

LONDON BOROUGH OF HAVERING

LOCAL PENSION BOARD

ANNUAL REPORT

2017/18



INDEX

Chairs Opening Remarks	Page 2
Introduction	Page 3
Role of the Local Pension Board	Page 3
Membership of the Board	Page 4
Board Meetings	Page 4
Matters Discussed by the Board	Page 5
Training	Page 5
Financial Position	Page 6
The Future	Page 7
Appendix 1 - LPB Members Training All Years	Page 8

Chairman's opening remarks.

It is my pleasure, as the Chairman of Havering Local Pension Board, to introduce the Board's 2017/18 Annual Report. The Local Pension Board was established in 2015 following changes in the Public Service Pensions Act 2013. The Board's task is to assist the council by making sure it is administering the Local Government Pension Scheme (LGPS) effectively and efficiently and is compliant with the law.

The Board met formally three times from April 2017 to March 2018 with the fourth meeting rolling into April 2018 due to a cancellation. The board members attended training and pension workshops during this period and spent time reviewing documents in preparation for board meetings. A new work plan was agreed at the start of the year and board members have worked through the work plan which covers a range of topics. Details and information of which are outlined in this report.

I would like to thank officers for their hard work and support in researching and preparing information for the discussions at pension board meetings and the on-going support and guidance for the board.

The pension environment is continually changing and the Board endeavours to keep abreast of these changes and is working hard to support and assist the council's pension administration in maintaining the high standards in the administration of the Fund.

The Board continues to develop its knowledge and skills and is actively working through the items on the work plan.

Mark Holder
Chair of the Local Pensions Board
18th June 2018

Introduction

1. Local Pension Boards are constituted entirely under the Public Service Pensions Act 2013 and are not local authority committees.
2. The role of each Board is to help ensure each scheme complies with governance and administration requirements. They may have additional duties, if scheme or other regulations so specify.
3. Pension Boards need to have an equal number of employer and member representatives. They may also have other members, such as independent experts. All Pension Board members have a duty to act in accordance with scheme regulations and other governing documents.
4. Scheme regulations (or scheme-specific guidance) may provide further detail on the scope of the Pension Board and how it should operate, for example how many Pension Board members need to attend a meeting to be quorate and how often it should meet.
5. This Annual Report has been established to ensure Pensions Committee are aware of work undertaken during the year and the future work plans.

Role of the Local Pension Board

1. The role of the Local Pension Board, as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to: -
 - Assist the London Borough of Havering Administering Authority as Scheme Manager:-
 - To secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
 - To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
 - In such other matters as the LGPS regulations may specify;
 - Secure the effective and efficient governance and administration of the LGPS for the London Borough of Havering Pension Fund;
 - Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
2. The Pension Board will ensure it effectively and efficiently complies with the code of practice of the governance and administration of public service pension schemes issued by the Pension Regulator;
3. The Pension Board will also help ensure that the London Borough of Havering pension Fund is managed and administered effectively and complies with the

code of practice on governance and administration of public service pensions schemes issued by the Pension Regulator;

4. The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively;
5. In support of its core functions the Board may make a request for information to the Pensions Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing;
6. In support of its core functions the Board may make recommendations to the Pensions Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Membership of the Board

The Board consists of 4 voting members, two representing employers and two representing scheme members.

Board members were appointed for a fixed term of 4 years, which could be extended for further periods subject to re-nomination.

Substitute members are not permitted.

Each Board member should endeavour to attend all Board meetings during the year and are required to attend at least 4 meetings each year, one of which must be the Annual Meeting.

In the event a Board member failed to attend three consecutive meetings, that individual would automatically be disqualified, unless failure was due to some reason approved by the Board before the date of the third consecutive meeting.

David Holmes and Virpi Raivio are appointed as Employer representatives and Mark Holder (Chairman) and Anne Giles as Scheme Member representatives.

Board Meetings

The Board met on three occasions up to the end of the financial year.

Meetings took place on 27 June 2017 (Annual Meeting), 26 September 2017, and 17 January 2018. The fourth meeting was cancelled in March 2018 and took place on the 24th April 2018.

Matters discussed by the Board

The following matters have been discussed by the Board:

- Pension training needs
- Tendering process for fund managers
- Pooled investments (London CIV)
- Annual report 2016/17
- Review of work plan
- Fair Deal and TUPE Transfer
- Pension regulator and scheme advisory board compliance checklist
- Administration key performance indicators
- Support for the board
- Pensions administration service changes
- Liability insurance
- Details of the Board's budget
- Pensions Committee meeting updates
- New arrangements with Local Pensions Partnership (LPP) to provide the Pensions Administration function for LBH
- Performance of the Pensions Administration Service

There have been no conflicts of interest involving any of the work undertaken by the board or during any agenda items.

Training

The board members are committed to the legal requirement to acquire the appropriate knowledge and skills and to demonstrate and evidence these legal requirements. To do this the Committee and the Board jointly adopted the CIPFA Knowledge and Skills Framework (KSF) in 2015, it has adopted a register that shows that the training and development being undertaken during the year. The register can be found in Appendix 1.

To summarise:

Members have attended an LGPS Board Seminar that was delivered by the Pensions and Lifetime Savings Association.

Individuals have completed on-line learning from the Pensions Regulator as well as other self-directed learning which includes reading and e-learning.

All members have undertaken a training needs analysis.

One area of training has been planned for the future for board members which is detailed in the shaded area at the end of Appendix 1. Further training events will be organised once the training requirements of the pension committee have been assessed due to changes from the recent election.

Financial Position

Local Government Pension Scheme Governance Regulations 2015 section 106(9) states that the expenses of a Local Pension Board (LPB) are to be regarded as part of the costs of administration of the fund held by the administering authority.

Guidance issued in January 2015 suggested that it is appropriate for the LPB to be given adequate resources to fulfil its task.

Terms of reference adopted by Governance Committee on the 11 March 2015 and then the Council meeting on the 25 March 2015 also states that the LPB is to be provided with adequate resources to fulfil its role.

The estimated budget agreed by the Administering Authority's Statutory Section 151 officer and costs incurred for 2017/18 are shown in the following table:

Description	2015/16 Estimate £	2015/16 Actual £	2016/17 Estimate £	2016/17 Actual £	2017/18 Estimate £	2017/18 Actual £	2018/19 Estimate £
Members Allowance & Travelling	3,000	1,346	3,000	1,189	3,000	1,569	3,000
Support Services – Internal Recharge	8,000	880	8,000	920	8,000	820	8,000
Printing, Stationary & Office Expenses	3,400	3,348	3,400	0	3,400	0	3,400
Communication & Computing	500	0	500	0	500	0	500
Professional Advice	10,000	0	10,000	0	10,000	0	10,000
*Training & Development	10,000	6,038	10,000	5,550	10,000	2,650	10,000
Total	34,900	11,612	34,900	7,659	34,900	5,039	34,900

*Training costs of £10,000 is to be shared with the Pensions Committee to keep officer time and training costs to a minimum. The amounts shown above represent the LPB share of the costs.

Budgets have been set to cover a four year period to reflect the period of term that the LPB appointees will serve. 2017/2018 is the third operational year of the LPB. The LPB is accountable to the Administering Authority and prior approval will need to

be sought from the Section 151 officer to amend budgets. The cost for the LPB is met from the Havering Pension Fund and approved by the Administering Authority's Statutory Section 151 Officer.

The Future

A new 18/24 month work plan has been agreed for 2017/18 and 2018/19.

This will cover the following areas:

1. Finalise the review of fair deal and TUPE policies and have a report on how the current changes, i.e. introduction of multi academy trusts and college reorganisation would impact on the Pension Scheme.
2. Ensure the pension regulator and scheme advisory board compliance checklist has been completed and is reviewed regularly.
3. Ensure a process is in place to make any items that have been identified as being non-compliant or partially compliant from the pension regulator and scheme advisory board compliance checklist are made fully compliant within agreed and acceptable timescales.
4. Request that the scheme manager provide evidence that the Administering Authority is meeting the pension regulators requirements in any areas that we require further assurance.
5. Review key performance indicators relating to the administration of the scheme and ensure an action plan is in place for indicators that are not meeting the agreed target.
6. Monitor progress of service transition of Pensions Administration to Local Pensions Partnership (LPP) and ensure that any changes to scheme administration are well planned and documented.
7. Review performance and statistical information and that there are processes in place to ensure that there is no poor service levels in any area of scheme management.
8. Ensure the scheme manager fully plans for any new legislation such as the General Data Protection Regulation (GDPR) which comes into force on the 25 May 2018 and we are compliant with all aspects of new legislation.
9. Report regularly to the pensions committee on the work of the pension board.
10. Ensure good communication and engagement between Pensions Board and Pensions Committee.

The Work Plan will be a live document and subject to change as necessary with a formal review at least every two years.

APPENDIX 1 – LPB MEMBERS TRAINING ALL YEARS

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
29 June 2015	Hymans – Fund Actuary delivered training: Why we are here Roles & Responsibilities Knowledge & Skills Brief overview of LGPS	Hyman's Office – One London Wall	KSF 1	£3,500 (shared equally between LBH and Redbridge)	Justin Barrett – Employer rep Mark Holder - Member rep Marshajane Thompson – Member rep David Holmes – Employer Rep
12 Aug 2015	Officers - Local Pension Board Induction covered: ○ Brief overview of the havering Pension fund ○ How the scheme is funded ○ Governance Structure ○ Key parties in the Fund ○ Investment Monitoring ○ Strategy documents ○ Valuation ○ LPB reporting requirements	Town Hall – Prior to Local Pension Board meeting	KSF 1,2,4,5 & 6	Officer Time	Mark Holder - Member rep Justin Barrett – Employer rep (chair)
6 January 2016	Hymans – Fund's Actuary delivered TUPE Transfer Training, covered: • What is TUPE • Pension Protection & Regulations • Admission bodies documents & securities • Cessations	Town Hall – prior to Local Pension Board meeting	KSF 6	£3,500	Mark Holder - Member rep Justin Barrett – Employer rep (chair)

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
25 April 2016	Pensions & Lifetime Savings Academy (PLSA) covered: • Governance Structure of LGPS • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards	PLSA Offices, London	KSF 1	£450.00 + VAT	Mark Holder – Member Rep
15 June 2016	Pensions & Lifetime Savings Academy (PLSA) covered: • Governance Structure of LGPS • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards	PLSA Offices, London	KSF 1	£900.00 + VAT	Marshajane Thompson – Member Rep Justin Barrett – Employer Rep (chair)
7 October 2016	Eversheds – LGPS: New Challenges, covered: • Update on LGPS Pooling • New Fair Deal update • 2016 Valuations • Legal, Investment & Brexit update	Eversheds, one Wood Street, London	KSF 1 & 6	£100?	David Holmes – Employer Rep

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
28 November 2016	Pensions & Lifetime Savings Academy (PLSA) covered: • Governance Structure of LGPS • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards	PLSA Offices, London	KSF 1	£450.00 + VAT	David Holmes – Employer Rep
13 December 2016	Hymans - Joint training with Pensions Board - Valuation 2016 Results covered: • 2016 Valuation framework • Valuing liabilities • Actuarial assumptions • 2016 results • What changed since 2013	Havering Town Hall	KSF 6	£2,000	Mark Holder – Member rep David Holmes – Employer Rep
23 January 2017	Hymans - Joint Training with Pensions Board – Investment Strategy Training covered; • New investment Regulation 2016 • Overview of ISS/DCLG Guidance	Havering Town Hall	KSF 5	£2,100	Justin Barrett – Employer Rep (chair) Mark Holder – Member Rep David Holmes – Employer Rep Anne Giles – Member Rep

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
	• What changed between SIP/ISS • Asset allocation rebalancing • Investment strategy evolution • Investment objectives • Overview of UK Stewardship code • Credit Strategies				
1 February 2017	London CIV Stewardship Seminar	Guildhall, City of London	KSF1	Free	Mark Holder – Member Rep
1 March 2017	LCIV Annual conference including fund manager sessions		KSF4/5	Free	Mark Holder – Member Rep
28 June 2017	CIPFA & Barnett Waddingham – Local Pension Boards Two years on	Cheapside House, 138 Cheapside, London EC2V		£175	David Holmes - Employer Rep Mark Holder – Member Rep Anne Giles – Member Rep
3 November 2017	Association of Colleges	Webinar		FREE	David Holmes – Employer Rep

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
6 November 2017	CIPFA & Barnett Waddingham – LPB Autumn Seminar covers: Latest LGPS updates Reporting Breaches of Law Investment Regulations & related key policies	Cheapside House, 138 Cheapside, London EC2V		£125	Ann Giles – Member Rep Virpi Raivio- Employer Rep
21 November 2017	Hymans – Actuary- Admissions and TUPE policies	Havering Town Hall	KSF 6	Part of Actuarial contract	Mark Holder – Member Rep Anne Giles – Member Rep Virpi Raivio – Employer Rep
12 December 2017	Officers - Local Pension Board Induction covered: ○ Brief overview of the havering Pension fund ○ How the scheme is funded ○ Governance Structure ○ Key parties in the Fund ○ Investment Monitoring ○ Strategy documents ○ Valuation LPB reporting requirements	Central Library	KSF 1,2,4,5 & 6	Officer Time	Ann Giles (TBC) Virpi Raivio (TBC)
26 February 2018	CIPFA and Barnett Waddingham LGPS Local Pension Board Members Spring Seminar	Cheapside House, 138 Cheapside, London EC2V 6BW	KSF 1,2a	£125	Mark Holder – Member Rep and Chair Anne Giles – Member Rep Virpi Raivio – Employer Rep

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
27 June 2018	CIPFA and Barnett Waddingham – Local Pension Boards three years on	Cheapside House, 138 Cheapside, London EC2V 6BW		£175	Mark Holder – Member Rep and Chair Anne Giles – Member Rep Virpi Raivio – Employer Rep
Various	Pensions Regulator Public Service Toolkit:				Mark Holder – Member Rep Virpi Raivio – Employer Rep Anne Giles - Member Rep
	• Conflicts of interest	Online	KSF 1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	• Managing Risks and internal controls	Online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	• Maintaining accurate member data	Online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	• Maintaining member contributions	Online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	• Providing information to members and others	Online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	• Resolving internal disputes	Online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep
	• Reporting Breaches of Law	Online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep

Shaded area: Current planned training for 2018