High Level Monitoring Report
For Consideration By	Pensions Committee
Meeting Date	14 June 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 is a high level update on key strategic Pension Fund matters, including progress against the Business Plan, Strategic Objectives Scorecard and Risk Register. It also includes Breaches of the law. It provides the Committee with latest information on the position of the Fund since that reported at the last Committee. An overview of each area is given in the main body of the report and further detail can be found in the appendices.

2. **Recommendations**

2.1. **The Pensions Committee is recommended to consider and note:**

- **the progress against the Business Plan tasks and actions, and agreed Budget**
- **the current measures on the Strategic Objectives Scorecard**
- **the Risk Register and the risks identified**
- **the Breaches Register.**

3. **Related Decisions**

- 3.1. Pensions Committee 30 March 2023 – Business Plan, plus various previous policies and strategies agreed at Pensions Committees.

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 for around 26,000 scheme members and over 40 employers.
- 4.2. The three-year business plan and associated budget progress report,

strategic objectives scorecard, risk register and breaches register help ensure that the Committee is able to plan and understand the financial decisions required over the coming years, to monitor progress against strategic objectives, manage risks and consider breaches of the law. 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.

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 management of the Council's Pension fund. These include:

- To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pension legislation.
- To act as Scheme Manager for the Pension Fund.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
- To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.

5.2. In carrying out its delegated functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the Local Government Pension Scheme (LGPS) Regulations 2013 and the Local Government Pension Scheme(Management and Investment of Funds) Regulations 2016. Those obligations include producing and maintaining various policies and strategies, calculating and paying pension benefits, complying with various statutory deadlines and investing the fund's assets.

5.3. It is sensible against this background, and consistent with good administration and governance, to set out and monitor progress against a three-year business plan, measure progress against strategic objectives, manage risks, consider breaches and schedule the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.

6. **Business Plan Progress Update**

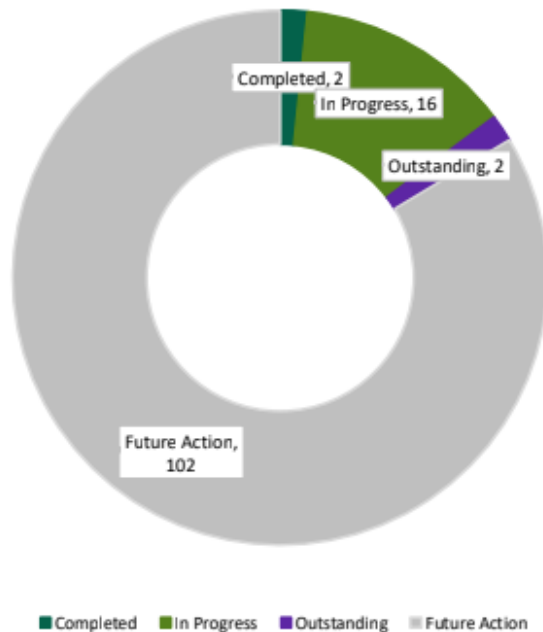
6.1. Key actions and tasks

A summary of progress overall and in each of "Governance", "Funding and

Investments”, “Administration and Communication” and “Supplier Reviews” is shown below. The information provided in the “Funding and Investments” section relates to Q4 2022/23 as this is the most recent information available; the updates for the remaining sections cover Q1 2023/24.

The appendix “Business Plan Progress Update” provides details of each key action/task.

Total 2023/24 Business Plan Actions
Q1 Update as at 31 May 2023



All Actions

Current Progress: Behind Target

Rating:

Total Number of Actions: 51

Progress overall is generally positive with only two areas that have not commenced as planned.

Governance

Current Progress: On Track

Rating:

Total Number of Actions: 14

Progress is a bit slower than hoped in the internal initiated tasks. Government initiated tasks have not commenced due to Government delays.

Funding and Investment

Current Progress: Behind Target

Rating:

Total Number of Actions: 7

In all but one area, good progress has been made.

Administration and Communications

Current Progress: Behind Target

Rating:

Total Number of Actions: 22

The administration and Communications actions are generally on track although some of the work is still in progress given the complex nature of it, coupled with the new contract terms and resourcing constraints

Supplier reviews

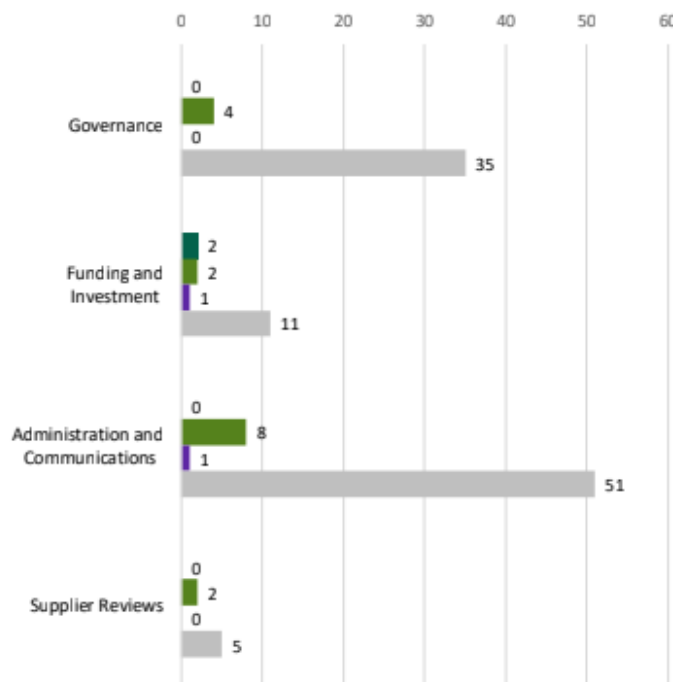
Current Progress: On Track

Rating:

Total Number of Actions: 8

Both current tenders are in progress although are likely to go into Quarter 2

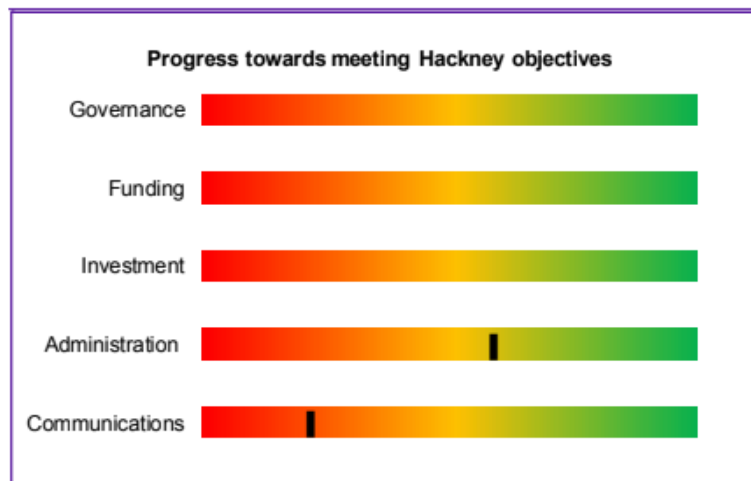
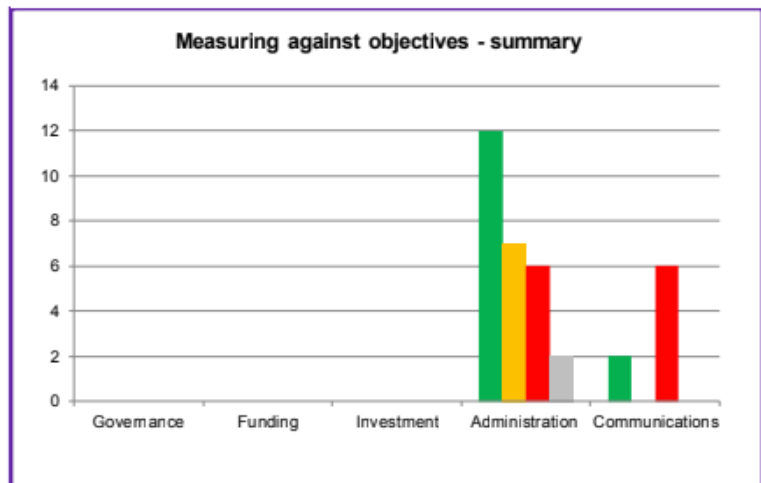
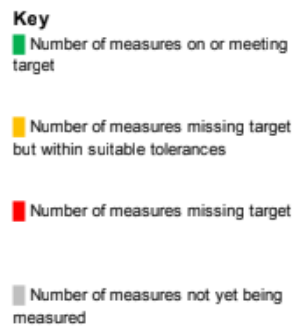
Split by Area



6.2. Budget - Budget monitoring for Q1

7. **Strategic Objectives Scorecard**

- 7.1. The Strategic Objectives Scorecard currently includes Administration and Communications only but will be extended to include Governance, Funding and Investment in future.
- 7.2. The graphic below summarises progress towards meeting objectives for both administration and communications.
- 7.3. A high number of communication measures are red due to customer satisfaction surveys for members and employers not having been carried out during the past year, due to other competing priorities. Therefore, this is not a reflection that there have been high levels of dissatisfaction in the service being provided but is due to the fact that there has not been any data to analyse.



7.4. The appendix “Strategic Objectives Scorecard” sets out information relating to each specific measure showing:

- the current position
- the frequency of the measure
- a comparison of the current position against the previous report (this is the first report so this will be shown from the next committee meeting onwards).

8. **RISK REGISTER**

8.1. The Fund’s risks are shown in the appendix “Risk Register”.

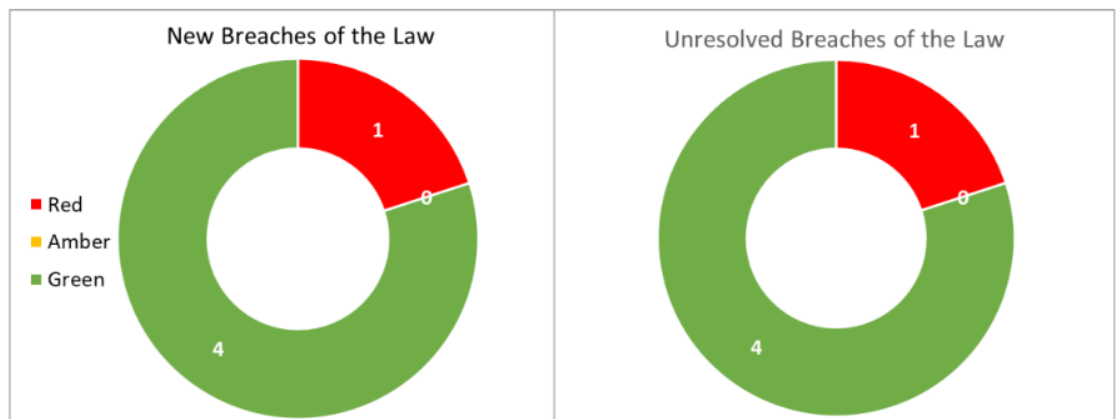
8.2. The Risk Register's All Fund Risk Heat Map provides an overview of the risks and how they have moved since the last review of the register. The colour within each number's box also indicates the target for that risk. There are three detailed Risk Registers (Governance, Funding and Investment, and Administration and Communications) which detail the individual risks.

8.3. The areas currently categorised as high risk where the target is amber or green are:

- Potential financial/data loss or systems downtime due to cybercrime (governance risk 10)
- The increase in inflation which can erode asset values causing cashflow issues (funding and investment risk 7)
- Poor delivery of administration contract resulting in poor member experience and potential breaches of legislation/failure to meet SLA's (administration risk 1)
- The impact of the McCloud remedy on the quality and timeliness of the administration of the Fund (administration risk 7)
- Service Interruption due to the administration system software upgrade which may impact the ability to effectively administer benefits to members (administration risk 9)

9. **BREACHES OF THE LAW**

9.1. The breaches register as at 31 May 2023 is attached as appendix "Breaches Register" to this report. There were five breaches identified since 1 April 2023, relating to late contributions, late remittance advice and vacant positions on the Pension Board. Four are rated green and one is rated red. Generally, only breaches rated red might be of material significance to the Pensions Regulator and hence reportable albeit they are considered on their individual merits.



- 9.2. The red breach relates to two vacant scheme member representative members on the Pension Board. Application forms have now been received that will be considered by the Appointments Panel. Given the Board hasn't met since September 2022 and are unlikely to meet for another month or two, this breach is being reported to The Pension Regulator.
- 9.3. Unfortunately due to the transition to the new contract with Equiniti, information relating to breaches relating to late disclosure of information to scheme members (for example, retirements not being finalised within legal deadlines or new members not receiving scheme information within legal deadlines) is not yet available. This is hoped to be available for the next Committee meeting. It is worth noting that such delays can be for various reasons, including the employer failing to provide information to Equiniti in good time, a scheme member not responding quickly with requested information or Equiniti being slower in their processes than is required.

Appendices

- Appendix 1 - Business Plan Progress Update
 Appendix 2 - Strategic Objectives Scorecard
 Appendix 3 - Risk Register
 Appendix 4 - Breaches Register

Background documents

None

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