



# Haverling

LONDON BOROUGH

## LOCAL PENSION BOARD AGENDA

**4.00 pm**

**Tuesday  
21 August 2018**

**Committee Room 2,  
Town Hall, Main Road,  
Romford**

Members 4: Quorum 3

Mark Holder, Scheme Member Representative  
Anne Giles, Scheme Member Representative  
David Holmes, Employer Representative  
Virpi Raivio, Employer Representative

**For information about the meeting please contact:  
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## **AGENDA ITEMS**

### **1 CHAIR'S ANNOUNCEMENTS**

The Chair will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### **2 APOLOGIES FOR ABSENCE**

(if any) – receive.

### **3 DISCLOSURE OF INTEREST**

Members are invited to disclose any interest in any items on the agenda at this point of the meeting.

*Members may still disclose any interest in an item at any time prior to the consideration of the matter.*

### **4 MINUTES OF THE MEETING (Pages 1 - 40)**

To approve as correct the minutes of the ordinary meeting held on 24 April 2018 and the Annual General Meeting held on the 18 June 2018 and authorise the Chair to sign them.

### **5 LATEST KEY PERFORMANCE INDICATOR REPORT (Pages 41 - 46)**

### **6 NEW KEY PERFORMANCE INDICATOR REPORT**

### **7 COMPLIANCE CHECKLIST**

To receive a verbal update.

### **8 LOCAL PENSION BOARD - END OF YEAR FINANCE REPORT 2017-18 (Pages 47 - 50)**

### **9 REVIEW OF SCHEME RISKS (Pages 51 - 68)**

### **10 INTERNAL AUDIT**

Members to receive a verbal update.

### **11 BOARD RECRUITMENT**

**Andrew Beesley**  
**Head of Democratic Services**

# Public Document Pack Agenda Item 4

**MINUTES OF THE MEETING OF THE  
LOCAL PENSION BOARD  
Committee Room 1-Town Hall - Town Hall  
24 April 2018 (4.15 - 5.45 pm)**

**Present:**

Anne Giles, Employer Representative  
Mark Holder, Scheme Member Representative (Chairman)  
David Holmes, Scheme Member Representative  
Virpi Raivio, Employer Representative

**Officer attendance:**

Caroline Berry, Pensions Projects and Contracts Manager, OneSource, LBH  
Debbie Ford, Pensions Accountant, Pensions and Procurement  
Lillian Thomas, Senior Accountant, Pensions and Procurement

All decisions were taken with no votes against.

**31 CHAIR'S ANNOUNCEMENTS**

The Chair reminded Members of the action to be taken in an emergency.

**32 APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**33 DISCLOSURE OF INTEREST**

There were no disclosures of interest.

**34 MINUTES OF THE MEETING**

The minutes of the meeting were agreed as a correct record and signed by the Chairman.

The following matters arose from the minutes of the previous meeting, which were not covered elsewhere on the agenda:

- Minute No. 25 (i), Training Programme refers: Board members to review CIPFA knowledge and skills self assessment and send confirmation of completion to Debbie Ford.
- Minute No. 25 (ii), Training Programme refers: It was confirmed that the link to the Pension Regulator's toolkit for training on the Code of Practice had been provided to members. Members were requested to

inform Debbie Ford when modules were completed so that the training register could be updated.

- Minute No. 25 (iii), Training Programme refers: Members were advised that training would be put in place after the appointment of the Pensions Committee.
- Minute No. 25 (iv), Training Programme refers: The Chair confirmed that the training plan template had been circulated to members.
- Minute No. 25 (v), Training Programme refers: Board members to give consideration to training needs and inform the Chair of any requests.
- Minute No. 27, (i) Compliance Checklist refers: Once internal controls and an adequate process to evaluate risks are in place, Caroline Berry to contact Sarah Bryant to suggest internal audit carry out a review to ensure that procedures are sufficiently robust. Officers reported that Internal Audit had been asked to include Pension Fund on the audit list and that areas of focus would need to be identified. Members considered that the administrative side to be of high importance and requested that a brief outlining the scope of the audit be presented to them. Members would receive a formal written report once the audit had been completed.
- Minute No.27 (ii), Compliance Checklist refers: Officers confirmed that there was no requirement to have a standing item on the Pension Committee agenda to review scheme risks. It was explained that all reports to committees had financial and risk implications embedded. It was agreed that the Compliance Checklist document be amended to reflect this. Furthermore, a risk register is held and due to be updated.
- Minute No. 27 (iii), Compliance Checklist refers: Officers confirmed that AVC arrangements with Prudential were compliant, however it had proved difficult to establish whether Standard Life were compliant due to not having access to members statements.

Actions:

- i) All board members to review CIPFA knowledge and skills self assessment and send confirmation of completion to Debbie Ford – All members.
- ii) Board members to give consideration to training needs and inform the Chair of any requests – All members.
- iii) That a brief outlining the scope of the internal audit be presented to members – Lillian Thomas.

Clarification regarding the definition of an employee and a member in respect of liability insurance had been sought. Insurers had indicated that the intention was for Local Pension Board members to be covered, however confirmation from the underwriter was awaited. An update to members would be provided once a response had been received. The Policy would be renewed on the 1 July 2018, and members liability insurance would be included in the renewed document.

Action:

An update to be provided on whether members of the Local Pension Board are covered for any liabilities within the scope of the council's own indemnity provisions.

## 36 **COMPLIANCE CHECKLIST**

The following sections were discussed and points noted:

### Section C – Conflicts of Interest

C2 – Do pension board members have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how to manage potential conflicts? It was noted that Anne Giles, Virpi Raivio and Mark Holder had completed the TPR online toolkit module covering conflicts of interest, therefore it was agreed that the requirement was compliant.

C3 – Have all Pension Board members provided appropriate information for the Administering Authority to determine whether a conflict exists (on appointment and from time to time)? As C2 above.

C4 – Does the appointment process for pension board members require disclosure of interest and responsibilities which could become conflicts of interest? Members agreed that the requirement was compliant as declarations were sought from members at each meeting.

C5 – Is the conflicts policy regularly reviewed? Members sought clarification on whom was responsible for the Conflicts Policy.

C6 – Does the Fund have a conflicts register and is it circulated for ongoing review and published? Members sought clarification as to whether their declarations should be published on the Council's website.

C7- Is appropriate information included in the register? As C6 above.

C9 – Do those involved know how to report a conflict of interest? Members agreed that the requirement was compliant as consideration had been given to training session on conflict of interests to board members.

### Section G – Maintaining Contributions

G1 – Does the Fund have procedures and processes in place to identify payment failures? Member requested that an explanation be provided of the process in place to identify late payments.

G4 – Are these procedures regularly reviewed to ensure they are effective? Members considered that the Council were compliant in this area as finances were checked on a monthly basis against schedules, payroll and the bank. Furthermore, the situation was checked at year end.

G5 – Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach? The Council had a Charging Policy, however it did not contain specific information regarding late payments, however regulations allowed for this. Members suggested that when the Charging Policy was next reviewed, that reference be included to charging a fee for administration for processing late payments and interest charges.

G6 – Does the Fund maintain a record of any investigations and communications with employers? Members agreed that the Council would be compliant as of the 1 April 2018, when all communication between the pension fund and an employer regarding contributions would be held on a central record.

G8 – Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period? Members were advised that consideration to the process would be given during the review of the Charging Policy.

Actions:

C5 – Details of who hold responsibility for the Conflicts Policy to be provided to members, together with details of frequency of review – Victoria Freeman.

C6 – Clarification to be provided as to whether Local Pension Board members declarations should be published on the Council's website – Lillian Thomas.

G1 - An explanation to be provided of the process in place to identify late payments – Caroline Berry.

G5 - Members suggested that when the Charging Policy was next reviewed, that reference be included to charging a fee for administration for processing late payments and interest charges – Caroline Berry.

### 37 **KEY PERFORMANCE INDICATORS**

Members received the Performance Indicators Quarterly report. It was noted that there were areas for improvement and consideration was being

given to presenting information in respect of cases on hold and Members expressed concern that without this information they were unable to take a view on the report. Caroline Berry confirmed that spot checking for accuracy on cases was carried out.

LPP would complete the comments box for the next quarterly report to explain the context for the measures and explain the reasons for failure to meet the target. Members raised concern in respect of the data on deaths, retirements and employer estimates and requested that LPP be invited to attend the next meeting to present the data.

Action:

LPP to be invited to attend the next meeting to present the performance indicator quarterly report.

**38 GENERAL DATA PROTECTION REGULATIONS (GDPR)**

Caroline Berry reported that she had received template documents from the LGA, which included a template of understanding which would go to all employers and that privacy notices would be sent to all members together with an explanation before the 25 May 2018. An LGA question and answer document would also be made available on the website.

**39 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE**

Members received feedback from the Pension Committee meeting held on the 13 March 2018, during which the following were noted:

- The Committee received and noted the Audit Plan as issued by Ernst and Young LLP for the work they planned to undertake for provision of an audit opinion on the pension fund accounts for the year ending 31 March 2018.
- Members received and noted a report which sought to set out the work of the Pensions Committee during 2017/18 and the plan of work for the forthcoming three years and of which would form the basis of the Pension Fund Business Plan.
- The Committee received and noted a report which informed of the decision to extend the investment Adviser contract for a further year until 31 March 2019.
- Members were presented a report on the London CIV consultation on their proposed strategy.
- The Committee received an overview of the performance of the Havering Pension Fund investments for the quarter to 31 December 2017. The net return on the Fund's investments for the quarter to 31

December 2017 was 3.2% (or £22m to £715m). This represented an outperformance of 0.9% against the combined tactical benchmark and under performance of 0.7% against the strategic benchmark.

40 **LOCAL PENSION BOARD ANNUAL REPORT**

The Chair advised that the Board's Annual Report would be finalised in the forthcoming weeks and would be presented at the Annual General Meeting in June 2018. The Chair would circulate the draft report to members for comment.

The Board would like clarification on their jurisdiction with regards the terms of reference and process to make changes. It was suggested that the number of members be increased due to the risk of David Holmes resigning from the board in 2019 and Mark Holder's term of appointment ending in 2019 and the need for contingency planning. Members were advised that a business case may be required due to the associated additional costs.

Action:

Draft Annual Report to be circulated to members for comment and the final version to be presented at the Annual General Meeting.

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**Chairman**



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**MINUTES OF THE ANNUAL GENERAL MEETING OF THE  
LOCAL PENSION BOARD  
Committee Room 3a, Town Hall, Main Road, Romford  
18 June 2018 (4.00 - 4.37 pm)**

**Present:**

Anne Giles, Scheme Member Representative  
Mark Holder, Scheme Member Representative (Chairman)  
David Holmes, Employer Representative  
Virpi Raivio, Employer Representative

**41 CHAIR'S ANNOUNCEMENTS**

The Chair reminded Members of the action to be taken in an emergency.

**42 APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**43 DISCLOSURE OF INTEREST**

There were no disclosures of interest.

**44 MINUTES OF THE MEETING**

The minutes of the meeting held on 24 April 2018 were noted.

**45 ELECTION OF CHAIRMAN**

The Board were advised that in accordance with the Terms of Reference a Chair was to be appointed by the employer and scheme members from amongst their own number, on a rotating basis with the term of office being shared between an employer and a scheme member representative on an equal basis.

After discussion it was felt that as the previous Employer Representative Chair had served a term of two years, that the current Chair should serve an equal term. Therefore it was agreed that Mark Holder be reappointed as Chair for a further year.

**46 ANNUAL REPORT FOR 2017/18**

The Chair introduced the draft Local Pension Board Annual Report for 2017-18. The Chair proposed that the amendments to the report, as per the tracked changed document (Appendix A), be accepted. The members agreed the changes as proposed and agreed that the final report (Appendix B) be presented to the Pensions Committee.

**47 REVIEW OF THE LOCAL PENSION BOARD TERMS OF REFERENCE**

Members gave consideration to increasing the membership of the Board. It was noted that Newham, Bexley, Southwark and Redbridge Local Pension Boards allow for 4 voting members. The terms of reference for The London Borough of Islington and the City of London allow for higher membership, however their net assets were considerably higher than Havering. Members agreed that no changes be made to the membership of the Board.

Members discussed Paragraph 3.5 in the Terms of Reference and the fixed term of 4 years and the knowledge built up by the board during this time. The Chair informed the group that he had discussed this with the scheme manager and members were entitled to renominate themselves at the end of the 4 year period by submitting a written request to the scheme manager.

Members briefly discussed the term of office served by the Chair and Paragraph 5.1 in the Terms of Reference. They agreed that as the Employer representative had previously served a term of two years then future Chairs would also serve for a two year term.

**48 REVIEW OF WORK PLAN**

Members discussed the areas on the work plan for 2017/18 and it was noted that the board had finalised its review of fair deal and TUPE and had reported on how the current changes would impact on the Pension Scheme.

The Board were currently investigating processes to ensure that process were in place to make any items that had been identified as non-compliant or partially complaint from the pension regulator and scheme advisory board compliance checklist were made fully compliant within agreed and acceptable timescales; and were in the process of ensuring that the pension regulator and scheme advisory board were compliance checklist had been completed and reviewed regularly.

Officers had been requested to ask Internal Audit to carry out an audit check to evidence that the board were meeting the pension regulators requirements in any areas that required further assurance.

Members had review the key performance indicators relating to the administration of the scheme and had expressed disappointment with the reports provided, and had subsequently requested that LPP attend the next meeting of the Board. If members continued to be dissatisfied with the information presented, their concerns would be escalated to the Pensions Committee.

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**Chairman**

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**LONDON BOROUGH OF HAVERING  
LOCAL PENSION BOARD**

**ANNUAL REPORT**

**2017/18**



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## 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~~paperwork in preparation for board meetings. A new work plan was agreed at the start of the year and board members have ~~been busy~~work~~ed~~ing through the work plan which covers a range of topics. Details and information of which are outlined in this report. ~~items on the work plan which covered a range of topics. The list of topics covered can be found in the body of the report~~

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

~~The Board continues to develop its knowledge and skills and is actively working through the items on the work plan.~~ 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  
18<sup>th</sup> 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.](#) ~~and what is planned for the future.~~

## 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~~allowed.

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 24<sup>th</sup> 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.

|

Draft

## 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
<b>Total</b>	<b>34,900</b>	<b>11,612</b>	<b>34,900</b>	<b>7,659</b>	<b>34,900</b>	<b>5,039</b>	<b>34,900</b>

\*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.
- 6-7. Review performance and statistical information and that there are processes in place to ensure that there is no poor service levels/detrimental performance in any area of scheme management.
- 7-8. 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.
- 8-9. Report regularly to the pensions committee on the work of the pension board.
- 9-10. 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: <ul style="list-style-type: none"> <li>○ Brief overview of the havering Pension fund</li> <li>○ How the scheme is funded</li> <li>○ Governance Structure</li> <li>○ Key parties in the Fund</li> <li>○ Investment Monitoring</li> <li>○ Strategy documents</li> <li>○ Valuation</li> <li>○ LPB reporting requirements</li> </ul>	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: <ul style="list-style-type: none"> <li>● What is TUPE</li> <li>● Pension Protection &amp; Regulations</li> <li>● Admission bodies documents &amp; securities</li> <li>● Cessations</li> </ul>	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: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	PLSA Offices, London	KSF 1	£450.00 + VAT	Mark Holder – Member Rep
15 June 2016	Pensions & Lifetime Savings Academy (PLSA) covered: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	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: <ul style="list-style-type: none"> <li>• Update on LGPS Pooling</li> <li>• New Fair Deal update</li> <li>• 2016 Valuations</li> <li>• Legal, Investment &amp; Brexit update</li> </ul>	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: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	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: <ul style="list-style-type: none"> <li>• 2016 Valuation framework</li> <li>• Valuing liabilities</li> <li>• Actuarial assumptions</li> <li>• 2016 results</li> <li>• What changed since 2013</li> </ul>	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; <ul style="list-style-type: none"> <li>• New investment Regulation 2016</li> <li>• Overview of ISS/DCLG Guidance</li> </ul>	Havering Town Hall	KSF 5	£2,100	Justin Barrett – Employer Rep (chair) Mark Holder – Member Rep David Holmes – Employer Rep Anne Giles – Member Rep



<b>DATE</b>	<b>TOPIC COVERED</b>	<b>LOCATION</b>	<b>KSF</b>	<b>COST</b>	<b>ATTENDED BY</b>
	<ul style="list-style-type: none"> <li>• What changed between SIP/ISS</li> <li>• Asset allocation rebalancing</li> <li>• Investment strategy evolution</li> <li>• Investment objectives</li> <li>• Overview of UK Stewardship code</li> <li>• Credit Strategies</li> </ul>				
<b>1 February 2017</b>	London CIV Stewardship Seminar	Guildhall, City of London	KSF1	Free	Mark Holder – Member Rep
<b>1 March 2017</b>	LCIV Annual conference including fund manager sessions		KSF4/5	Free	Mark Holder – Member Rep
<b>28 June 2017</b>	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
<b>3 November 2017</b>	Association of Colleges	Webinar		FREE	David Holmes – Employer Rep

<b>DATE</b>	<b>TOPIC COVERED</b>	<b>LOCATION</b>	<b>KSF</b>	<b>COST</b>	<b>ATTENDED BY</b>
<b>6 November 2017</b>	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
<b>21 November 2017</b>	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
<b>12 December 2017</b>	Officers - Local Pension Board Induction covered: <ul style="list-style-type: none"> <li>○ Brief overview of the Havering Pension fund</li> <li>○ How the scheme is funded</li> <li>○ Governance Structure</li> <li>○ Key parties in the Fund</li> <li>○ Investment Monitoring</li> <li>○ Strategy documents</li> <li>○ Valuation</li> </ul> LPB reporting requirements	Central Library	KSF 1,2,4,5 & 6	Officer Time	Ann Giles (TBC) Virpi Raivio (TBC)
<b>26 February 2018</b>	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
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	• 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
	• Providing information to members and others	Online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer 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

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**LONDON BOROUGH OF HAVERING  
LOCAL PENSION BOARD**

**ANNUAL REPORT**

**2017/18**



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## **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  
18<sup>th</sup> 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 24<sup>th</sup> 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
<b>Total</b>	<b>34,900</b>	<b>11,612</b>	<b>34,900</b>	<b>7,659</b>	<b>34,900</b>	<b>5,039</b>	<b>34,900</b>

\*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: <ul style="list-style-type: none"> <li>○ Brief overview of the havering Pension fund</li> <li>○ How the scheme is funded</li> <li>○ Governance Structure</li> <li>○ Key parties in the Fund</li> <li>○ Investment Monitoring</li> <li>○ Strategy documents</li> <li>○ Valuation</li> <li>○ LPB reporting requirements</li> </ul>	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: <ul style="list-style-type: none"> <li>● What is TUPE</li> <li>● Pension Protection &amp; Regulations</li> <li>● Admission bodies documents &amp; securities</li> <li>● Cessations</li> </ul>	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: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	PLSA Offices, London	KSF 1	£450.00 + VAT	Mark Holder – Member Rep
15 June 2016	Pensions & Lifetime Savings Academy (PLSA) covered: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	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: <ul style="list-style-type: none"> <li>• Update on LGPS Pooling</li> <li>• New Fair Deal update</li> <li>• 2016 Valuations</li> <li>• Legal, Investment &amp; Brexit update</li> </ul>	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: <ul style="list-style-type: none"> <li>• Governance Structure of LGPS</li> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	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: <ul style="list-style-type: none"> <li>• 2016 Valuation framework</li> <li>• Valuing liabilities</li> <li>• Actuarial assumptions</li> <li>• 2016 results</li> <li>• What changed since 2013</li> </ul>	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; <ul style="list-style-type: none"> <li>• New investment Regulation 2016</li> <li>• Overview of ISS/DCLG Guidance</li> </ul>	Havering Town Hall	KSF 5	£2,100	Justin Barrett – Employer Rep (chair) Mark Holder – Member Rep David Holmes – Employer Rep Anne Giles – Member Rep

<b>DATE</b>	<b>TOPIC COVERED</b>	<b>LOCATION</b>	<b>KSF</b>	<b>COST</b>	<b>ATTENDED BY</b>
	<ul style="list-style-type: none"> <li>• What changed between SIP/ISS</li> <li>• Asset allocation rebalancing</li> <li>• Investment strategy evolution</li> <li>• Investment objectives</li> <li>• Overview of UK Stewardship code</li> <li>• Credit Strategies</li> </ul>				
<b>1 February 2017</b>	London CIV Stewardship Seminar	Guildhall, City of London	KSF1	Free	Mark Holder – Member Rep
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<b>DATE</b>	<b>TOPIC COVERED</b>	<b>LOCATION</b>	<b>KSF</b>	<b>COST</b>	<b>ATTENDED BY</b>
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<b>21 November 2017</b>	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
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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
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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

**GAP100 PRoWS Statistics    Scheme: HV    April / 2018 (for one months)**

	Received	Completed	Completed On Time	% On time	Average elapsed	Average completed
<b>1 Admissions</b>						
01 Admissions	159	124	57	45.96	5	4
01O Opt in	0	0	0	100.00	0	0
<b>Total</b>	<b>159</b>	<b>124</b>	<b>57</b>	<b>45.97</b>		
<b>2 Transfers in</b>						
02A IFA IN (Actual)	1	1	1	100.00	95	96
02E IFA IN (Request)	13	4	2	50.00	70	69
03A Transfer In (Actual)	1	0	0	100.00	0	0
03E Transfer In (Estimate)	12	5	1	20.00	42	46
<b>Total</b>	<b>27</b>	<b>10</b>	<b>4</b>	<b>40.00</b>		
<b>3 Transfers out</b>						
09A IFA Out (Actual)	3	1	0	0.00	15	20
09E IFA Out (estimate)	12	0	0	100.00	0	0
10A Transfer Out (Actual)	2	0	0	100.00	0	0
10E Transfer Out (Estimate)	3	5	1	20.00	14	18
<b>Total</b>	<b>20</b>	<b>6</b>	<b>1</b>	<b>16.67</b>		
<b>4 Estimates - member</b>						
08 Member Estimate	31	8	2	25.00	16	18
<b>Total</b>	<b>31</b>	<b>8</b>	<b>2</b>	<b>25.00</b>		
<b>5 Estimates - employer</b>						
22 Employer Estimate	8	7	4	57.14	11	5
<b>Total</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>57.14</b>		
<b>6 Retirements</b>						
12 Deferred into payment	9	4	2	50.00	52	22
14 Retirement	22	13	1	7.69	38	25
<b>Total</b>	<b>31</b>	<b>17</b>	<b>3</b>	<b>17.65</b>		
<b>7 Deferred benefits</b>						
11 Deferred Benefits	50	55	39	70.90	44	45
<b>Total</b>	<b>50</b>	<b>55</b>	<b>39</b>	<b>70.91</b>		
<b>8 Refunds</b>						
16 Refund	22	26	13	50.00	34	25
<b>Total</b>	<b>22</b>	<b>26</b>	<b>13</b>	<b>50.00</b>		
<b>9 Deaths</b>						
13 Death in service	1	0	0	100.00	0	0
20 Death on Pension	18	8	3	37.50	25	16

<b>Total</b>	19	<b>8</b>	3	<b>37.50</b>		
<b>10 Correspondence</b>						
24 Member Correspondence	49	<b>29</b>	12	<b>41.37</b>	8	10
24A Change of address	21	<b>26</b>	15	<b>57.69</b>	9	7
<b>Total</b>	<b>70</b>	<b>55</b>	<b>27</b>	<b>49.09</b>		
<b>11 Additional Contributions</b>						
04 Additional Contributions	0	<b>0</b>	0	<b>100.00</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NaN</b>		
<b>12 Divorce</b>						
34A Divorce Actual	0	<b>0</b>	0	<b>100.00</b>	0	0
34E Divorce Estimate	0	<b>2</b>	0	<b>0.00</b>	24	29
<b>Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0.00</b>		
<b>Total of top 10 categories (A)</b>	<b>437</b>	<b>318</b>	<b>153</b>	<b>48.11</b>		
<b>Other</b>						
Unallocated case types (C)	36	<b>9</b>	5	<b>55.56</b>		
Total for non-48 case types (=A+C-B)	473	<b>325</b>	158	<b>48.62</b>		
<b>Grand total for all cases (=A+B+C)</b>	<b>473</b>	<b>327</b>	<b>158</b>	<b>48.32</b>		

#### Exclusions

24BD Change of bank details  
 24M Member Self Service request  
 71D Death Grant Nomination

#### Unallocated

07 Change of hours  
 15 Revisions  
 17 Opt out  
 18 GMP's  
 24E Employer Correspondence  
 24t Pensioner P60/year end request  
 30L Diary - Leaver with admin  
 50 Complaint  
 94 Contact Centre Call Back  
 98 Post Number Change  
 98w Post Number Change

**GAP100 PRoWS Statistics    Scheme: HV    May / 2018 (for one months)**

	Received	Completed	Completed On Time	% On time	Average elapsed	Average completed
<b>1 Admissions</b>						
01 Admissions	81	11	9	81.81	7	4
01O Opt in	0	0	0	100.00	0	0
<b>Total</b>	<b>81</b>	<b>11</b>	<b>9</b>	<b>81.82</b>		
<b>2 Transfers in</b>						
02A IFA IN (Actual)	1	0	0	100.00	0	0
02E IFA IN (Request)	16	7	3	42.85	71	72
03A Transfer In (Actual)	1	1	0	0.00	48	60
03E Transfer In (Estimate)	6	1	1	100.00	0	0
<b>Total</b>	<b>24</b>	<b>9</b>	<b>4</b>	<b>44.44</b>		
<b>3 Transfers out</b>						
09A IFA Out (Actual)	0	0	0	100.00	0	0
09E IFA Out (estimate)	3	2	0	0.00	100	73
10A Transfer Out (Actual)	1	1	1	100.00	12	15
10E Transfer Out (Estimate)	6	6	3	50.00	44	52
<b>Total</b>	<b>10</b>	<b>9</b>	<b>4</b>	<b>44.44</b>		
<b>4 Estimates - member</b>						
08 Member Estimate	33	33	8	24.24	24	25
<b>Total</b>	<b>33</b>	<b>33</b>	<b>8</b>	<b>24.24</b>		
<b>5 Estimates - employer</b>						
22 Employer Estimate	8	6	3	50.00	12	15
<b>Total</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>50.00</b>		
<b>6 Retirements</b>						
12 Deferred into payment	12	11	7	63.63	77	32
14 Retirement	29	26	9	34.61	45	31
<b>Total</b>	<b>41</b>	<b>37</b>	<b>16</b>	<b>43.24</b>		
<b>7 Deferred benefits</b>						
11 Deferred Benefits	70	44	37	84.09	38	34
<b>Total</b>	<b>70</b>	<b>44</b>	<b>37</b>	<b>84.09</b>		
<b>8 Refunds</b>						
16 Refund	39	17	9	52.94	25	23
<b>Total</b>	<b>39</b>	<b>17</b>	<b>9</b>	<b>52.94</b>		
<b>9 Deaths</b>						
13 Death in service	0	0	0	100.00	0	0
20 Death on Pension	24	12	2	16.66	61	30

<b>Total</b>	24	<b>12</b>	2	<b>16.67</b>		
<b>10 Correspondence</b>						
24 Member Correspondence	27	<b>38</b>	8	<b>21.05</b>	35	39
24A Change of address	52	<b>47</b>	39	<b>82.97</b>	11	6
<b>Total</b>	<b>79</b>	<b>85</b>	<b>47</b>	<b>55.29</b>		
<b>11 Additional Contributions</b>						
04 Additional Contributions	1	<b>0</b>	0	<b>100.00</b>	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>NaN</b>		
<b>12 Divorce</b>						
34A Divorce Actual	0	<b>0</b>	0	<b>100.00</b>	0	0
34E Divorce Estimate	3	<b>3</b>	1	<b>33.33</b>	31	33
<b>Total</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>33.33</b>		
<b>Total of top 10 categories (A)</b>	<b>413</b>	<b>266</b>	<b>140</b>	<b>52.63</b>		
<b>Other</b>						
Unallocated case types (C)	20	<b>40</b>	7	<b>17.50</b>		
Total for non-48 case types (=A+C-B)	429	<b>303</b>	146	<b>48.18</b>		
<b>Grand total for all cases (=A+B+C)</b>	<b>433</b>	<b>306</b>	<b>147</b>	<b>48.04</b>		

#### Exclusions

24BD Change of bank details  
 24M Member Self Service request  
 71D Death Grant Nomination

#### Unallocated

07 Change of hours  
 15 Revisions  
 17 Opt out  
 18 GMP's  
 24E Employer Correspondence  
 24t Pensioner P60/year end request  
 30L Diary - Leaver with admin  
 50 Complaint  
 94 Contact Centre Call Back  
 98 Post Number Change  
 98w Post Number Change

**GAP100 PRoWS Statistics    Scheme: HV    June / 2018 (for one months)**

	Received	Completed	Completed On Time	% On time	Average elapsed	Average completed
<b>1 Admissions</b>						
01 Admissions	67	78	77	98.71	27	11
01O Opt in	0	0	0	100.00	0	0
<b>Total</b>	<b>67</b>	<b>78</b>	<b>77</b>	<b>98.72</b>		
<b>2 Transfers in</b>						
02A IFA IN (Actual)	2	1	1	100.00	0	0
02E IFA IN (Request)	16	5	0	0.00	94	90
03A Transfer In (Actual)	0	1	0	0.00	35	43
03E Transfer In (Estimate)	2	9	2	22.22	68	58
<b>Total</b>	<b>20</b>	<b>16</b>	<b>3</b>	<b>18.75</b>		
<b>3 Transfers out</b>						
09A IFA Out (Actual)	4	4	0	0.00	38	33
09E IFA Out (estimate)	4	19	2	10.52	48	59
10A Transfer Out (Actual)	1	1	0	0.00	32	39
10E Transfer Out (Estimate)	3	7	2	28.57	32	34
<b>Total</b>	<b>12</b>	<b>31</b>	<b>4</b>	<b>12.90</b>		
<b>4 Estimates - member</b>						
08 Member Estimate	39	62	20	32.25	20	23
<b>Total</b>	<b>39</b>	<b>62</b>	<b>20</b>	<b>32.26</b>		
<b>5 Estimates - employer</b>						
22 Employer Estimate	11	7	4	57.14	21	17
<b>Total</b>	<b>11</b>	<b>7</b>	<b>4</b>	<b>57.14</b>		
<b>6 Retirements</b>						
12 Deferred into payment	13	22	8	36.36	62	31
14 Retirement	18	45	23	51.11	47	30
<b>Total</b>	<b>31</b>	<b>67</b>	<b>31</b>	<b>46.27</b>		
<b>7 Deferred benefits</b>						
11 Deferred Benefits	54	39	11	28.20	60	52
<b>Total</b>	<b>54</b>	<b>39</b>	<b>11</b>	<b>28.21</b>		
<b>8 Refunds</b>						
16 Refund	30	15	1	6.66	52	46
<b>Total</b>	<b>30</b>	<b>15</b>	<b>1</b>	<b>6.67</b>		
<b>9 Deaths</b>						
13 Death in service	1	1	0	0.00	53	51
20 Death on Pension	18	22	6	27.27	66	44

<b>Total</b>	19	<b>23</b>	6	<b>26.09</b>		
<b>10 Correspondence</b>						
24 Member Correspondence	27	<b>75</b>	16	<b>21.33</b>	41	41
24A Change of address	46	<b>53</b>	48	<b>90.56</b>	9	4
<b>Total</b>	<b>73</b>	<b>128</b>	<b>64</b>	<b>50.00</b>		
<b>11 Additional Contributions</b>						
04 Additional Contributions	1	<b>1</b>	0	<b>0.00</b>	56	71
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0.00</b>		
<b>12 Divorce</b>						
34A Divorce Actual	1	<b>0</b>	0	<b>100.00</b>	0	0
34E Divorce Estimate	1	<b>3</b>	1	<b>33.33</b>	23	19
<b>Total</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>33.33</b>		
<b>Total of top 10 categories (A)</b>	<b>359</b>	<b>470</b>	<b>222</b>	<b>47.23</b>		

<b>Other</b>						
Unallocated case types (C)	1388	<b>23</b>	11	<b>47.83</b>		
Total for non-48 case types (=A+C-B)	1744	<b>489</b>	232	<b>47.44</b>		
<b>Grand total for all cases (=A+B+C)</b>	<b>1747</b>	<b>493</b>	<b>233</b>	<b>47.26</b>		

**Exclusions**

- 24BD Change of bank details
- 24M Member Self Service request
- 71D Death Grant Nomination

**Unallocated**

- 07 Change of hours
- 15 Revisions
- 17 Opt out
- 18 GMP's
- 24E Employer Correspondence
- 24H EOY queries
- 24t Pensioner P60/year end request
- 30H End of Year Query - Havering
- 30L Diary - Leaver with admin
- 48H Havering EOY queries
- 50 Complaint
- 94 Contact Centre Call Back
- 98 Post Number Change
- 98w Post Number Change



*Local Pension Board*

*21 August 2018*

**Subject Heading:**

*Local Pension Board – End of Year  
Finance Report 2017-18*

**SLT Lead:**

**Report Author and contact details:**

*Debbie Ford, Pensions Manager.  
Email: [Debbie.Ford@havering.gov.uk](mailto:Debbie.Ford@havering.gov.uk)  
Tel: 01708 432569*

**Policy context:**

*To Note the 2017-18 Local Pension Board  
Financial Outturn*

**Financial summary:**

*To Note the 2018-19 Local Pension Board  
Budget of £34,900*

**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**

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.

**RECOMMENDATIONS**

## Local Pension board 21 August 2018

This report notifies the members of the Local Pension Board of budget set for the financial year 2018-19 and to note that the outturn for 2017-18 has already been reported in the Local Pension Board Annual report.

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 terms of reference were last reviewed on 12<sup>th</sup> July 2016 and members agreed to no change.

### REPORT DETAIL

The 2017/18 budget and actual costs for the financial year and estimated budget for 2018/19, as agreed by the Administering Authority's Statutory Section 151 officer 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
<b>Total</b>	<b>34,900</b>	<b>11,612</b>	<b>34,900</b>	<b>7,659</b>	<b>34,900</b>	<b>5,039</b>	<b>34,900</b>

\*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. In 2017/18 costs totalled 14.5% of the budget allocated and for 2016/17 costs totalled 22% of the budget allocated, averaging out at 18.25% over the period of 2 years. Costs for 2017/18 did not incur recruitment

costs however for 2018/19 there may be a need to recruit a new representative employer of the board.

2017/2018 is the third operational year of the LPB and it may be that members decide to review budgets in order to reflect spend patterns. The LPB is accountable to the Administering Authority and prior approval will need to be sought from the Statutory Section 151 officer to amend budgets. New budgets will need to be approved for the four year period commencing 1 April 2019.

The cost for the LPB is met from the Havering Pension Fund and approved by the Administering Authority's Statutory Section 151 Officer.

## **IMPLICATIONS AND RISKS**

***There is a corporate requirement to set out the implications and risks of the decision sought, in the following areas***

### **Financial implications and risks:**

There are no financial implications regarding this report

### **Legal implications and risks:**

As this report is for information only there are no direct legal implications for the Pension Board to consider

### **Human Resources implications and risks:**

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would directly, or indirectly, affect either the Council or its workforce.

### **Equalities implications and risks:**

There are no equality implications regarding this report

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# **Pension Fund Risk Register**

## **Incorporating Risks relating to Havering/Newham and Bexley**

**D R A F T**

July 2018

# Pension Fund Risk Register updated from 2015 - as at July 2018

## Generic Pension Fund Risk Register

The pension fund uses a 4 x 6 matrix to plot risk likelihood and impact and has set its risk appetite. The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

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Likelihood	A				
	B				
	C				
	D				
	E				
	F				
		4	3	2	1
	Impact				

**Risk Likelihood**  
 F = Very Unlikely  
 E = Unlikely  
 D = Possible  
 C = Likely  
 B = Very likely  
 A = Certainty

**Risk Impact**  
 4 = Negligible  
 3 = Moderate  
 2 = Serious  
 1 = Major

**Pension Fund Risk Register updated from 2015 - as at July 2018**

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
1	<p><b>Risk of Inaccurate three yearly actuarial valuation</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>▪ Inappropriate assumptions used by actuary in calculations for valuation</li> <li>▪ Poor quality data provided from LB of Havering</li> <li>▪ Personal data not maintained to a high standard (gaps/incorrect)</li> </ul> <p>Actuary's own assumptions are not robust or reflective</p>	<ul style="list-style-type: none"> <li>▪ Deficit position worsens</li> <li>▪ Employers pay/ continue to pay incorrect contribution percentages</li> <li>▪ Increase in employer contributions</li> <li>▪ Potential for Council Tax increases</li> <li>▪ More investment risk may be taken to bridge a gap that doesn't actually exist</li> <li>▪ Potential for a more risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robust, open procurement process in place for appointment of actuary</li> <li>▪ Valuation completed by a qualified professional actuary – next valuation being completed in 2019.</li> <li>▪ Some assumptions for valuation dictated by statute</li> <li>▪ Actuarial assumptions are open to challenge by officers</li> <li>▪ Valuation assumptions subject to External Audit review</li> <li>▪ Local Government benchmarking/compariso</li> </ul>	D/3	None identified at this point	<ul style="list-style-type: none"> <li>▪ Pension Fund reconciliations are carried out monthly whereby oracle transactions are compared to source documentation to ensure completeness of data.</li> <li>▪ Quarterly reconciliations occur relating to retirements whereby the altair report is compared to</li> </ul>	S151 Officer/Director of Exchequer and Transactional Services

Pension Fund Risk Register updated from 2015 - as at July 2018

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 54		adverse Investment Strategy when more risk is required.	<ul style="list-style-type: none"> <li>ns of assumptions</li> <li>Annual review of actuary performance undertaken by Pensions Committee</li> <li>Internal controls in place to ensure accuracy and completeness of data.</li> <li>Deficit monitoring of contribution</li> </ul>			<ul style="list-style-type: none"> <li>oracle transactions to ensure completeness of data.</li> <li>New 5 year actuarial contract procured to start from 16<sup>th</sup> July 2018.</li> <li>Internal audit focusing on internal controls to take place in September 18.</li> </ul>	
	2	<p><b>Risk of Incorrect / inappropriate Investment Strategy</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Pension deficit not reduced</li> <li>Potential for financial loss</li> </ul>	<ul style="list-style-type: none"> <li>Robust, open procurement process in place for appointment of Investment Advisor</li> </ul>	D/2	<ul style="list-style-type: none"> <li>Pensions Committee Training / Awareness - working towards full compliance with</li> </ul>	<ul style="list-style-type: none"> <li>Induction carried out for new Pension Fund Committee</li> </ul>	S151 Officer/Director of Exchequer and Transaction



**Pension Fund Risk Register updated from 2015 - as at July 2018**

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 55	<ul style="list-style-type: none"> <li>▪ Lack or poor professional investment advice given</li> <li>▪ Poor governance</li> <li>▪ Investment advice is not taken</li> <li>▪ Lack of understanding and awareness (Pension Committee)</li> <li>▪ Lack of clear risk appetite Based upon inaccurate actuarial valuation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Growth opportunities are not maximised</li> <li>▪ Could generate inefficiencies and unintended risks if not fully understood.</li> <li>▪ More investment risk may be taken to bridge a gap that doesn't actually exist</li> <li>▪ Potential for a more risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment Advisor performance is annually reviewed by the Pensions Committee</li> <li>▪ Close working relationship is encouraged between actuaries and investment advisor in the development of the investment strategy</li> <li>▪ Investment strategy continually assessed as part of the quarterly monitoring process by the Pensions Committee</li> <li>▪ Liabilities analysed during inter-valuation period</li> <li>▪ Knowledge and skills</li> </ul>		<p>CIPFA Knowledge and Skills framework</p> <ul style="list-style-type: none"> <li>▪ Consider using a further independent advisor for challenge to investment advice</li> </ul>	<p>members July 18.</p> <ul style="list-style-type: none"> <li>▪ Knowledge and Skills Training is on-going for Pension Committee and Local Pension Board members.</li> <li>▪ 3 new fund managers on-boarded in March 18.</li> </ul>	<p>al Services</p>

Pension Fund Risk Register updated from 2015 - as at July 2018

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 56		adverse Investment Strategy when more risk is required. <ul style="list-style-type: none"> <li>▪ Potential for Council Tax increases</li> <li>▪ Loss of investment opportunities and adverse performance</li> </ul>	training of LPB and Committee Members				
3	<b>Risk of failure of investments to perform in-line with growth expectations</b>  <b>Cause</b>	<ul style="list-style-type: none"> <li>▪ Deficit reduction targets are not met</li> <li>▪ Potential for losses to be</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preparation of socially responsible Investment Policy</li> <li>▪ Robust, Fund Manager selection process</li> <li>▪ Diverse portfolio to</li> </ul>	D/3	<ul style="list-style-type: none"> <li>▪ Pensions Committee Training/Awareness – working towards full compliance with CIPFA Knowledge and Skills framework</li> </ul>	<ul style="list-style-type: none"> <li>▪ Induction carried out for new Pension Fund Committee</li> </ul>	S151 Officer

**Pension Fund Risk Register updated from 2015 - as at July 2018**

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 57	<ul style="list-style-type: none"> <li>▪ Poor Fund Manager selection</li> <li>▪ Underperformance by fund manager</li> <li>▪ Poor investment advice provided to LB of Havering or not taken</li> <li>▪ Negative financial market impacts</li> <li>▪ External factors / increased market volatility (i.e. 2008)</li> <li>▪ Delays in the implementation of the strategy will reduce the</li> </ul>	<p>incurred</p> <ul style="list-style-type: none"> <li>▪ Increased employer contributions</li> <li>▪ Reputational risk from poor investments</li> <li>▪ The fund's assets are not sufficient to meet its long term liabilities</li> <li>▪ Economy downturn could result in general fall in investment returns</li> </ul>	<p>reduce negative effects from market volatility</p> <ul style="list-style-type: none"> <li>▪ Quarterly monitoring of fund performance and asset class split is presented by the Fund's Investment Advisor at Pension Committee.</li> <li>▪ Fund performance and asset class split is reviewed quarterly by investment advisor/Pensions Committee and officers.</li> </ul> <p>Fund Managers (including LCIV) attend Pension Committee and officer meetings to present quarterly performance reports</p>			<p>members July 18.</p> <ul style="list-style-type: none"> <li>▪ Knowledge and Skills Training is on-going.</li> <li>▪ On boarded 3 new fund managers March 18 in order to diversify investments and increase growth expectations.</li> </ul>	

**Pension Fund Risk Register updated from 2015 - as at July 2018**

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
	effectiveness of the strategy and may impact growth Economy downturn						
4 Page 58	<b>Risk of failure to comply with legislative requirements</b>  <b>Cause:</b> <ul style="list-style-type: none"> <li>▪ Lack of appropriate skills/knowledge of TPR, Pensions Regulator, Government and CIPFA Guidance, Financial Regulations and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reputational damage</li> <li>▪ Potential for financial penalties</li> <li>▪ Potential for costly legal challenges</li> <li>▪ Increase in employer contributions, delayed due to non-compliance.</li> </ul> Adverse external	<ul style="list-style-type: none"> <li>▪ Financial requirements are subject to external and internal audit</li> <li>▪ Experienced personnel in place</li> <li>▪ Continual personal development for all Committee/LPB members and staff</li> <li>▪ Legislative changes are reported to the Pensions Committee where required</li> <li>▪ Local Pension Board in place</li> </ul>	E/3		<ul style="list-style-type: none"> <li>▪ Favourable External audit reports since 2015</li> <li>▪ Internal Audit to take place September 18 focusing on Internal Controls.</li> <li>▪ Induction carried out for new Pension Fund Committee members July</li> </ul>	S151 Officer/Director of Exchequer and Transactional Services

Pension Fund Risk Register updated from 2015 - as at July 2018

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 59	accounting standards ▪ Unaware of legislative changes ▪ key person dependency ▪ Poor/inaccurate interpretation of the regulations Failure/inability to administer the pension scheme appropriately	audit report	<ul style="list-style-type: none"> <li>▪ Active participation in Legislative Consultations where appropriate</li> <li>▪ External and in house training provided where required</li> <li>▪ Member of the CIPFA Pensions Network</li> <li>▪ Participate in the CIPFA Pensions Network/ Peer forums to share knowledge &amp; awareness</li> <li>▪ Statutory policy documents reviewed annually to ensure compliance with legislation</li> <li>▪ Access to specialist pension media sources.</li> </ul>			18. ▪ On-going internal and external training offered to all Pensions Committee and Local Pension Board members	

Pension Fund Risk Register updated from 2015 - as at July 2018

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
5	<p><b>Risk of inability to manage/govern the Pension Fund and associated services:</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>▪ Ineffective / lack of succession planning</li> <li>▪ Loss of corporate knowledge/expertise</li> <li>▪ Long term sickness absence</li> <li>▪ Increase in staff turnover</li> <li>▪ Lack of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>▪ Negative impacts upon service provision</li> <li>▪ Time delays</li> <li>▪ Potential for breach of legislation</li> <li>▪ Financial penalties/ other sanctions</li> <li>▪ Reputational Damage</li> <li>▪ Increased costs due to "buying in" external expertise</li> <li>▪ Employer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bond or guarantee reviews in place and reviewed every three years as part of valuation process</li> <li>• Procedure manual in place for Pension Administration</li> <li>• Attendance at local forum meetings</li> <li>• Attendance at Annual Pension Managers conference</li> <li>• Members of Local Authority Pensions Web</li> <li>• Participates in the CIPFA Pensions Network/ Peer forums to share</li> </ul>	D/3	<ul style="list-style-type: none"> <li>• Succession planning required for key personnel</li> <li>• Review / update procedure manuals</li> <li>• Option being assessed for joint administration with Newham to build resilience</li> <li>• Introduce employer covenants checks</li> <li>• Strengthen process for Bond Reviews</li> <li>• Development of workflow/process management</li> <li>• Development of</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning in progress</li> <li>• LPP are newly working with Havering to provide seamless administration service</li> <li>• Local Pension Board in place and continuing with training and development in order to assist the</li> </ul>	S151 Officer/Director of Exchequer and Transactional Services

**Pension Fund Risk Register updated from 2015 - as at July 2018**

Risk No.	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/Impact	Actions/Recommendations as per 2015 Risk Register	Review of Actions taken to date	Risk Owner
Page 61	<p>sharing protocols</p> <ul style="list-style-type: none"> <li>▪ No knowledge base to store experiences/information</li> <li>▪ Lack of resource (Staffing/financial)</li> <li>▪ ICT failure/Disaster Recovery</li> <li>▪ Poor pension fund administration</li> <li>▪ Poor administration by the employers, payroll providers in the fund</li> <li>▪ Poor monitoring</li> </ul>	<p>defaults</p> <ul style="list-style-type: none"> <li>▪ Qualified opinion on the accounts by external auditor</li> <li>▪ Inaccurate data provided by the pension fund employers and payroll providers give rise to inaccurate data and financial reputational consequences such as actuary</li> </ul>	<p>knowledge &amp; awareness</p> <ul style="list-style-type: none"> <li>• Attendance at accounting seminars/training</li> <li>• Guidance from external agencies (some will be at a cost)</li> <li>• Pension Fund uses the service of an external custodian to verify asset values and performance</li> <li>• Pension Fund accounts subject to external audit.</li> <li>• Review external auditor report of LPP processes</li> <li>• Formal agreement in place with administrator, including SLA's</li> <li>• Authority levels clear</li> <li>• Complaints addressed</li> </ul>		<p>Training Matrix</p> <ul style="list-style-type: none"> <li>• Establishment of a statutory Local Pension Board to assist the administering authority in effective and efficient governance of the Havering Pension Fund</li> </ul>	<p>administering authority in effective and efficient governance of the Havering Pension Fund.</p> <ul style="list-style-type: none"> <li>• Pension Fund reconciliations (Pension costs and Contributions received) are carried out monthly.</li> <li>• All entries in altair are reconciled to oracle quarterly</li> </ul>	

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Page 62	<p>of employer financial status</p> <ul style="list-style-type: none"> <li>▪ Poor communications with stakeholders</li> <li>▪ Inappropriate investment accounting – including reliance on third party providers.</li> <li>▪ Excessive charges by suppliers</li> <li>▪ Declining active membership leading to negative cash flow from dealings with members,</li> </ul>	<p>to set contribution rates with a high margin of error.</p> <ul style="list-style-type: none"> <li>▪ Higher employer contributions due to poor investment performance</li> <li>▪ Employer failure to pay scheme contributions on time</li> <li>▪ Poor Communication with</li> </ul>	<p>through Council's complaints system</p> <ul style="list-style-type: none"> <li>• Continuous pension training for LPB, Pensions Committee members and staff</li> <li>• ICT/ Disaster Recovery in place</li> <li>• Monitoring Officer in place to review the administration work of LPP</li> <li>• Monthly reconciliations to monitor cash flow carried out.</li> <li>• Ee's and Er's contributions reconciled monthly –late payments chased</li> <li>• Fee Invoices checked</li> </ul>			<p>to ensure completeness.</p> <ul style="list-style-type: none"> <li>• The Monitoring officer is in place and reviews the administration work of LPP.</li> <li>• All fee invoices are checked prior to payment</li> </ul>	



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Page 63	<p>requiring assets to be realised to meet liabilities.</p> <p>Employer goes into default, deficit on termination, change of status, financial risk.</p>	<p>stakeholders giving rise to disaffection and actions against the Council</p> <p>Insufficient assets to meet short term liabilities</p>	<p>prior to payment</p> <ul style="list-style-type: none"> <li>• Monitor audited accounts of third party providers to ensure consistent asset valuation.</li> <li>• Monitor investment managers performance – Fund Managers present at Pension Fund Committee meetings</li> <li>• Pension Fund Annual Report on intranet</li> <li>• AGM all employers and key stakeholders invited</li> <li>• Union Representative at the Committee</li> </ul>				

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6	<p><b>Risk of failure to on board or exit employers/members effectively</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>▪ Delays in internal processing of documentation</li> <li>▪ Member data incomplete</li> <li>▪ Poor communications with stakeholders</li> <li>▪ Lack of understanding by employers with regard to their responsibilities</li> </ul> <p>Lack of signed agreements from</p>	<ul style="list-style-type: none"> <li>▪ Delays in collection of contributions from the employers/members</li> <li>▪ Impacts cash flow</li> <li>▪ Potential for litigation</li> <li>▪ Employer contribution assessment can become out of date</li> <li>▪ Potential breach of regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Escalation to Heads of Service</li> <li>▪ Script in place to deliver to new Academy employers, with feedback process in place (minuted)</li> <li>▪ Database maintained on all contact details for LGPS communications.</li> <li>▪ Monthly schedules of data submitted to Pensions Administration Team</li> <li>▪ Tracing agencies used to locate pension fund members</li> <li>▪ Electronic file of required documents forwarded to new employers</li> <li>▪ Actuarial assessment</li> </ul>	D/2	<ul style="list-style-type: none"> <li>▪ Review of internal processes (particularly legal input)</li> <li>• Completion of TUPE Process Manual</li> <li>• Completion of Admission Policy manual</li> </ul> <p>Template admission agreement awaiting legal clearance</p>	<ul style="list-style-type: none"> <li>▪ TUPE manual completed</li> </ul> <p>check further</p>	S151 Officer/Director of Exchequer and Transactional Services

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Page 65	Employers	<ul style="list-style-type: none"> <li>▪ Incorrect records of new members</li> <li>▪ External Audit Opinion on internal controls</li> <li>▪ Employer's liabilities may fall back onto other employers and ultimately local taxpayers.</li> </ul>	<p>completed for all new admission requests to assess the level of risk.</p> <ul style="list-style-type: none"> <li>▪ Bonds and suitable guarantees put into place to protect the Fund in case of default.</li> </ul> <p>Funding level of each employer is assessed as part of the triennial valuation and contribution rates set accordingly.</p>				
	7	<p><b>Risk of Pension Fund Payment Fraud</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>▪ Pension overpayments arising as a result of non-</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial loss</li> <li>▪ Reputational damage of Pension Administration team and Council</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participate in the National Fraud Initiative (bi-annually)</li> <li>▪ Process is in place to investigate return of payment by banks.</li> <li>▪ All pension calculations</li> </ul>	E/1	<ul style="list-style-type: none"> <li>• Consider implementation of a monthly mortality check</li> <li>• Investigating usage of external agencies (i.e. Western Union) (for</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit booked to report on the effectiveness of the internal controls - to take place</li> </ul>

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Page 66	notification in change of circumstances <ul style="list-style-type: none"> <li>▪ Internal staff fraud</li> <li>▪ Staff acting outside of their levels of authorisation</li> <li>▪ Conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ Litigation / investigation</li> <li>▪ Internal disciplinary</li> </ul> Reputational damage	<ul style="list-style-type: none"> <li>are peer checked and signed off by senior officer</li> <li>▪ Segregation of duties within the Pensions Administration Team</li> <li>▪ Segregation of duties between Payroll and Pensions Administration Team</li> <li>▪ 100% address check undertaken for deferred pensions</li> <li>▪ Mortality screening carried out</li> <li>▪ Pension Fund bank account checked monthly</li> <li>▪ Internal audit checks carried out</li> <li>▪ Register of interests completed at all board meetings</li> </ul>		overseas payments) <ul style="list-style-type: none"> <li>• Implement internal audit process to report on the effectiveness of the internal controls</li> </ul>	September 2018. <ul style="list-style-type: none"> <li>▪ Check on mortality check</li> </ul>	

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