



PENSIONS COMMITTEE

14 June 2016

Subject Heading:

**BUSINESS PLAN/ANNUAL REPORT
ON THE WORK OF THE PENSIONS
COMMITTEE 2015/16**

CMT Lead:

Andrew Blake Herbert

Report Author and contact details:

Debbie Ford
Pension Fund Accountant
01708432569
Debbie.ford@onesource.co.uk

Policy context:

*A Business plan demonstrates compliance
against Myners' principles for effective
decision making.*

Financial summary:

Any associated costs met by the Pension

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for
People will be safe, in their homes and in the community
Residents will be proud to live in Havering

SUMMARY

This report sets out the work undertaken by the Committee during 2015/16 and the plan of work for the following year (2016/17) along with an assessment of the training requirements for Members of the Committee. This will form the basis of the Pension Fund Business Plan.

This report explains why a Business Plan is needed and what it should contain.

RECOMMENDATIONS

1. Members to agree the Business Plan/ Report of the work of the Committee (See Appendix A) and refer it to full Council for consideration.

REPORT DETAIL

1. Each administrating authority is required by regulation 12 (3) of the Local Government Pension Scheme (LGPS)(Management and Investment of Funds) Regulations 2009 to include in its Statement of Investment Principles the extent to which the authority's policy complies with guidance given by the secretary of state. Compliance is measured against the six principles set out in the Myners Principles.
2. In a letter from the Department of Communities and Local Government (DCLG) to administering authorities dated 14 December 2009 reference is made to using guidance as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) on 11 December 2009. This is a guide to the application of the Myners Principle and includes suggested best practices that could be adopted to demonstrate compliance.
3. In Myners Principle 1: Effective Decision Making - suggested best practice is the creation of a Business Plan and a Training Plan. The Pensions Committee has, in recent years, prepared a report that has covered both Committee activities, including training and the general performance of the Fund. The latter is now a statutory requirement and will be prepared as part of the annual accounts process and included in the Annual Report. It is, however appropriate to continue to prepare a separate report on the activity of the Committee on an annual basis and this will be adopted as the Business Plan. The Business Plan will incorporate the Training Plan. This would also demonstrate compliance against Myners Principles 1: Effective Decision making.
4. CIPFA guidance suggests that the Business Plan is submitted to the committee for consideration and should contain:
 - Major milestones & issues to be considered by the committee
 - Financial estimates – investment and administration of the fund
 - Appropriate provision for training
 - Key targets & methods of measurement

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- Review level of internal & external resources the committee needs to carry out its functions
 - Recommended actions to put right any deficiencies.
5. It is important that all the Members of the Committee are adequately trained and briefed to make effective decisions and that members are aware of their statutory and fiduciary responsibilities and achieve the terms of reference of this Committee which are:
1. To consider and agree the investment strategy and statement of investment principles (SIP) for the pension fund and subsequently monitor and review performance
 2. Authorise staff to invite tenders and to award contracts to actuaries, advisers and fund managers and in respect of other related investment matters
 3. To appoint and review the performance of advisers and investment managers for pension fund investments
 4. To take decisions on those matters not to be the responsibility of the Cabinet under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 relating to those matters concerning pensions made under Regulations set out in Sections 7,12 or 24 of the Superannuation Act 1972.
6. The Pensions Regulator Code of Practice which came into force on 1 April 2015 includes a requirement for members of the Pension Committee/LPB to demonstrate that they have an appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Committee/LPB.
7. LGPS (Amendment) (Governance) Regulations 2015 states that Administering Authority must have regard to guidance issued by the Secretary of State. Guidance was issued by the Shadow Scheme Advisory Board in January 2015 and states that the Administering Authority should make appropriate training available to assist LPB members in undertaking their role. It was always the plan to adopt a training strategy that will incorporate Pension Committee member training with LPB members to keep officer time and training costs to a minimum.
8. A joint training strategy that incorporates Pension Committee member training with LPB members to keep officer time and training costs to a minimum, has been developed and agreed by the Pensions Committee on the 24 November 2015 and the Local Pension Board on the 6 January 2016. The Training Strategy can be found in **Appendix A - Annex C.**
9. The Training Strategy formally sets out the arrangements the London Borough of Havering Pension Fund will take in order to comply with the principles of the CIPFA CIPFA's Knowledge and Skills Code of Practice.

10. Training and development will be held having regard to the work plan as shown in **Appendix A - Annex B**. The training undertaken can be seen within **Appendix A - Annex D**
11. In line with the above, a report is attached as **Appendix A** and will be presented to the Full Council meeting being held in July 2016.

IMPLICATIONS AND RISKS

Financial implications and risks:

1. Training costs are met from the Pension Fund directly or via the Advisor Fee.
2. There is a considerable risk of poor decision making if Members of the Committee are not adequately trained.

Legal implications and risks:

The specialist training of those Members who oversee the administration of the Council Pension Scheme is highly desirable in order to help show the proper administration of the scheme. The Council's Constitution recommends that the Membership of the Pension Committee remains static for the life of the Council for the very reason that Members need to be fully trained in investment matters. The life of the Council is considered to be the four year term.

Otherwise there are no apparent legal implications in taking the recommended decisions.

Human Resources implications and risks:

None arising directly.

Equalities implications and risks:

None arising directly

BACKGROUND PAPERS

CIPFA Guide investment decision making and disclosure (Dec 09)
The Pensions Regulator Code of Practice 'Governance and administration of public service pension schemes'.
Shadow Scheme Advisory Board 'Guidance on the creation and operation of LPB in England and Wales'