



<b>PENSIONS COMMITTEE</b> 24 September 2013	<b>REPORT</b>

<b>Subject Heading:</b>	<b>BUSINESS PLAN/ANNUAL REPORT ON THE WORK OF THE PENSIONS COMMITTEE 2012/13</b>
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<b>Policy context:</b>	A Business Plan incorporating training demonstrates compliance against Myners principle for effective decision making
<b>Financial summary:</b>	Training costs are met from the Pension fund

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

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input type="checkbox"/>

**SUMMARY**

This report sets out the work undertaken by the Committee during 2012/13 and the plan of work for the following year (2013/14) 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.
2. Members consider and agree the training proposals, identifying and incorporating any other needs (Paragraph 6 refers).
3. Members add any areas/topics that they want covered.

**REPORT DETAIL**

1. Each administering authority is required by regulation 12 (3) of the Local Government Pension Scheme (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 for Communities and Local Government (DCLG) to administering authorities dated 14 December 2009 reference referred to relates to the guidance 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.

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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
  - 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. Training and development will be held having regard to the work plan as shown in Annex C of Appendix A. Members completed the CIPFA Knowledge and Skills Framework self-assessment questionnaire and this was used to target training. The training undertaken can be seen in Annex B within Appendix A.
7. In line with the above, a report is attached as Appendix A and will be presented to the Full Council meeting being held in October.

## 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. The requirements around training and competence of those in charge of pension schemes is likely to increase given forthcoming planned changes to the general pension regulatory framework.

### **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)