

HERTFORDSHIRE COUNTY COUNCIL

PENSIONS COMMITTEE

TUESDAY, 27 JUNE 2017 AT 11:30 AM

Agenda Item No:

2

PENSIONS COMMITTEE WORK PLAN FOR REMAINDER OF 2017-18

Report of the Director of Resources

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1. Purpose

The purpose of this report is to provide members of the Pension Committee a plan of agenda items that will come to this Committee for the remainder of 2017-18. This report also provides new members of the Pension Committee a brief introduction to the governance of both the Local Government Pension Scheme and the Fire Fighters Pension Scheme for which Hertfordshire County Council is the administering Authority for both schemes. As a reminder for all members of the Pension Committee this report also provides a summary of a number of key policy and strategy documents which are kept under regular review by this Committee.

2. Summary

- 2.1 The Hertfordshire County Council Pension Committee (PC) is responsible for the administration of both the Local Government Pension Scheme (LGPS) and the Fire Fighters Pension Scheme (FFPS). The Pension Committee has its delegation direct from full Council. The Committee's role with regards to both schemes is to set the Pension Fund Objectives and determine and maintain appropriate strategies, policies and procedures with ongoing monitoring of the Fund's activities.
- 2.2 From 1 April 2015, the Public Service Pensions Act 2013 introduced a further layer of governance in the form of Local Pension Boards. The role of the Boards is to assist the Administering Authority (Hertfordshire County Council) to secure compliance relating to governance and administration for both the LGPS and FFPS.
- 2.3 Attached as appendix A to this report is the business plan of work for the remainder of 2017-18 that sets out some of the key activities that officers will be undertaking over this period and papers that will be brought before this Committee. Both the LGPS and FFPS Boards have separate work plans which will include the review of certain administration policies and

proposing amendments for approval by the Pension Committee. The Pension Boards will also review decisions of the Pension Committee.

- 2.4 Allied to this work agenda it's essential that the knowledge of both the members of the PC and PB is developed so that they understand and can make/scrutinise decisions diligently, training will cover a number of areas to include but not limited to: investments, actuarial assessment, policy understanding, accounting, regulatory and legal, and communications. Training will be delivered to compliment certain pieces of work that both the PC and PB may be reviewing at a particular time in the pension cycle for example the actuarial valuation of the Fund or final accounts. It is proposed that an annual business and training plan will come to both the Pension Committee and both Pension Boards for agreement on an annual basis
- 2.5 The Pension Committee meets six times per year; two of these meetings will be for the purpose of meeting some of the Fund's investment managers.

3. Recommendations

- 3.1 That the Committee notes the content of this report.

4. Background

- 4.1 As Administering Authority for both the LGPS and the FFPS, the Council has delegated the responsibility for both schemes to the Pension Committee. As referred to in 2.2 the governance and administration of both schemes is supported by two local pension boards made up of equal employer and member representatives. The role of both these boards is to support and assist the PC in the delivery of its governance function and certain monitoring functions such as the oversight of the administration contract with the Local Pensions Partnership. In addition, both Boards will also review strategies and policies approved by the Pension Committee and may ask the Committee to review certain decisions.
- 4.2 The LGPS is a funded scheme in that contributions are made by both employers and members in the scheme; these contributions are invested through the Fund's investment managers with the key objective of ensuring that there are sufficient funds to meet the Fund's future liabilities. There are a number of policies and strategies that underpin the LGPS for which the Pension Committee has responsibility and a brief introduction to some of these key documents will be provided in this report.
- 4.3 Unlike the LGPS, the FFPS is an unfunded scheme in that members of the scheme make contributions through salary contributions and a top up grant is received from Central Government to meet any difference between income (member contributions) and expenditure (pension payments). The degree of oversight of the FFPS is reduced in that there is no investment strategy and fund manager performance monitoring to undertake and the main agenda items that will come before this Committee will be the approval of administering authority employer discretions and other member policies that are revised and need PC approval.

- 4.4 A forward plan of work and associated training in the form of a business plan will be brought to this committee for agreement on an annual basis. Both the FFPS and LGPS Boards will also have annual work plans and training to support their role in supporting this Committee.
- 4.5 From time to time a working group of cross-party members may be required to be set up to review a particular piece of work such as the Fund's investment strategy with the objective of agreeing and proposing a new strategy for recommendation to this Committee for approval.
- 4.6 Appendix A sets out the schedule of meetings for the Pension Committee and agenda items that will come to this Committee. The agenda will include papers that are business as usual items such as performance reporting, risk and governance, and asset pooling

5. Key Strategies and Policies

- 5.1 There are a number of key policies and strategy documents which need to be kept under review for both the LGPS and FFPS. These are listed below and the latest version of these reports can be found on the pension fund website <https://www.yourpension.org.uk/Hertfordshire/Fund-information/Policy-statements.aspx> .

5.2 Annual Report

This report sets out the annual accounts for the Pension Fund, LGPS, for the previous financial year. Within the annual report are the following documents:

- Administering Authority report
- Financial Statements
- Investment Report
- Funding Strategy Statement

The annual accounts will be presented to this Committee in September along with the Auditors report following the audit of the accounts. Statements and notes relating to the FFPS are contained in the main accounts of the County Council. The latest audited version of the accounts can be found on the pension fund website <https://www.yourpension.org.uk/Hertfordshire/Fund-information/Annual-reports.aspx> .

5.3 Funding Strategy Statement (FSS)

This sets out the strategy for prudently meeting the Fund's future pension liabilities over the longer term, including the maintenance, as far as possible, of stable levels of employer contributions. It also identifies the key risks and controls facing the Fund and includes details of employer contribution rates following the triennial valuation of the Fund. The Fund was last valued at 31 March 2016 and the current FSS was approved by the Pension Committee on 7 March 2017. The next valuation of the Fund will take place on 31 March 2019. This document is only applicable to the LGPS and not the FFPS.

5.4 Investment Strategy Statement

The Investment Strategy Statement (ISS) sets out the Hertfordshire Pension Fund's investment objectives. The Local Government Pension Scheme (Management and Investment of Funds) regulations 2016 require all pension funds to prepare, maintain and publish an ISS. This document is designed to explain to fund members, employers and any other interested parties how the Fund's assets are managed and the factors taken into account in so doing. The latest version of the ISS was approved by this Committee at its meeting held on 31 March 2017. This document is only applicable to the LGPS and not the FFPS.

5.5 Communication Strategy

This details how the Fund provides information and publicity about the Pension scheme to its existing members and their employers and methods of promoting the Pension scheme to prospective members and their employers. It also identifies the format, frequency and method of distributing such information or publicity.

5.6 Governance Compliance Statement

This is a written statement setting out the administering authority's compliance with good practice governance principles. These principles are grouped within eight categories which are listed within the statement. The principles cover areas such as structure, member representation, voting, meetings etc. It also sets out the functions delegated to the Pension Committee as well as the terms of reference for both the Pension Committee and Pension Boards. This statement is prepared in accordance with the Local Government Pension Scheme Regulations 2013 which require administering authorities to maintain and publish a governance compliance statement. This statement was approved by the Pension Committee on 5 February 2016.

5.7 Administration Strategy

The Pension Fund is committed to providing a high quality pension service to both members and scheme employers and ensuring that the Pension Fund is effectively governed. The administration strategy sets out standards and guidelines agreed between employers and the Fund and its aim is to set out the roles and responsibilities of the Pension Fund and its scheme employers in administering the Scheme. It seeks to promote good working relationships and improve efficiency between the Pension Fund and its scheme employers.

5.8 Administering Authority Discretions Policy

Regulations allow the County Council as the administering authority to choose how or whether to apply certain discretions for administering the scheme and the Pension Fund. Examples of discretions include the abatement of pensions for members returning to work, the award of death grants and purchase of additional pension through additional voluntary contributions. Employer bodies within the scheme will also have their own discretionary policies to cover areas such as flexible retirement, ill health awards and early retirement without deduction of pension.

6. Forward Plan

- 6.1 The following Forward Plans sets out the planned activities for the remainder of 2017/18. This plan may be amended to include additional activities relating to matters that must be brought to the attention of the Pensions Committee.
- 6.2 The agendas on the forward plan contain part 1 and part 2 items. Part 1 items are held in public and part 2 items are held after the exclusion of press and public and contain business that involves the disclosure of exempt information.
- 6.3 Training will be provided to support Committee members to improve their knowledge and understanding of these activities.

Pensions Committee Forward Plan – Appendix A

Target Date	Agenda Item
27 June 2017	PART 1
	Risk and performance quarterly report
	Pension Committee work agenda for remainder 2017/18
	ACCESS asset pooling quarterly report
	Investment Manager voting report - Mercer report
	Investment Strategy Transition Plan – Mercer report
	PART 2
Funding and investment quarterly report	
4 September 2017	PART 1
	Audit Results Report – report of auditor Ernst & Young
	Response to the Audit Results Report 2016/17
	Pension Fund Annual Report and Statement of Accounts 2016/17
	ACCESS asset pooling quarterly report
	Revised Governance and Compliance Statement
	Communication Strategy
	Risk and performance quarterly report
PART 2	
Funding and investment quarterly report	
31 October 2017	PART 2
	Private Equity – Mercer report
	Private Equity manager presentations – managers attending tbc
29 November 2017	PART 1
	ACCESS asset pooling quarterly report
	Risk and performance quarterly report
	Pension Administration contract
	Pension Fund Business Plan 2017/18
	PART 2
	Annual Investment Management Costs Report
Funding and investment quarterly report	
28 February 2018	PART 1
	ACCESS asset pooling quarterly report
	Risk and performance quarterly report
	Treasury Management Strategy 2017/18

	PART 2
	Funding and investment quarterly report
22nd March 2018	PART 2
	Investment Manager presentations – managers attending tbc