



PENSIONS COMMITTEE

24 JULY 2019

Subject Heading:

**BUSINESS PLAN/ANNUAL REPORT
ON THE WORK OF THE PENSIONS
COMMITTEE 2018/19**

SLT Lead:

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Policy context:

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

Financial summary:

**Any associated costs met by the
Pension Fund**

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

This report sets out the work undertaken by the Committee during 2018/19 and the plan of work for the forthcoming three years, attached as **Appendix A**. 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

That the Committee:

Note that in order to meet the Councils democratic report clearance deadlines for the Full Council meeting on the 10 July 2019, the Business Plan/Report of the work of the Committee was agreed by the Chair of this Committee in advance of this Committee meeting. The Committee is therefore recommended to note this report and that it will be referred to the Full Council meeting for consideration.

REPORT DETAIL

1. Background

- 1.1 Included within Myners Principle 1: Effective Decision Making suggested best practice was to create a Business Plan and a Training Plan.
- 1.2 The new Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 has removed the requirement to publish compliance against the six Myners principles but the Committee agreed to still publish and explain compliance against these principles. This was published with the new Investment Strategy Statement in March 2017.
- 1.3 To meet best practice it is appropriate to continue to prepare a 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 demonstrate compliance against Myners Principles 1: Effective Decision making.
- 1.4 In line with the Councils constitution – Part 4 Rules of procedure Ordinary meetings of the Council will receive reports for the previous year from the Chair of the Pensions Committee:
- 1.5 CIPFA guidance suggests that the Business Plan is submitted to the committee for consideration and should contain:
 - a) Major milestones & issues to be considered by the Committee
 - b) Financial estimates – investment and administration of the Fund
 - c) Appropriate provision for training
 - d) Key targets & methods of measurement
 - e) Review level of internal & external resources the committee needs to carry out its functions
 - f) Recommended actions to put right any deficiencies.

2. Training

- 2.1 It is important that all the Members of the Committee are adequately trained and briefed to make effective decisions and those members are aware of their statutory and fiduciary responsibilities and achieve the terms of reference of this Committee which are:
- a) To consider and agree the investment strategy and statement of investment principles (SIP) (subsequently superseded by the Investment Strategy Statement) for the Pension Fund and subsequently monitor and review performance
 - b) Authorise staff to invite tenders and to award contracts to actuaries, advisers and fund managers and in respect of other related investment matters
 - c) To appoint and review the performance of advisers and investment managers for pension fund investments
 - d) 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.**
- 2.5 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's Knowledge and Skills Code of Practice.

- 2.6 Training and development will be held with regard to the work plan as shown in **Appendix A - Annex B**. The training undertaken can be seen within **Appendix A - Annex D**
- 2.7. Maintaining expertise, experience and knowledge is a key focus for the committee in order to meet the “qualitative test” under **Markets in Financial Instrument Directive (MiFID 11)**. Firms will undertake an assessment of the **expertise, experience and knowledge** of the local authority and its pension fund committee in order to be reasonably assured that they are capable of making their own investment decisions and have an understanding of the risks involved before a firm will permit election to professional status. All requests for election have been granted for existing investment service providers.

IMPLICATIONS AND RISKS

Financial implications and risks:

Training costs are met from the Pension Fund directly or via the Advisor Fee.

There is a considerable risk of poor decision making if Members of the Committee are not adequately trained.

Legal implications and risks:

In line with the Councils constitution – Part 4 Rules of procedure Ordinary meetings of the Council will receive reports for the previous year from the Chair of the Pensions Committee:

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:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

None