

MINUTES OF A MEETING OF THE PENSIONS COMMITTEE

WEDNESDAY 14 JUNE 2023

- Councillors Present:** Councillor Kam Adams in the Chair
Cllr Robert Chapman (Vice-Chair) and
Cllr Lynne Troughton
- Co- Optees:** Jonathan Malins-Smith
- Apologies:** Cllr M Can Ozsen, Cllr Ian Rathbone, Cllr Margaret Gordon and Cllr Ben Hayhurst
- Officers in Attendance:** Rachel Cowburn (Head of Pension Fund Investment and Actuarial), Jackie Moylan (Director of Financial Management), Angelie Walker (Senior Lawyer), and Rabiya Khatun (Governance Officer)
- Also in Attendance:** Jill Davys and Sam Yeandle (Redington Investment Consultancy)
Catherine Pearce and Karen McWilliam (Aon Consultant).

1 Appointment of Chair and Vice-Chair of the Pensions Committee for the Municipal Year 2023/24

RESOLVED:

The Committee noted the appointment of Cllr Kam Adams as the Chair and Cllr Robert Chapman as the Vice- Chair of the Pensions Committee for the municipal year 2023/24.

2 Terms of Reference of the Pensions Committee for the Municipal Year 2023/24

RESOLVED:

The Committee noted their Terms of Reference of the Pensions Committee for the municipal year 2023/2024.

3 Apologies For Absence

3.1 Apologies for absence were received from Cllrs Ozsen, Gordon, Hayhurst, Rathbone and Henry Colthurst.

3.2 Apologies for lateness have been received from Cllr Gordon.

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- 3.3 It was noted that Cllr Gordon (joined at 7.30pm), Cllr Hayhurst and Jonathan Malins-Smith had joined the meeting remotely. Councillors accessing the meeting remotely, were reminded that they were not counted as being 'present' for the purposes of the Local Government Act 1972 and may not vote on any item under consideration. At the discretion of the Chair, the Councillors may however participate in non-decision making capacity.

4 Declarations of Interest - Members to declare as appropriate

- 4.1 Cllr Chapman declared that he was an LGPS pensioner.
- 4.2 Cllr Adams declared that his partner was a member of the LGPS.
- 4.3 Karen McWilliam declared an interest at item 8 - Threadneedle CNRET Update as an adviser for another Pension Fund and left the meeting prior to consideration of this item.

5 Consideration of The Minutes of The Previous Meeting

RESOLVED:

That the minutes of the previous meetings held on 30 March 2023 and 27 April 2023 be agreed as a true and accurate record of proceedings.

The Chair considered item 7 on the agenda before item 6.

7 Exclusion of The Press And Public

RESOLVED:

That the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt Report/Appendices at items 6, 8, 10 and 14 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

6 Investment Strategy Implementation - EXEMPT

The discussion and decision relating to this item is exempt.

(Karen McWilliam left the room prior to the consideration of item 8)

8 Threadneedle CNRET Update -EXEMPT

The discussion and decision relating to this item is exempt.

9 Draft Pension Fund Statement of Accounts

- 9.1 Rachel Cowburn Head of Pension Fund Investment and Actuarial, introduced the Draft Statement of Accounts for the London Borough of Hackney Pension Fund for the year ended 31st March 2023. The audit of the accounts had not yet commenced and a timetable for the audit was not yet available. It was emphasised that the Fund's 2020/21 and 2021/22 Annual Reports remained in draft status due to the ongoing

backlogs across local government audit largely due to a national issue in relation to infrastructure assets.

RESOLVED:

To note the contents of the report.

10 Quarterly Update Report

10.1 The Committee noted the Supplementary paper circulated prior to the meeting.

10.2 Rachel Cowburn, Head of Pension Fund Investment and Actuarial introduced the Fund's quarterly report providing an update on performance across the following key areas since the last meeting: Governance, Funding and any changes in participating employers, Investment, including an update on the London CIV and implementation of the Fund's Responsible Investment policy, and Pension administration and communications.

10.3 Catherine Pearce, AON highlighted the following point:

- Cyber update
- Funding and Investments Update
- Administration and Communications Update - McCloud Programme
There was a significant risk of the Fund not being able to administer benefits in line with the McCloud remedy due to the delay in the Compendia software development until the regulations were finalised which would create some uncertainty in relation to administering benefits. Equiniti had proposed an alternative plan for administering the benefits from 1 October 2023 which involved a period where benefits would be calculated and subsequently revisited. This risk would be reflected in the risk register.

10.4 Following the introduction, Members of the Committee asked question which were responded to as follows:

- In response to a question relating to the consultation, it was stated that consultation was being undertaken on LGPS regulations, which was impacting on the Compendia software development
- In response to the query regarding a further consultation, it was explained that there was currently a consultation on the LGPS regulation. However, some consultations were for the entire public sector and some were specific to the LGPS. There had been some delays nationally as a result of the liaison between different public sector schemes to ensure the broad policy was being followed.
- In response to the workstream issue, the Benefit Rectification workstream was progressing as expected and Equiniti would revisit the project plan and remediation specification document in line with the consultation response published on 6 April 2023 to determine if any updates were needed.
- Equiniti was expecting to deliver the solution from 1 October 2023.
- In response to a query about the number of scheme members that would be affected, it was stated that it would affect some members but the impact would be less and it was noted that good communication with scheme members was needed.

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- In response to a concern regarding meeting the deadline for the Annual Benefits Statement due to be issued on 31 August 2023, they were mindful of the pressures on Equinti but anticipated this would meet this deadline.
- In response to a question relating to the valuation, the funding level was estimated to be at 126% with a valuation value of £390m. The increase in the funding level had been the result of movement in yields.

RESOLVED:

- 1. To note the report.**
- 2. Approve extensions to the Fund's Actuarial Services Contract and Benefits and Governance Services Contracts until 31 December 2023.**

11 High Level Monitoring Report

11.1 The Committee noted the Supplementary paper circulated prior to the meeting.

11.2 Rachel Cowburn, Head of Pension Fund Investment and Actuarial, introduced the high level update on key strategic Pension Fund matters, including progress against the Business Plan, Strategic Objectives Scorecard and Risk Register. It also included Breaches of the law and the latest information on the position of the Fund since the last meeting.

11.3 Karen McWilliam highlighted the key actions and tasks in the Business Plan Progress Update on page 125.

11.4 Following the update, Members of the Committee asked question which were responded to as follows:

- In response to a concern regarding the delivery of pensions by the third party administrators Equiniti, this was discussed in EXEMPT session.
- Officers indicated that they would be mindful of meeting clashes before setting the workshop date in October 2023

RESOLVED to:

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

12 Stewardship Code Timeline

12.1 Rachel Cowburn, Head of Pension Fund Investment and Actuarial, presented a proposed timeline for work on the Fund's Stewardship Code submission, to ensure the Fund meets the deadline to submit in May 2024

12.2 Following the introduction, Members of the Committee asked question which were responded to as follows:

- In response to a question relating to the Fund, Jill Davys confirmed that the Fund was in a good position and an application would be submitted.
- In response to a query relating to a panel for engagement, it was confirmed that the Working Group had met on 8 March regarding the target.

RESOLVED:

To note the contents of the report.

13 Any Other Business Which in The Opinion Of The Chair Is Urgent

13.1 The Chair on behalf of the Committee recorded their thanks for Ian Williams his hard work and dedication over the years.

14 Consideration of the Exempt Minutes of the Previous Meeting

RESOLVED:

That the exempt minutes of the previous meetings held on 30 March 2023 and 27 April 2023 be agreed as a true and accurate record of proceedings.

Duration of the meeting: 6.30-8.50pm

Contact:

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