



Havering

LONDON BOROUGH

PENSIONS COMMITTEE AGENDA

7.00 pm

**Tuesday
9 November 2021**

**Council Chamber -
Town Hall**

Members 7: Quorum 3

COUNCILLORS:

**Conservative Group
(3)**

**Residents' Group
(1)**

**Upminster &
Cranham Residents
Group(1)'**

**Labour Group
(1)**

John Crowder
(Chairman)
Osman Dervish
Jason Frost

Stephanie Nunn

Ron Ower

Keith Darvill

**North
HaveringResidents'
Group(1)**

Martin Goode (Vice-Chair)

Trade Union Observers

(No Voting Rights) (2)

Andy Hampshire, GMB

**Admitted/Scheduled Bodies
Representative**

(Voting Rights) (1)

**For information about the meeting please contact:
Luke Phimister 01708 434619
luke.phimister@onesource.co.uk**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

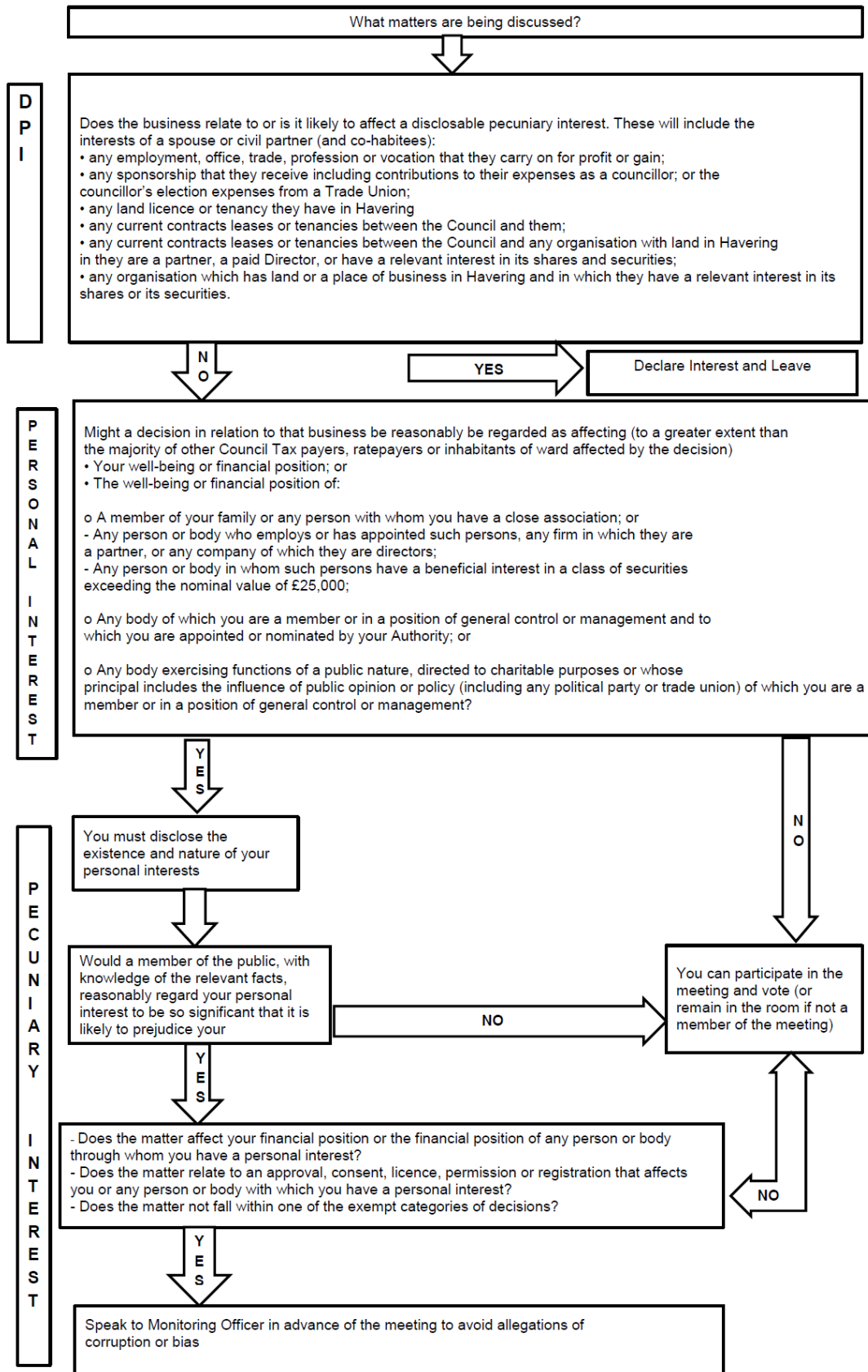
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman 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 AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive

3 DISCLOSURE OF INTERESTS

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

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

4 MINUTES OF THE MEETING (Pages 1 - 4)

To approve as correct the minutes of the meeting held on 14th September 2021 and authorise the Chairman to sign them.

5 RISK REGISTER (Pages 5 - 34)

Report and appendix attached

6 ACTUARIAL SERVICES REVIEW (Pages 35 - 40)

Report attached

7 INVESTMENT CONSULTANT SERVICE PERFORMANCE REVIEW (Pages 41 - 60)

Report and appendix attached

8 SERVICE REVIEW OF PENSION FUND CUSTODIAN (Pages 61 - 68)

Report attached

9 WHISTLEBLOWING OF THE PENSIONS ACT (Pages 69 - 76)

Report attached

10 COMMUNICATIONS STRATEGY REVIEW (Pages 77 - 98)

Report and appendix attached

11 POLICY REVIEW FOLLOWING THE DEATH OF A MEMBER (Pages 99 - 102)

Report attached

12 LOCAL PENSION BOARD REPORT (Pages 103 - 116)

Report and appendix attached

Andrew Beesley
Head of Democratic Services

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Public Document Pack Agenda Item 4

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Council Chamber - Town Hall
14 September 2021 (7.00 - 9.05 pm)**

Present:

COUNCILLORS

Conservative Group John Crowder (Chairman) and Jason Frost

**Upminster & Cranham
Residents' Group** Ron Ower

**North Havering
Residents' Group** Martin Goode (Vice-Chair)

Apologies were received for the absence of Keith Darvill, Osman Dervish and Stephanie Nunn.

All decisions were taken with no votes against.

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

211 DISCLOSURE OF INTERESTS

There were no disclosures of interests regarding any of the items on the agenda. Councillor Ron Ower did state that his daughter was employed by KPMG.

212 MINUTES OF THE MEETING

The minutes of the meeting of the Committee held on 20 July 2021 were otherwise agreed as a correct record.

213 HAVERING PENSION FUND ADMIN STRATEGY

The Committee received the Pension Fund Pensions Administration Strategy. The report was made under Regulation 59 of the Local Government Pension Scheme Regulations 2013 that allows an administering authority to prepare a Pensions Administration Strategy for the purpose of improving administrative processes to enable provision of a cost-effective, high quality pension administration service.

The Committee **agreed**:

- To approve the Pensions Administration Strategy.
- To a full review of the strategy every 3 years or as required to reflect changes in regulations, governance or working practices.

214 **HAVING PENSION FUND CHARGING POLICY**

The Committee received the charging policy report. It was stated that policy was introduced in November 2014 to formally set out the Pension Fund policy relating to the actuarial and legal charges for specific areas of work along with more general costs such as strain costs or charges relating to poor performance and late payment of scheme contributions or member benefits.

The charging policy is reviewed every three years to ensure that it is still fit for purpose and includes the most recent guidance from the Pensions Regulator.

The Committee **approved** the revised Charging Policy for a further 3 year period.

215 **HAVING PENSION FUNDING DATA IMPROVEMENT PLAN**

The Committee received the Pension Fund Data Improvement Plan that has been written with guidance from Hymans Robertson and in consultation with the Local Pensions Board and the Local Pensions Partnership Administration.

The Committee **agreed**:

- To approve the data improvement plan.
- That the Local Pensions Board monitor progress and actions taken against the plan.

216 **PENSION FUND ANNUAL REPORT 2020-21**

The Committee received Pension Fund Annual Report 2020/21 which has been prepared in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013 that applies for reporting periods beginning 1 April 2014. This supersedes Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

The Committee **Agreed**:

1. The draft 2020/2021 Pension Fund Annual Report.
2. That the Pension Fund Annual Report would be published electronically once finalised.

3. That the Chair and the Statutory Section 151 officer be authorised to conclude the final version of the annual report and sign so far as necessary.

217 **EXCLUSION OF THE PUBLIC**

The Committee agreed the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972.

218 **INVESTMENT STRATEGY UPDATE**

The Committee received an update on the Investment Strategy Review update and its implementation

The report produced by the Fund's Investment Advisor (Hymans) outlined recommendations on the future direction of the Fund's market cap equity allocation, including consideration of a low carbon option developed by the London CIV.

The Committee:

1. **Noted** the Hymans report on the follow up on some of the development areas identified as part of Fund's investment strategy review.
2. **Agreed** the recommendation as set out in section 2 of the report.

219 **PENSION FUND MONITORING FOR QTR END JUNE 2021**

The report presented to the Committee provided an overview of Fund Investment Performance, Manager Monitoring and other relevant Local Government Pension Scheme (LGPS) updates for the quarter ending 30 June 2021.

The Committee noted that the Fund grew in value by 4.26% over the quarter outperforming both its tactical and strategic benchmark.

The Committee:

- 1) **Considered** the Hymans Market Background, Strategic Overview and Manager Performance Report.

- 2) **Considered** the Hymans Performance Report and views.
- 3) **Agreed** Hymans recommendation to increase the allocation to the Funds UK Property Manager (UBS) by £10m.
- 1) **Received** presentation from the Funds Passive Equity Manager Legal & General Investment Management (LGIM).
- 2) **Considered** the quarterly reports sent electronically, provided by each investment manager.
- 3) **Noted** the analysis of the cash balances

Chairman



PENSIONS COMMITTEE

09 November 2021

Subject Heading:

**PENSION FUND RISK REGISTER -
UPDATED**

CLT Lead:

Jane West

Report Author and contact details:

Lilian Thomas
Pension Fund Accountant
01708 431057
Lillian.thomas@havering.gov.uk
Pension Fund Governance

Policy context:

Financial summary:

No direct financial implications

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

Communities making Havering	X
Places making Havering	X
Opportunities making Havering	X
Connections making Havering	X

SUMMARY

This report updates the committee with the latest version of the Havering Pension Fund (“the Fund”) Risk Register (**Appendix A**), which details the potential risks the Fund is exposed to, that the Pensions Committee should be aware of, and the controls in place to manage those risks.

RECOMMENDATIONS

The Pensions Committee is recommended to:

Approve the revised format of the Pension Fund Risk Register September 2021
(Appendix A).

REPORT DETAIL

1. Background

- 1.1 Risk management is a key responsibility of those charged with Pension Fund Governance and the need for effective risk management is reflected throughout guidance and regulation in the Local Government Pension Scheme (LGPS), in the *Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 Regulation 7 (2) (c)*, *Statutory guidance under Regulation 58 of the LGPS Regulations 2013*, The Pensions Regulator's (tPR) Code of Practice 14 (which includes a section on internal controls and managing risks) and in the CIPFA publication *Delivering Good Governance in Local Government Pension Funds (2016)* and later version *Managing Risk in the Local Government Pension Scheme (2018 Edition)*.
- 1.2 Risk is also identified and managed within the following statutory documents:
- Governance Compliance Statement,
 - The Funding Strategy Statement
 - The Investment Strategy Statement
 - Statement of Accounts
 - Valuation results
- 1.3 Other controls in place to manage risks is supported by our external service providers to the Fund such as our actuaries, advisors, auditors, custodian and system administrators, alongside our regulatory bodies as they have procedures in place to identify and managing risk.
- 1.4 The LGPS previous legislation (*Management and Investment of Funds) Regulations 2016 Regulation 7* states that administering authorities must prepare and publish a statement which states the extent to which an administering authority complies or does not comply with guidance issued by the Secretary of State. Where it does not comply it must state reasons for non-compliance. (This is known as the Myner's principles). Whilst it is no longer

mandatory to comply with the Myner's principles the Committee continues to adhere to the best guidance principles to demonstrate good practice.

- 1.5 Myner's principle number three states that the Annual Report of the Fund should include an overall risk assessment in relation to each of the Fund's activities and factors expected to have an impact on the financial and reputational health of the Fund. This could be done by summarising the contents of a regularly updated risk register. An analysis of the risks should be reported periodically to the Committee, together with necessary actions to mitigate risk and assessment of any residual risk.
- 1.6 The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework recognising the importance that those charged with governance have an understanding of the risks that could impact on the Fund and steps taken to mitigate such risks.

2. Pension Fund Risk Register

- 2.1 In line with the LGPS Regulations and good practice the Fund has been maintaining a Pension Fund Risk Register since 2015, which was last reported to the Committee January 2021.
- 2.2 The risk register complies with CIPFA 'Managing Risk in the LGPS' published in December 2018.
- 2.3 The risk register identifies the key risks that the Fund may face and the measures that can and have been put in place to mitigate those risks. Seven key risks have been identified and recorded in the risk register and summarised below are:
 1. Inaccurate three yearly actuarial valuations - insufficient funding to meet liabilities
 2. Incorrect/Inappropriate Investment Strategy - failure to meet strategic objectives by not reducing pension deficit
 3. Failure of investments to perform in-line with growth expectations – potential loss of money
 4. Failure to comply with legislative requirements – potential litigation/reputational risk
 5. Inability to manage the Pension Fund and associated services – negative impacts upon service provision
 6. Failure to effectively enrol new employers/members – cash flow impacts and possible litigation
 7. Pension Fund payment Fraud – potential financial loss
- 2.4 It should be recognised that it may not be possible to eliminate all risks but accepting and actively managing risk is crucial to fulfilling the governance of the Fund.

- 2.5 The Risk Register is a 'live' document and therefore all risks are reviewed continually to ensure that they remain relevant and that the controls are in place to manage risks where feasible. With this in mind it was agreed that from April 2019 the Risk Register will be a standing item on the Local Pensions Board (LPB) agenda and for the LPB to consider and agree to make recommendations for changes.
- 2.6 Since the last update reported in January 2021, officers have:
- Reviewed and updated controls/mitigations.
 - Reviewed the likelihood/impact scores for each of the 7 risks. In discussion with the Local Pension Board it was recommended that a pre control score be included to reflect the risk score at that point, this is to better reflect that the controls/mitigations in place will reduce the likelihood/impact of the risks once the controls/mitigations in place.
 - Reformatted the register to improve the reading and understanding of the register – improved alignment of the risks with the consequences and controls in place.
- 2.7 The matrix within the register show that risk can be classified as having two measurements that need to be assessed to determine the scale of the risk i.e.
- **Likelihood** – the possibility that a risk will occur
 - **Impact** – the consequences if the risk were to occur
- 2.8 The Fund uses a matrix to plot risk likelihood and impact. As seen on the attached register the 'green' shaded area on the matrix show the risks where there is adequate control. Risks in the 'amber' and 'red' zones are those over which closer control is required.
- 2.9 Officers have assessed that the Fund has adequate controls in place and are comfortable with the risks and the scores recorded in the risk register.
- 2.10 The benefits of successful risk management are in improved financial performance, better delivery of services, improved Fund governance and compliance.

IMPLICATIONS AND RISKS

Financial Implications and risks:

There are no immediate direct financial consequences arising as a result of this report. However, understanding the risks that are present in the Fund and how they are managed is essential to the overall strategic management of the Fund and the governance role of this Committee. Being able to assess the likely financial and reputational impact and whether a risk can be categorised as high, medium or low will impact on the decision making process of this Committee.

There are clearly some risks which would be difficult to manage, such as the impact that increased longevity will have on the liabilities of the Fund, but the understanding of such risks could well impact on other aspects of the decision making process to lower risks elsewhere. Not all risks are quantifiable from a financial perspective, but could impact on the reputation of the Fund and these also need to be taken into account.

Legal implications and risks:

There are no apparent legal implications in noting the Report although as stated above the inherent risks contained within the Risk Register, would have significant legal implications were they to occur.

Human Resources implications and risks:

None arising directly

Equalities implications and risks:

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

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

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

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

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

BACKGROUND PAPERS



Pension Fund Risk Register

Havering

September 2021

Post LPB 28.09.21

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 Risk Likelihood/Impact score shows in the column “Risk Likelihood/Impact Prior to controls” and the column “Risk Likelihood/Impact Post Controls”. 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.

Page 12

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

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified	
RISK TITLE									
No 1. Risk of Inaccurate three yearly actuarial valuation									
Upper Level: S151 Officer/Director of Exchequer and Transactional Services									
1.1	Lower Levels: PFM	Inappropriate assumptions used by actuary in calculations for valuation.	Inappropriate investment risk may be adopted and deficit not reduced.	B/2	Assumptions for valuation are in compliance with regulation.	E/3			
					Actuarial assumptions are open to challenge by officers				
					Valuation results are checked for consistency across LGPS funds via GAD S13 report.				
					Local Government benchmarking/comparisons of assumptions.				
				Potential for Council Tax increases to plug funding gap.		Valuation completed by a qualified professional actuary.			
						Robust, open procurement process in place for appointment of actuary.			Next Actuary procurement due 2023 or if current contract extended in 2025
							Annual review of actuary performance undertaken by Pensions Committee.		Service Review submitted to Pensions Committee 09 November 2021

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
1.2	PFM/CMO	Poor quality data provided /personal data not maintained (gaps/incorrect)	Poor quality or Incomplete data could result in an Increase to employer contributions/ inappropriate contribution percentages calculated.	B/2	Data cleansing/Controls in place to ensure accuracy and completeness of data.	E/3		
					Annual Data Improvement plan implemented with agreement from LPPA and regular checking of the Pensions Regulator data scores to identify areas to be fed into the plan			
					Pensions Administration Strategy implemented with effect from 01/10/21 to clarify employer responsibilities regarding data accuracy and timeliness			
<p>RISK TITLE No 2. Risk of Incorrect / Inappropriate Investment Strategy</p>								
<p>Upper Level:S151 Officer</p>								
2.1	Lower Levels: PFM	Lack of or poor professional investment advice given or not taken	Potential for financial loss.	C/2	Investment Advisor appointed to advise the Fund and is instrumental in setting Investment Strategy.	D/3		
			Loss of investment opportunities and adverse performance.					
			Growth opportunities are not maximised.					

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
2.2	PFM	Poor governance of Investment Advisor	Potential for financial loss.	C/2	Robust, open procurement process in place for appointment of Investment Advisor.	E/3		
					Investment Advisor performance is annually reviewed by the Pensions Committee and conforms to Competitive Markets Order.			
					Option to appoint an Independent advisor to undertake a health check and add robustness to the investment strategy as required.			
2.3	PFM	Lack of understanding and awareness (Pension Committee)	More investment risk may be taken to bridge a gap that does not actually exist and could generate inefficiencies and unintended risks if not fully understood.	C/2	Investment strategy /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee.	D/2		
					Investment Advisor attends each quarterly Pension Committee meeting.			
					Knowledge and skills training of LPB and Committee Members/Inductions carried out for new LPB and Pension Fund Committee member.		Pensions Committee & LPB - Training / Awareness ongoing - working towards full compliance	

Pension Fund Risk Register oneSource – Havering

Appendix A

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							with CIPFA. Knowledge and Skills framework.	
2.4	PFM	Concentration risk by asset, region and sector/Lack of clear risk appetite.	Potential for a more risk adverse Investment Strategy when more risk is required or more investment risk may be taken to bridge a gap that does not actually exist.	C/2	Investment strategy /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee. Diverse portfolio to reduce concentration.	E/3		
2.5	PFM	Based upon inaccurate actuarial valuation.	Pension deficit not reduced and potential for Council Tax increases.	C/2	Liabilities analysed during inter-valuation period in addition to every three years. Close working relationship is encouraged between actuaries and investment advisor in the development of the investment strategy.	E/3		

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
RISK TITLE								
No 3. Risk of Failure of Investments to Perform In-Line with Growth Expectations								
Upper Level: S151 Officer								
3.1	Lower Levels: PFM	Poor Fund Manager selection.	Potential for losses to be incurred.	C/2	Fund Manager selection now undertaken by LCIV. Product reviews and due diligence undertaken by Investment Advisor before the Fund invests. Robust, Fund Manager selection process in place (Non LCIV where required)	E/3		
			Reputational risk from poor investments.					
3.2	PFM	Underperformance by Fund Manager (Non-LCIV).	Deficit reduction targets not met/Increased employer contributions.	C/2	Fund Managers attend Pension Committee to present quarterly performance reports and challenge by the Committee and Fund Investment Advisor.	D/3		
3.3	PFM	Poor investment advice provided to the fund or not taken.	Deficit reduction targets not met.	C/2	Investment Advisor performance is annually reviewed by the Pensions Committee and close working relationship maintained with officers.	D/3	Service Review submitted to Pensions Committee 09 November 2021	
3.4	PFM	Negative financial market impacts/external factors/increased market volatility (i.e. 2008)/uncertainty	Economy downturn could result in general fall in investment values.	C/2	Diverse portfolio to reduce effects from market volatility.	D/3		
					Close monitoring of Markets by the Fund’s investment Advisor in particular during COVID19 pandemic			
					Investment Advisor produces monthly market updates.			

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
		of Brexit, COVID 19 Pandemic.						
3.5	PFM	Delays in the implementation of the strategy will reduce the effectiveness of the strategy and may impact growth.	The Fund’s assets are not sufficient to meet its long term liabilities.	C/2	Investment advisor/Pensions Committee and officers review fund performance and asset class targets quarterly.	D/3		
3.6	PFM	Delays in compliance with capital calls on new illiquid mandates could result in penalty payments.	Penalty payments are charged to the pension fund.	C/2	Robust processes in place to ensure capital calls are funded in a timely manner.	D/4		
3.7	PFM	Underperformance of LCIV Fund manager. Failure to achieve Asset Under Management Target.	The fund’s assets are not sufficient to meet its long term liabilities.	C/2	Monitoring meetings are held with Officers from Havering and LCIV client relations team regularly.	D/3		
					LCIV arrange regular meet the manager sessions that is open to Officers and Committee members.			
					LCIV run monthly business meetings to ensure the Fund is up to date with LCIV events. Summaries are reported back to the Pensions Committee quarterly.			
					LCIV attend Pension Committee, as part of the reporting cycle, to report			

Pension Fund Risk Register oneSource – Havering

Appendix A

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					on sub fund manager performance and LCIV updates. Open to challenge by the Committee and Fund Advisor.			
			Annual development charges may not decrease in line with MTFS expectations.		Development charges are reported at the LCIV General Shareholder meetings - attended and challenged by shareholder reps i.e. Councillors from each borough.			
3.8	PFM	Fund Managers – noncompliance to the Code of Transparency.	Failure to disclose full management fees in the Pension Fund Annual Report and accounts.	C/3	Fund Managers complete the Code of Transparency compliance template annually.	D/3	Code of Transparency data sent to Investment Consultant for guidance on interpretation of data and further analysis.	
					Officers have access to the Byhiras client portal to check submission of templates.			
3.9	PFM	Climate Risk Considerations.	Failure to consider the extent of climate change could impact on financial outcomes.	C/2	The Committee have developed a set of Investment beliefs that recognises that climate change and the expected transition to a low carbon economy represents a long –term financial risk to Fund outcomes.	D/2	Monitor issuance of new TCFD reporting requirements.	

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
Page 20					Investment beliefs incorporated as part of the ongoing implementation of investment strategy and the Committee have made a number of decisions to switch to less carbon intensity products.			
					The Pensions Regulator has set up a working party to consider guidance for pension schemes. The SAB is also expected to incorporate climate change considerations into its guidance for LGPS funds during 2020.		To monitor on – going discussions between tPR and Government regarding Climate Change and expected guidance.	Following issuance of guidance, the Committee could consider actions including: <ul style="list-style-type: none"> •Further training •Measuring exposure to and reporting. •Escalating engagement with investee companies on climate-related topics.
3.10	PFM	Risk that MATS Consolidate existing Pension Fund memberships funded within various Local Authorities into a	If a request to transfer out from the Fund is granted by MHCLG, this could set a precedent for the	C/2	The Fund has responded to the consultation issued by MHCLG (now DLUHC) opposing the transfer on the grounds of the wider risks faced by the Fund.	C/2	To monitor DLUHC actions re Transfer request from Oasis Community Learning.	
							To ensure contact with the Actuary	

Pension Fund Risk Register oneSource – Havering

Appendix A

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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 21</p>		<p>Pension Fund outside Havering.</p>	<p>sector and the potential wider impact on other employers who may also seek to transfer out. There will be an impact on cash flow and Investment Strategy as it is estimated that c10% of the Fund’s assets and liabilities would transfer out if all existing MATS followed precedent</p>		<p>If the Transfer request is granted the Fund will ensure data is correct and work with the actuary to ensure that the settlement of the transfer is valued correctly for exit.</p>		<p>regarding transfers and exit valuations.</p>	

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
RISK TITLE								
No 4. Risk of Failure to comply with Legislative requirements								
Upper Level for All Risks S151 Officer/Director of Exchequer and Transactional Services								
4.1	Lower Levels: PFM/CMO	Lack of appropriate skills/knowledge of tPR, MHCLG and CIPFA Guidance, Financial Regulations and accounting standards. Unaware of legislative changes/Poor/inaccurate interpretation of the regulations.	Potential for breach of legislation resulting in incurring financial penalties from the tPR/legal challenges/ Reputational Damage.	C/1	Local Pension Board in place to oversee adherence to the Regulations and guidance.	E/3		
					Statutory policy documents reviewed annually to ensure compliance with legislation.			
					Officers are members of the CIPFA Pensions Network and participate in the CIPFA Pensions Network/Peer forums to share knowledge & awareness.			
					Active participation in Legislative Consultations where appropriate. Legislative changes are reported to the Pensions Committee where required.			
					Induction carried out for new Pension Fund Committee and Local Pension Board members.			
					External and in house training provided where required. Continual personal development for all Committee/LPB members and Officers.		Personal development for all Committee/LPB members and officers is on-going	

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
Page 23							Training matrix in place however cannot be fully applied until all CIPFA K&S questionnaires are completed by Local Pension Board and Pensions Committee members.	
					Access to specialist pension media sources.			
					Financial requirements are subject to external and internal audit with no qualifications.			
4.2	PFM/CMO	Key person dependency	Loss of corporate knowledge expertise in both administration and finance management.	B/2	Experienced personnel in place at present.	D/2	One Source is undergoing a Transformation exercise that will be addressing succession issues.	
4.3	PFM/CMO	Failure/inability to administer the pension scheme in accordance with regulations.	Non-compliance could result in an adverse external audit report.	C/2	Local Pension Board in place to oversee adherence to the Regulations and guidance.	E/3		
					tPR undertook a review of the Fund’s day-to-day practices and operations in 2019 with no overall concerns and			

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
Page 24					officers have since implemented recommendations arising from their review.			
					Experienced personnel in place.			
					Attendance at seminars/training to ensure up to date regulatory requirements.			
					Financial statements are subject to external and internal audit with no qualifications.			
RISK TITLE								
No 5. Risk of inability to Manage/Govern the Pension Fund and Associated Services.								
Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.								
5.1	Lower levels: PFM/CMO	Staffing issues: Loss of corporate knowledge/expertise. Long-term sickness absence. Increase in staff turnover. Lack of resource (Staffing/financial).	Negative impacts upon service provision. Potential for Time delays and . Increased costs due to “buying in” external expertise.	B/2	The London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. LPPA have case type dedicated teams to ensure expertise is maintained Continuous pension training for LPB, Pensions Committee members and staff.	D/2	Succession planning scheduled for key personnel.	

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
		No knowledge base to store experiences/information.			Participates in the CIPFA Pensions Network/ Peer forums to share knowledge & awareness.			
					Onesource has introduced a knowledge sharing platform (the Finance Academy)			
					Guidance from external agencies (some will be at a cost).			
					Members of Local Authority Pensions Web.			
5.2	PFM	LCIV resourcing – LCIV staff turnover.	Undermines investor confidence in the LCIV.	C/2	Continued monitoring of LCIV in place.	D/3		
5.3	PFM/CMO	ICT failure/Disaster Recovery.	Loss of infrastructure. Failure of all ICT services.	B/1	ICT/ Disaster Recovery in place. Constant security upgrades to computer systems at both Havering, Pensions & Treasury and LPPA.	D/3		
					Implementation of COVID-19 working restrictions has maintained service continuity.			
					Use protected portals to send personal information.			
					Internal Firewalls recommended.			
					GDPR good practice is undertaken.			
5.4	PFM/CMO	Cyber Security Risk.	Ransomware risk.	B/1	Internal Audit for oneSource Cyber Security carried out in Oct 2018.	D/3		

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
					LPPA hold a current Cyber Essentials Certificate, issued 13/07/2021. They also undertake regular penetration testing with a CREST accredited company with any vulnerabilities being remediated			
5.5	PFM/CMO	Functionality of Oracle Cloud causes pension fund system issues.	Pension Fund Accounts system malfunction.	C/2	Oracle team aware of Pension fund system requirements. Systems tested at each stage of implementation. Pension Finance Staff undertook testing of General Ledger Revenue codes.	D/2	Monitoring ongoing with regard to system reconciliations and balance sheet requirements.	
5.6	CMO	Poor Pension fund administration by the outsourced service LPPA.	Service Delivery failure leading to client/customer complaints and Reputational damage.	B/1	Formal agreement in place with administrator, including SLA's. CMO in post to monitor the administration work of LPPA. Service is subject to external auditor report of pension's admin processes. LPPA supply an annual internal assurance report where the control objectives link in to the Pensions Regulator Code of Practice 14.	E/3		
5.7	CMO	Poor administration by the employers/payroll	Service delivery failure leading to client/customer complaints and	C/2	Local Pension Board is in place to assist the administering authority in effective and efficient governance of the Havering Pension Fund.	E/3		

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
Page 27		providers in the fund.	Reputational damage.		Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of data.			
					LPPA have a programme of employer training and a dedicated employer engagement team to provide support.			
					CMO maintains regular contact with scheme employers to provide support			
		Inaccurate data provided give rise to inaccurate data and financial reputational consequences such as actuary to set contribution rates with a high margin of error.		CMO in post to monitor the administration work of LPPA.				
				Actuary undertake data checks/cleaning as part of triennial review process.				
				Data cleanse checks undertaken as part of the year end pensions administration process				
				Annual data improvement plan implemented with agreement from LPPA and regular checking of the Pensions Regulator data scores to identify areas to be fed into the plan				
		Pension costs and payments delayed or incorrect.		Monthly reconciliations to monitor cash flow carried out.				
				CMO monitors benefit payments from the Fund				
		Admission agreements not		Employer onboarding process in place Service handover completed when		Strengthen the process for		

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
			completed by the transfer date.		process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021.		onboarding new employers and Bond reviews.	
					Bond or guarantee reviews in place and reviewed every three years as part of valuation process.			
5.8	PFM	Failure/inability to undertake the accounting of the pension scheme appropriately.	Qualified opinion on the accounts by external auditor.	C/2	Pension Fund accounts subject to external audit.	E/3		
Page 28					Experienced personnel in place.			
					Pension Fund uses the service of an external custodian to verify asset values and performance.			
					Fund Managers performance is monitored quarterly. Fund Managers present at Pension Fund Committee meetings.			
					Monitoring of internal control reports of fund managers to ensure operations administered correctly.			
					Attendance at accounting seminars/training to ensure adherence to guidance and regulations.			
5.9	PFM/CMO	Poor communications with stakeholders.	Disaffection and actions against the Council.	C/3	The Council has in place a complaints system to address complaints via the website that goes all the way up to the pension’s ombudsman.	E/3		

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
Page 29					The Pension Fund has a communications strategy that is updated annually and reviewed every 3 years. The strategy is reviewed by the local pensions board and approved by the pensions committee			
					LPPA has an LGPS dedicated website that contains all relevant information for scheme members and employers.			
					The Fund has a pensions dedicated page within the Havering Council website where fund specific information is published and the Fund publishes an Annual Report			
5.10	PFM/CMO	Excessive charges by suppliers.	Fund incurring unnecessary costs.	C/2	Third Party Fee Invoices checked prior to payment.	E/4		
5.11	CMO	The Data migration from Altair to UPM (Universal Pensions Management) in September 2022 is not complete and accurate.	Member’s records may not be accurate which would leave LPPA unable to calculate the correct level of pension benefits.	B/1	LPPA have a dedicated project team and robust project plan in place that includes rigorous testing of data migration and calculations.	D/2	LPPA are providing regular updates to clients and employers as to the progress of the project.	
					The project risk register has been presented to the local pensions board			

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
RISK TITLE								
No 6. Risk of failure to on board or exit employers/members effectively.								
Upper Level for all Risks:S151 Officer/Director of Exchequer and Transactional Services								
6.1	Lower Levels: PFM/CMO	Delays in internal processing of documentation/ admission agreements.	Contribution delays from the employers & members until onboarding has been completed impacts cash flow.	C/2	Monthly contribution schedules maintained by the Havering Pensions Team.	E/3		
					Reconciliations between General Ledger and contribution schedules undertaken monthly.			
					Reconciliations between General Ledger and Altair undertaken quarterly with any queries referred to LPPA/CMO for investigation.			
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of contribution payments.			
			Late payments of pension benefits.		CMO works closely with LPPA. Carries out spot checks to review LPPA work on a regular basis.			
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of data			

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
			Adverse External Audit Opinion on internal controls.		Service handover completed when process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021.			
					LPPA performance report presented to the Local Pension Board at every meeting.			
					Escalation to Heads of Service where required.			
6.2	PFM/CMO	Poor communications with stakeholders/ lack of understanding by employers with regard to their responsibilities.	Potential breach of regulations and member entitlement. Potential for litigation.	C/2	Script in place to deliver to new Academy employers, with feedback process in place.	E/3		
					Admission policy and manual completed in November 2017			
					TUPE manual completed in November 2017.			
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers			
					CMO maintains contact with employers to provide dedicated point of contact.			
					Database maintained on all contact details for LGPS communications.			
			Employer's liabilities may fall back onto other		Actuarial assessment completed for all new admission requests to assess the level of financial risk.			

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
			employers and ultimately local taxpayers.		Bonds and suitable guarantees put into place to protect the Fund in case of default.			
6.3	CMO	Member data incomplete or incorrect.	Incorrect member data causes processing delays.	B/2	LPPA raise queries with scheme employers.	E/3		
					Member self-service – online tool for members to check and update personal data.			
					Annual data cleansing and checks are undertaken as part of the year end administration process			
					Data is reviewed as part of the triennial valuation exercise.			
					Reconciliations between General Ledger and Altair undertaken quarterly identifies member mismatches.			
<p>RISK TITLE No 7. Risk of Pension Fund Payment Fraud</p>								
<p>Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.</p>								
7.1	Lower Levels: CMO	Pension overpayments arising because of non-notification in	Financial loss. Reputational damage of Pension	C/3	Participate in the National Fraud Initiative (bi-annually).	E/4		
					Signed up for DWP database Tell us Once – DWP inform Havering of deaths relating to members of the			

Pension Fund Risk Register oneSource – Havering

Appendix A

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood/ Impact prior to Controls	Controls/Mitigations	Risk Likelihood/ Impact post Controls	Actions/ Recommendations	Review of Actions taken to date and further actions identified
		change of circumstances.	Administration and Council.		Havering LGPS fund. Monitored on a daily basis			
					September 20 – Mortality Screening outsourced to an external supplier.			
					Address checked for deferred pensions prior to payment.			
					Process is in place to investigate return of payment by banks.			
					Internal audit checks carried out.			
7.2	PFM/CMO	Internal staff fraud/ Staff acting outside of their levels of authorisation.	Potential for financial loss.	C/2	Segregation of duties.	E/3		
					Pension Fund bank account reconciled to General Ledger monthly.			
					Internal audit checks carried out.			
					Internal disciplinary process in place.			
7.3	PFM/CMO	Conflict of interest.	Inappropriate decision making.	C/2	Register of interests declarations covered at each Local Pensions Board/Committee meetings.	E/3		

Pension Fund Risk Register oneSource – Havering

Appendix A

CMO	Contract Monitoring Officer - Caroline Berry
CIPFA	Chartered Institute of Public Finance and Accountancy
DLUHC	Department for Levelling UP, Housing & Communities
DWP	Department for Work and Pensions
GAD	Government Actuary's Department
ICT	Information and Communications Technology
LCIV	London Collective Investment Vehicle
LGPS	Local Government Pension Scheme
LPB	Local Pension Board
LPPA	Local Pensions Partnership Administration
MHCLG	Ministry of Housing, Communities and Local Government
PFM	Pension Fund Manager – Finance – Debbie Ford
SAB	Scheme Advisory Board
SLA	Service Level Agreement
TCFD	Task Force on Climate-related Financial Disclosures
tPR	The Pensions Regulator



PENSIONS COMMITTEE

09 NOVEMBER 2021

Subject Heading:

PENSION FUND ACTUARIAL SERVICES PERFORMANCE REVIEW - 1 October 2020 to 30 September 2021

SLT Lead:

Jane West

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708 432569

Debbie.ford@onesource.co.uk

Policy context:

A review of the performance of the services provided by the Actuary demonstrates compliance against Myners principles and contract procedure rules

Financial summary:

Actuarial net costs are met from the Pension Fund or from scheme employers where rechargeable

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

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

SUMMARY

This report reviews the service and performance of the Funds Actuary from the 1 October 2020 – 30 September 2021.

RECOMMENDATIONS

Members note the views of officers on the performance of the Fund's Actuary during the period 1 October 2020 to 30 September 2021.

REPORT DETAIL

1. The Fund appointed Hymans Robertson ("Hymans") with a contract start date of the 16 July 2018 and terminates on the 15 July 2023 with an option to extend up to a further two years to 15 July 2025 if required
2. Hymans have been with the Fund's Actuaries since April 2010.
3. An annual assessment of the Fund's Actuarial Services performance is in line with Myner's Principle number 4 on performance measurement.
4. Monitoring the contract meets post contract award procedures and ensures services are being delivered in accordance to the contract.
5. Actuarial services includes but are not limited to completion of the triennial valuation exercise, Funding Strategy Statement (FSS) preparation and advice, annual accounting valuations of pensions liabilities (in accordance with Financial Reporting Standards (FRS) 102/ International Accounting standards (IAS)19 requirements, the provision of carrying out opening valuations for new scheme employers; closing valuations for exiting scheme employers; benefit administration advice and ad-hoc advice and guidance which takes account of their knowledge of the fund position and fund strategies.
6. The Actuary also provides advice on consultations regarding changes in legislation affecting the Local Government Pension Scheme (LGPS) and reviews guidance issued by the Department for Levelling Up, Housing & Communities (DLUHC), formerly known as Ministry of Housing, Communities and Local Government (MHCLG) and the Scheme Advisory Board (SAB). Some of these changes are highly technical and the Committee rely upon the Actuary to put forward suggestions that are in the interest of the Fund. They work closely with the Government Actuary Department (GAD) to support their work under Section 13 of the Public Service Pensions Act 2013 in connection with the actuarial valuations
7. Since September 2020 the Actuary has undertaken the following:

Valuation:

- Provision of inter valuation report as at 30 September 2020.
- Correspondence/discussions regarding Draft 2019 GAD Section 13 report

Employers:

- Bulk Transfer discussions/correspondence concerning transfer of Oasis to LPFA (including review of directions Order and opposition letter)
- Olive Dining - Provided indemnity and contribution rate report.
- Mercury Land holdings – Provision of indemnity and contribution rate report
- Atalian Servest Food Co – Provision of indemnity and contribution rate report
- Provision of Pensions Information Memorandum for Housing Repairs contract and FM cleaning
- Various Opening and Cessation calculations
- Correspondence regarding Bond Renewal for Lewis and Graves

Accounting:

- Produced statutory accounting disclosures (IAS19 and IAS26) for the London Borough of Havering and the Pension Fund.
- Produced the 2019/20 actuarial statement for the statement of accounts/Annual Report.
- Provided FRS102 reports for the academies.

General

- Factor Reviews – including early retirement strain factors and advice.
 - £95k Exit cap ongoing discussions
 - Further revisions to the FSS in light of regulations changes
 - Correspondence/Discussion regarding Good governance project
 - Provision of Employer Risk Report
8. Hymans has delivered a diverse range of advice and assistance to the Council over this period. Service delivery response times remain excellent. All relevant services required during the period 1 October 2020 – 30 September 2021 were delivered in both a timely manner and to a good or excellent quality.
9. Hymans continually provides briefings on changes to legislation, government consultations, and periodic LGPS updates. These are all welcomed, viewed as excellent, and give Council officers a steering on most issues arising. Hymans also shared responses to a number of Government consultations over the period.

10. There has been no disruption with officer's having contact with the actuaries as a result of COVID-19 working restrictions, Hymans are fully equipped for virtual, remote working and are able to conduct meetings on line. They have also ran online webinars on a number of LGPS issues.
11. In conclusion, officers are satisfied with the service that Hymans is providing.
12. Officers have shared the outcome of the service performance review with Hymans which is set out above.

IMPLICATIONS AND RISKS

Financial implications and risks:

Fees are charged for the time spent on services, taking into consideration the complexity of the services provided:

Fees include included actuarial work that was recharged to other employers within the Fund

Summary of Fees can be seen in the following table:

Table 1 - Fees

	2020/21	2019/20
Gross Costs	59,580	112,563
Recharges	28,825	47,100
Net Cost	30,755	65,463

The total **net costs for the period was £30,755** (Oct 19 to Sep 20 £65,463) is met from the Pension Fund.

The decrease in net costs from the prior year is mainly attributable to the cost of the 2019 valuation.

Hymans were appointed using the 2016 Actuarial, Benefits and Governance Consultancy Framework and one of the advantages of this was the possibility to benefit from the cumulative rebate, based on the overall value of work awarded to a supplier under the Framework.

The value of the rebate has not yet been calculated for the financial year ending 31 March 2021.

Legal implications and risks:

There are no direct legal implications and risk arising from this report.

Human Resources implications and risks:

There are no direct human resource implications and risk arising from this report.

Equalities implications and risks:

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

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

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

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

Note here the equalities and social implications of, and risks relating to, the proposed decision.

An Equalities and Health Impact Assessment (EqHIA) will normally be required. Where the Equalities and Health Impact Assessment suggests that there is a significant impact upon ANY of the "protected characteristics", the EqHIA must be an appendix to the report. In all other cases, the EqHIA must be treated as a background paper.

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

There are no direct equalities implications and risk arising from this report.

BACKGROUND PAPERS

None

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PENSIONS COMMITTEE

09 November 2021

Subject Heading:

**INVESTMENT CONSULTANCY
SERVICES PERFORMANCE REVIEW –
1 October 2020 to September 2021
Jane West**

SLT Lead:

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569

Policy context:

Debbie.ford@onesource.co.uk
LGPS (Management and Investment of
Funds) Regulations 2016.

Financial summary:

Investment Consultant fees are met from
the Pension Fund

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

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

SUMMARY

This report requests that Committee review performance of the Investment Consultant for the period 1 October 2020 to 30 September 2021 against strategic objectives previously set.

RECOMMENDATIONS

It is recommended that the Committee:

1. Note the views of officers on the performance of the Investment Consultant (Hymans) against the objectives and make any comment on the report which it considers appropriate (**Appendix A**).

REPORT DETAIL

1. Background

- 1.1 Regulation 9 (4) Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 state that the Fund must take proper advice in relation to the appointment and the terms on which the appointment [of an investment manager] is made.
- 1.2 The term Investment Consultancy Services is used to describe the provision of advice to the committee to support decisions on matters such as investment strategy, strategic asset allocation and manager selection. Hymans was appointed to provide Investment Consultancy services.
- 1.3 The Competition and Markets Authority (CMA) issued “The Investment Consultancy and Fiduciary Management Market Investigation Order 2019” (the ‘Order’). Amongst other recommendations, it includes a requirement for trustees to set strategic objectives for their investment consultants (IC) (Part 7, Remedy 7). The Order took effect from the 10 December 2019.
- 1.4 The Committee has historically undertaken an annual assessment of the IC’s performance and at the Pensions Committee on 12 November 2019 agreed to adopt the CMA format and set objectives, measure(s) of success, expected outcomes and expected timescales for delivery.
- 1.5 It is anticipated that the obligation to set strategic objectives for Investment Consultants will be implemented as an amendment to the Investment Strategy Statement statutory guidance in due course.
- 1.6 Undertaking the service review ensures that this will meet the criteria set out under the CMA’s “The Investment Consultancy and Fiduciary Management Market Investigation Order 2019” (the ‘Order’). Part 7, Remedy 7”.

1.7 Monitoring the contract also meets post contract award procedures and ensures services are being delivered in accordance to the contract.

2 REVIEW OF THE INVESTMENT CONSULTANT SERVICE PERFORMANCE

2.1 Hymans was appointed to provide Investment Consultancy services using the “LGPS National Framework for Investment Management Consultancy Services” from the 1 April 2019. Contract duration is 5 years and expires on the 31 March 2024 with an option to extend by a further two years until 31 March 2026.

2.2 Hymans have provided investment advice to the Fund since April 2006.

2.3 The core services provided by Hymans includes: production of quarterly monitoring performance reports, attendance at least four Pension Committee meetings, provision of investment advice and performance monitoring of the Fund’s investment managers.

2.4 Hymans performance has been reviewed against a set of objectives agreed by the Committee in November 2019, and the results of the review of performance over the year of review are set out in **Appendix A**.

2.5 The objectives have been set with reference to the services required as set out in the “LGPS National Framework for Investment Management Consultancy Services” and included within the contract for IC services provided to the Havering Pension Fund.

2.6 Officers met with Hymans on the 14 October where feedback from Committee members were discussed and areas of improvement were agreed. The outcome, any actions and service assessment are included within the Service review outcomes as attached at Appendix A.

2.7 Officers and members conclude that they are satisfied with Hymans service and have continued confidence in the advice being given.

IMPLICATIONS AND RISKS

Financial implications and risks:

Fees are charged on a time-cost basis as set out in the tender documents.

Invoices have only been received for the period 1 October 2020 to August 2021 at a cost of £78,050, including estimated fees to September the total cost is expected to be in the region of £82,000 (1 October 2019 to September 2020 £78,030).

Increase in costs is mainly attributable to work undertaken in relation to the Investment Strategy implementation and an increase in general advice as covered in Appendix A.

Hymans were appointed using the **2017 Investment Consultancy Services Framework** and one of the advantages of this was the possibility to benefit from the cumulative rebate, based on the overall value of work awarded to a supplier under the Framework.

The value of the rebate has not yet been calculated for the financial year ending 31 March 2021.

The costs of Hymans Services are met from the Pension Fund.

Legal implications and risks:

The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 referred to above can be enforced by the CMA against Pension Scheme Trustees. The CMA can give directions to anyone to take any necessary actions to comply with the Order, and has power to bring proceedings against a party who has not complied with it. It is also possible that a failure to comply with the Order might result in the Pensions Regulator considering that trustees do not have adequate internal controls in place.

In relation to the requirements to set objectives for providers of investment consultancy services, unless an exemption applies, the Trustees must not:

- enter a new contract, or
- continue to obtain investment consultancy services

unless the Trustees have set strategic objectives in relation to the services they are going to or are already receiving.

This prohibition is effective from 24 June 2019 and will apply to new and existing contracts for investment consultancy services.

The report at Appendix A sets out the strategic objectives and the consultants' performance against these objectives and there appear to be no further legal implications in considering this and making any appropriate comments as recommended.

Human Resources implications and risks:

There are no direct human resource implications and risk arising from this report.

Equalities implications and risks:

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

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

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

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

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

BACKGROUND PAPERS

Background Papers List

None

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INVESTMENT CONSULTANT OBJECTIVES

APPENDIX A

OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
1. Demonstration of Value added			
Outcomes Expected:			
A. Help the Committee implement the Investment Strategy Statement	Duration of the contract	Committee provided with advice allowing them to take effective decisions and implement strategic changes on a timely basis, including advice on the suitability of the Fund's strategic asset allocation and corresponding benchmarks, and risks associated with different approaches.	<p>Since the latest review of the ISS in July 2020, Investment Consultant (IC) have been instrumental in progressing the periodic implementation of the strategy, with progress and recommendations for further implementation at meetings on the 1 October 2020, 16 March 2021, 20 July 2021 and 14 September 2021..</p> <p>Officers and the Committee are very appreciative of the progress made to date.</p>
B. Increase the asset value of the scheme through tactical and asset allocation over the long term	Duration of the contract	<p>Returns on the portfolio exceed the strategic benchmark over five-year rolling periods without excessive volatility.</p> <p>Returns on the Portfolio net of fees exceed the composite manager</p>	<p>Based on data from our performance measurers asset returns as at September 2021 are as follows:</p> <p>5 Year strategic return Fund return: to follow Benchmark: to follow Relative Return: to follow</p> <p>3 year composite benchmark Fund return: to follow Benchmark: to follow Relative Return: to follow</p> <p>Returns - A measure of improvement can be demonstrated by looking at the Government Actuary Department (GAD) s13 report; Havering received an amber flag against the insolvency</p>

INVESTMENT CONSULTANT OBJECTIVES

APPENDIX A

OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
		benchmark over rolling three year periods	<p>measure in the 2016 report, which was downgraded to white in the 2019 report.</p> <p>Over the longer term, returns are ahead of the long-term (absolute) return deemed sufficient to support an affordable and stable level of contributions.</p>
<p>C. Enable the Committee to implement scheme investments on a more competitive fee basis through negotiation on implementing and periodic benchmarking of fees</p>	<p>Duration of the contract</p>	<p>Where appropriate, the IC provide input on fee arrangements and proposes actions to reduce fees where possible</p>	<p>65% of the Funds' assets are held with the London Collective Investment Vehicle (LCIV) - competitive fee arrangements is one of the primary aims of investing via LCIV and therefore not considered a key role for the IC.</p> <p>No benchmarking of fees undertaken during the period for assets held outside the LCIV.</p> <p>Commercial terms for private debt mandates were negotiated as part of a broader project run by Bfinance (Project Monument) in 2018 and favourable terms were offered to investors if they agreed to invest in follow on vintages.</p>
<p>D. Help the Committee to implement an Investment Strategy, which adds value through the integration of Environmental, Social and Governance (ESG) and stewardship considerations in</p>	<p>Duration of the contract</p>	<p>Committee feel adequately briefed on ESG and stewardship issues and understand its importance within the context of the prevailing strategy.</p>	<p>IC prepared a report summarising the Fund's investment managers' compliance with the main industry governance standards and their voting and engagement activities (where applicable) over the 12 month period to 30 June 2020 which was presented to the Committee on the 12 January 2021.</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
investment manager appointments.		IC provides proactive advice on emerging trends in ESG issues	<p>This report is submitted annually to add value to the monitoring process as set out in the ISS. This report has helped the Committee to understand the managers voting and engagement activity.</p> <p>IC were instrumental in formulating a statement of investment beliefs agreed by Committee which incorporates a central belief that integration of ESG and stewardship are matters that should be considered as part of investment decision making.</p> <p>IC was instrumental in introducing ESG related investments as part of the implementation of the Investment strategy, in line with the Committee investment beliefs.</p> <p>As a result the Committee agreed to invest in:</p> <ul style="list-style-type: none"> • London Collective Investment Vehicle (LCIV) Renewables Fund, • switch the existing LCIV Global Alpha Fund to the Paris Aligned version, • switch to a climate tilted Multi Factor passive equity fund – LGIM Future World Fund • LCIV Passive Equity Progressive Paris Aligned (PEPPA) Fund.

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			<p>The consequences of making the above changes would be to reduce the Weighted Average Carbon Intensity of the Fund's equity assets from 82% to 76%.</p> <p>In January 2021 - A guide in relation to tackling Climate Change was produced by Hymans. This was distributed to members of the Pensions Committee for education/background and to the potential regulatory reporting obligations against the Taskforce for Climate-related Financial Disclosures (TCFD) framework.</p>
<p>E. Manage cash flows needs in a more cost effective manner</p>	<p>Annually</p>	<p>Development and regular review of cashflow policy.</p> <p>Proactive response and advice where changes in cashflow requirements are identified.</p>	<p>IC produced a Cash Flow Management Policy for the Pensions Committee on the 17 September 2019, which the Fund is using to as a monitoring tool. This will be reviewed when monthly outgoings increase by more than 20%. No review required to date.</p> <p>Officers consult with the IC regularly on the management of funding capital call requests as part of cash flow management.</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
2. Delivery of specialist Services			
Outcomes Expected:			
A. Work with the Fund Actuary to undertake asset liability modelling as required	Triennially	IC regularly confirms the strategy to be on track and carries out a full review of the appropriateness of the strategy after each actuarial valuation, including consideration of the risks associated with different approaches.	There were no recommendations to adjust the funding approach following the release of the 2019 triennial valuation report, The next valuation will take place-using data as at 31 March 2022 but the ISS is kept under review and modified as required.
B. Work with the Fund Actuary on an ongoing basis in respect of the integrated management of fund assets and liabilities	Duration of the contract		The IC liaises with the Fund Actuary on an ongoing basis to ensure the management of the Fund's assets are in line with the funding approach set out in the results of the triennial valuations.
C. Help the Committee to develop and define their investment beliefs	Duration of the contract	IC provides input and challenge on investment beliefs as appropriate IC facilitates discussion on beliefs and interprets the consequences of investment beliefs for the Committee.	The IC has been instrumental in the production of the Committee's investment beliefs, which incorporates beliefs on responsible investment matters. The Pensions Committee at its meeting on the 10 December 2019 agreed the set of investment beliefs and this was incorporated into the ISS when it was reviewed and agreed at the Pensions Committee on the 29 July 2020. Reference to investment beliefs is now included as part of any ongoing investment decisions.

INVESTMENT CONSULTANT OBJECTIVES

APPENDIX A

OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			<p>Officers and the Committee acknowledge the assistance provided in the development of a statement of Investment beliefs and the Fund benefits from having the Head of Responsible Investment at the IC as one of the consultants supporting the Fund.</p>
<p>D. Help the Committee develop and maintain an appropriate framework to track progress against strategic and tactical benchmarks</p>	<p>Duration of the contract</p>	<p>IC provides input on the monitoring regime for the Committee from time to time.</p> <p>Officers/Committee can understand and articulate the Fund’s progress towards its objectives from an investment perspective</p>	<p>IC maintains a reporting process where a review of Fund performance includes tracking progress against the Strategic benchmark and individual fund manager performance.</p> <p>They have taken an active role at Committee meetings and acted as its advocate in challenging the fund managers on their performance/strategy and continue to have ongoing dialogue with Fund managers to keep up to date with developments.</p> <p>Reports are produced quarterly and meet the reporting requirements as set out in the contract.</p> <p>These reports are informative and help the committee understand whether the investment strategy is on track and fund manager objectives are being met.</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
3. Proactivity of Advice			
Outcomes Expected:			
A. Advise the Committee on new investment opportunities or emerging risks	Duration of the contract	IC proactively identifies potential investment opportunities or risks and communicates these to Officers/Committee for discussion	<p>New investment opportunities are explored on an ad hoc basis and the IC has regular contact with LCIV to keep up to date with new products being offered and assess the suitability against the Funds Investment Strategy. Also participates in responding to questionnaires' issued by LCIV when they are determining product demand</p> <p>IC provided feedback to officers and LCIV as part of the development of their PEPPA fund, resulting in the Fund making an initial allocation to this mandate.</p>
B. Advise on any changes in the investment governance arrangements to enable the committee to best access emerging opportunities	Duration of the contract	IC proactively identifies potential improvements to the prevailing governance arrangements and communicates these to Officers/Committee for discussion	<p>As appropriate the IC advise the Fund of the issuance of government consultations and legislation changes that impact on governance arrangements.</p> <p>In particular updates on Responsible Investment Regulatory updates that will affect the LGPS i.e TCFD reporting. Whilst not yet a regulatory requirement IC produced a report, for inclusion in the Funds Annual report, summarising our current position against the climate related disclosures.</p> <p>Officers are appreciative of input from the IC</p>

OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
<p>C. Deliver training to enable the Committee:</p> <ul style="list-style-type: none"> • to be supported maintaining high standards of investment governance and compliance. • engage with new investment opportunities, emerging risks or opportunities to transfer risk 	<p>Duration of the contract</p>	<p>Committee has sufficient understanding of any new investment class and associated risks in which it is suggested they might invest</p>	<p>Training was delivered during part of the Committee meetings as a precursor to investment decision making as follows:</p> <p>01 October 2021 - Strategy and Equity Structure Review</p> <ul style="list-style-type: none"> • Took the committee through how the ISS asset allocation is aligned with targets • Infrastructure - rationale for top up to the asset allocation. • Equity structure- rationale for rebalancing back to target. • Addressing climate risk within equity allocation. • Options for investing in a Multi factor fund <p>16 March 21- Strategy progress</p> <ul style="list-style-type: none"> • Outline of Renewable infrastructure. • Comparison of Renewable infrastructure funds. • Private Debt – rationale for maintaining asset allocation level. • Outline of the Paris Aligned Global Alpha Fund. <p>20 July 2021 – Strategy progress</p> <ul style="list-style-type: none"> • Multi Factor Equity – comparison of funds • Private debt- Rationale for retaining existing managers <p>14 September 2021- Strategy progress</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			<ul style="list-style-type: none"> • Outline of the PEPPA Fund and rationale for asset allocation
<p>4. Support with scheme management and compliance</p>			
<p>Outcomes Expected:</p>			
<p>A. On a quarterly basis , undertake investment manager performance monitoring and review for presentation to the Committee</p>	<p>Quarterly</p>	<p>IC delivers advice on a timely basis in accordance with the expectations of Officers</p> <p>IC consults with Officers on the development of agenda items for future meetings</p>	<p>Each quarter IC produces a comprehensive monitoring report, which covers market analysis and the performance of the investment managers.</p> <p>They have attended each Committee meeting as required to discuss their report and have provided advice and guidance at these meetings.</p> <p>Improvement to the timeliness of reports is an area required for improvement. No improvement on timeliness from previous year</p>
<p>B. Produce briefing papers and periodic investment advice in advance of committee meetings in a timely basis</p>	<p>Duration of the contract</p>		<p>IC produced the following papers/briefings:</p> <ul style="list-style-type: none"> • Investment Strategy papers • TCFD • Monthly market performance updates <p>Timeliness on receipt of briefings/reports to be improved to give officers the opportunity to review and provide feedback</p>
<p>C. Support the Fund in obtaining data required to report investment fees in line with the Code of Transparency.</p>	<p>Duration of the contract</p>		<p>Officers have been dealing directly with Fund Managers with regard to disclosing fee information in line with Code of Transparency to complete the 2020/21 exercise.</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			Officers will work with the IC in developing the analysis of data going forward.
D. Review and update as appropriate the schemes Investment Strategy Statement	Duration of the contract		ISS was reviewed, updated and agreed by the Pensions Committee at its meeting on the 29 July 2020 A lot of progress has been made over the last year implementing the strategy and officers will continue to work with IC to advance further implementation as required.
E. Ensure compliance of the schemes investment arrangements with developments in regulation and all legislation	Duration of the contract		As appropriate the IC advise the Fund of the issuance of government consultations and legislation changes that impact on governance arrangements.
5. Relationship and service standards			
Outcomes Expected:			
A. Maintain fees in line with tender submission	Quarterly	Invoiced fees are in line with agreed budgets	IC fees are maintained in line with the tender submission and the IC provides detailed information against invoices to enable monitoring of costs against tender specification.
B. Agree fee budget with officers /Committee for any significant piece of work over £2,000 where the work and associated fees are not explicitly stated in the existing contract.	Duration of the contract	IC provides an annual business plan and budget proposal for agreement with Officers	Officers will work with the IC to ensure that fee budgets are agreed prior to commencing significant piece of work.

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
		IC provides fee quotes for significant work items	Hymans will send monthly updates of work in progress and likely fees
C. Clear understanding of the Scheme's goals and objectives	Duration of the contract	Officers are satisfied with the knowledge and understanding of the IC with regard to the Fund's requirements	IC has a clear understanding of the goals and objectives through their input into the development of the ISS, cash flow requirements and ongoing monitoring
D. Appropriate quality and quantity of resourcing to meet the needs and requirements of the scheme	Duration of the contract	IC are able to support the needs of Officers and Committee at all times. IC seeks feedback on views of Officers/Committee.	The support arrangements in place are good but officers would like to see an improvement to the timelessness of reports.
E. Maintain strong positive working relationship with the Committee members and officers	Duration of the contract	IC undertakes an annual business planning /review meeting	The communication and the relationship with the investment consultant are very good. Reports are well structured and easy to understand but members would like to see less use of technical language or better explanation of the technical aspects when this can't be avoided Review meeting held on the 14 October 2021 where feedback from members and officers were discussed
F. Work collaboratively with other advisors and provide effective support to the Committee when engaging with other stakeholders	Duration of the contract	Positive feedback on working relationship from other advisors and stakeholders	The IC has close working relationships to the Fund's actuary, which helps the understanding of the implications of different strategies on the Fund. The IC will liaise with the Funds Actuary to ascertain if there are any strategic changes/risks

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			that the Fund can prepare for in the run up to the 2022 valuation exercise.
G. Appropriate management and mitigation of any conflicts of interest	Duration of the contract	IC promptly notifies Officers and any conflicts arising and proposed appropriate mitigations	<p>No conflict of interest has arisen during the year.</p> <p>We are confident that advice or comments provided to the Fund are independent, as they do not receive revenue from managers relating to our investments.</p> <p>The IC does not provide advice to LCIV.</p>
6. Support with additional matters arising			
Outcomes Expected:			
A. Provide advice and assistance to the Committee on any other issues arising	Duration of the contract	IC demonstrates support for the Committee as needed	<p>IC has also provided advice on the suitability of investments on offer via the London CIV covering suitability to the investment strategy and the likelihood of engagement in their offered products.</p> <p>It is important that the Committee and officers receive expert advice on investment issues and how they affect the Local Government Pension Scheme.</p> <p>To further assist Committee members it was agreed that for a trial period Hymans will produce three questions for members to ask Fund Managers, setting out why the questions is being</p>

INVESTMENT CONSULTANT OBJECTIVES

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OBJECTIVE	DELIVERY TIMESCALE	MEASURE OF SUCCESS	SERVICE ASSESSMENT
			asked and an outline of expected response. Officers to ensure that Hymans are sent a copy of Fund Manager presentations.

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PENSIONS COMMITTEE

09 November 2021

Subject Heading:

**SERVICE REVIEW OF THE PENSION
FUND CUSTODIAN**

SLT Lead:

**1 October 2020 to 30 September 2021
Jane West**

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569

Policy context:

Debbie.ford@onesource.co.uk
Services are reviewed to ensure that the Pension Fund is receiving best value for money and is benefiting from all the services the custodian has to offer

Financial summary:

Costs for the custodial services for the period are met by the Pension Fund

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

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

SUMMARY

This report reviews the performance of the Custodian, Northern Trust, for the period 1 October 2020 to 30 September 2021.

RECOMMENDATIONS

It is recommended that the Committee notes the views of officers on the performance of the Custodian and makes any comment on the report which it considers appropriate (Table 1 and Section 3 refers).

REPORT DETAIL

1. Background

- 1.1 Northern Trust was appointed to commence Custodial and Performance measurement Services from 1 October 2019. The Pension Funds within oneSource and the London CIV (LCIV) now share the same custodian. Using a single provider across the LCIV and with other underlying LGPS will benefit from having opportunities for efficiencies e.g. having a single system for the transition process, cost benefits (economies of scale from the full breadth of the LCIV relationship) and reduced operational risk.
- 1.2 Contract duration is 4 years and expires on the 30 September 2023. This initial contract length covers 4 years so that an assessment of how custodial services will be delivered in the future.
- 1.3 This period of review covers the custodial and performance measuring services delivered by Northern Trust.

2. Review of the Custodian's performance

- 2.1 The Custodian operate a wide range of functions. This falls into the following main categories:

(a) Safe Keeping and Custody of assets

This refers to the maintenance of accurate records and certificates of the ownership of stock and ensuring that dividend income and other distributions are received appropriately. The Custodian also manages the tax position of the pension fund (the 'Fund'), claiming back any recoverable overseas withholding tax paid on dividends received and maintaining the tax records of the fund.

(b) Investment Accounting and Reporting

The Custodians produce accounting reports that are used for producing the Pension Fund Statement of Accounts and enable us to comply with the International Financial Reporting Standards (IFRS) and CIPFA accounting

guidance. These reports are accessed and downloaded from their client portal “passport”.

They keep a record of the book costs (valuations) and the holdings in the various asset classes for each of the investment managers’ portfolio as well as at the total fund level.

The custodian contract also includes completion of the relevant investment sections of the UK Office of National Statistic Returns (ONS), which is a statutory requirement.

(c) Performance measurement

This is a key part of the investment management process and forms an essential component of the reporting requirements of the Fund. Performance measurement enables the Pensions Committee and officers to understand whether the investment objectives of the Fund are being met and if the fund managers are achieving their targets. To enable the Fund to do this Northern Trust produce monthly and quarterly reports setting out rates of return versus benchmarks for each manager and for the whole fund over a number of time periods extending from one month to inception.

- 2.2 Services are reviewed annually to ensure that the Fund is receiving best value for money and is benefiting from all the services the custodian has to offer. Monitoring the contract also meets post contract award procedures and ensures services are being delivered in accordance to the contract.
- 2.3 Officers have assessed the service against a set of criteria and Officers have shared the outcome of the service review with Northern Trust, which has been set out in the following table:

Table 1

CRITERIA	ASSESSMENT
Safe Keeping and Custody of Assets	
It is important that the Pensions Committee and officers have confidence that all assets are secure and properly accounted for.	Officers review the custodians audited System and Organisation Control (SOC1) report produced annually. No concerns were raised in their latest report covering the 12 months to 30 Sept 2020. The Sept 21 report will not be available until approximately 6 months after the period end date. <i>Officers have confidence that the assets are accounted for correctly.</i>

CRITERIA	ASSESSMENT
<p>Investment Accounting and Reporting</p>	
<p>It is important that accurate accounting records are maintained and appropriate reconciliations can be made against the Fund's investment managers records.</p>	<p>Officers run detailed reports from the custodian's website using their "passport" tool. These reports are reconciled to the fund manager reports and any differences investigated. This provides assurances that accurate records are maintained. Access to additional reporting functionality further assisted officers in reconciling the 2020/21 accounts.</p> <p><i>Officers are satisfied that accurate accounting records are maintained with no audit issues identified to date.</i></p>
<p>Prompt and responsive service</p>	<p>Reponses to queries are dealt with promptly.</p> <p><i>Officers are satisfied and appreciative of the responsive service</i></p>
<p>Good communication and support</p>	<p>Officers communicate frequently with the custodian covering general day-to-day operations and to obtain assistance in ensuring investment instructions templates are completed correctly.</p> <p>The Custodian continues to facilitate home working and there has been no service disruptions because of working restrictions introduced during COVID-19 lockdown and thereafter.</p> <p><i>Officers have highlighted that service reviews are an area requiring improvement. This has been discussed with the custodian and plans are being made to schedule a series of regular reviews going forward</i></p> <p><i>Communications and support continue to be satisfactory.</i></p>

CRITERIA	ASSESSMENT
Provision of data for the Office of National Statistics (ONS) Returns	<p>The Fund uses the custodians ONS service and they complete the investment sections within the return and answer/resolve any queries raised by ONS. These have been completed within the required timescales.</p> <p><i>Officers are satisfied with this service.</i></p>
Performance Measurement	
It is important that the Pensions Committee and officers understand whether the investment objectives of the Fund are being met and if the fund managers are achieving their targets.	<p>Northern Trust performance measurement service produce monthly and quarterly reports setting out returns versus benchmarks for each manager and the whole fund over a number of time periods that cover 1 month, 3 months, 1 year, 3 years, 5 years and inception. Performance reports are available via the custodian’s website using the “RADAR” tool.</p> <p><i>Performance reports are received within specified timescales and officers are very satisfied with this service.</i></p>

3. Conclusion

- 3.1 Officers are satisfied with the provision of safekeeping and custody functions.
- 3.3 Officers are satisfied with the overall investment accounting and reporting functions.
- 3.4 Officers are very satisfied with the performance monitoring service.

IMPLICATIONS AND RISKS

Financial implications and risks:

As the Fund's asset pool provider London CIV use Northern Trust as their appointed custodian the Fund benefits from a reduced pricing structure offered for those funds that have assets invested on the London CIV platform.

The costs for custody contract cover transaction charges, administration costs, Foreign exchange charges and data for use in ONS submissions.

Performance Measurement fees are applied against each manager's performance data and the index against which it is measured.

Invoices have been received for the period 1 October to 30 June 21. The actual costs to June 21 are £38,382 and estimated to £51,413 (to include the last quarter to Sept 21) (prior year 1 Oct 19 – 30 Sep 20 £52,195). See fee table below for breakdown:

Table 2

Fee Breakdown	Oct 20 to Sept 21	Oct 19 to Sept 20
	Estimated	Actual
	£	£
Custody Fee	27,981	29,085
Performance Fees	23,432	23,110
Total	51,413	52,195

There is a risk that the Fund's value could be misstated if poor or incorrect data was provided by the custodian. This is mitigated by frequent reconciliations by the custodian to fund manager records and officer reconciliations. Accounting and reporting information is critical for year-end processes and these need to be produced in a timely manner to ensure accounts can be closed within statutory timeframes.

Upon reviewing reconciliation and year-end processes, management recognised the potential key person risk for reconciling the accounts and decided, for service planning reasons, to expand the current contract to include the custodian's additional Regulatory/Specialist reporting service. This additional service means that the custodian is able to produce the accounts and provide officers with access to the comprehensive suite of financial reports, which will further support the reconciliations of the accounts. Officers used this facility for the first time whilst closing the 2020/21 and officers found this very useful in providing assurance that in-house reconciliations undertaken during the year were accurate and has helped deal with a growing workload with existing resources and will help with succession planning in future years.

This additional service cost of £10k p.a is not reflected in the table 2 above.

The custodian and performance measurement fees are met from the Pension Fund.

Officers also carry out reviews of Northern Trust Internal Control reports issued by their external auditor. These reports detail tests undertaken by the auditors, testing their internal control environments and key procedures. No material internal control issues were reported.

Legal implications and risks:

There are no apparent legal implications or risks arising from this report.

Human Resources implications and risks:

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

Equalities implications and risks:

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

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

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

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

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

BACKGROUND PAPERS

None

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PENSIONS COMMITTEE

09 November 2021

Subject Heading:

WHISTLEBLOWING REQUIREMENTS OF THE PENSIONS ACT

SLT Lead:

Jane West

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569

Policy context:

Debbie.ford@onesource.co.uk
Pensions Act 2004

Financial summary:

None

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

On the 6 April 2005 the whistle blowing requirements of the Pensions Act 2004 came into force. The basic requirement of this law was that nearly all persons who are involved with a pension scheme have a duty to report 'as soon as reasonably practicable' to the Pensions Regulator (TPR) where they have 'reasonable cause to believe' that there has been a breach of law 'relevant to the administration of the scheme' which is 'likely to be of material significance to the Regulator'. TPR issued a Code of Practice (CP1) that set out guidance on how to comply.

The Code discusses each of these issues, in particular what the regulator sees as materially significant.

For administering authorities and employers, an initial requirement was to establish procedures to identify any breaches, and then evaluate and if appropriate report to the Regulator. These were put in place during 2005 and part of this procedure was to undertake an annual review. This represents the annual review for the year up to **30 September 2021**.

No possible breaches have been reported to the named officer for reporting issues to within Havering. Consequently, no reports have been made to TPR.

RECOMMENDATIONS

Members note the results of the annual review and that no possible breaches have been reported.

REPORT DETAIL

1. On the 6 April 2005 the whistle blowing requirements of the Pensions Act 2004 came into force. The basic requirement of this law was that nearly all persons who are involved with a pension scheme have a duty to report 'as soon as reasonably practicable' to TPR where they have 'reasonable cause to believe' that there has been a breach of law 'relevant to the administration of the scheme' which is 'likely to be of material significance to the Regulator'.
2. The Act was updated in 2015 to include changes required under the Public Services Pensions Act 2013 in relation to the establishment of a pension board and states that the requirement to report now applies to:
 - a) a trustee or manager of an occupational pension scheme;
 - b) a member of the pension board of a public service pension scheme;
 - c) a person who is otherwise involved in the administration of an occupational pension scheme;
 - d) a professional adviser in relation to such a scheme;
 - e) a person who is otherwise involved in advising the trustees or managers of an occupational pension scheme in relation to the scheme.
3. TPR issued a code of practice (CP1) that set out guidance on how to comply with the requirement to report breaches of the law.

4. TPR's objectives are to protect the benefits of pension scheme members and to promote the good administration of work-based pension schemes.
5. TPR Code of Practice provided the following guidance:

a) There is a requirement to report breaches

- Breaches of the law which affect pension schemes should be considered for reporting to the Pensions Regulator.
- The decision whether to report requires two key judgements:
 - i. Is there reasonable cause to believe there has been a breach of the law;
 - ii. If so, is the breach likely to be of material significance to the Pensions Regulator?
- Not every breach needs to be reported. TPR does not normally regard a breach as materially significant where the trustees or managers (or their advisers and service providers) take prompt and effective action to investigate and correct the breach and its causes, and, where appropriate, to notify any members whose benefits have been affected.

b) Likely to be of material significance to the Pensions Regulator'

The legal requirement is that breaches likely to be of material significance to TPR in carrying out any of its functions must be reported.

What makes the breach of material significance depends on:

- The cause of the breach
- The effect of the breach
- The reaction to the breach
- The wider implications of the breach

When reaching a decision whether to report, the reporter should consider these points together.

c) The reporting arrangements are that:

- All reporters should have effective arrangements in place to meet their duty to report breaches of the law.
- Reliance cannot be placed on waiting for others to report.
- Breaches should be reported as soon as reasonably practicable.
- Failure to report when required to do so is a civil offence.

Haverling via the Pensions Committee, agreed the following:

6. Actions to ensure compliance / reporting

a) The named officer for reporting issues to within Haverling is currently the Chief Operating Officer/Statutory Section 151 Officer. Should she be notified of a breach she will set out a plan to:

- Obtain clarification of the law where it is not clear to the reporter;
- Clarify the facts around the suspected breach where these are not known;
- Consider the material significance of the breach taking into account its cause, effect, the reaction to it, and its wider implications, including, where appropriate, dialogue with the trustees or managers;
- Establish an adequate timeframe for the procedure to take place that is appropriate to the breach and allows the full report to be made as soon as reasonably practicable;

b) The Chief Operating Officer/Statutory Section 151 Officer or a nominated person will then review and assess if a report should be made to TPR. This will normally be within one month of receiving all the appropriate information.

c) The Chief Operating Officer/Statutory Section 151 Officer or nominated person will maintain a system to record breaches even if they are not reported to the Pensions Regulator (the principal reason for this is that the record of past breaches may be relevant in deciding whether to report future breaches); and

d) In order to ensure there is a process for identifying promptly any breaches including those that are so serious they must always be reported, it was agreed that an annual assessment against the following will be carried out and reported alongside the Pension Fund accounts. This assessment has been carried out and confirms the following is acceptable.

e) *In relation to protecting members' benefits:*

- Substantially the right money is paid into the scheme at the right time;
Confirmed via external audit of accounts
- Assets are appropriately safeguarded;
Confirmed via external audit of the accounts and Pension Committee monitoring
- Payments out of the scheme are legitimate and timely;
Confirmed via external audit of the accounts

- The Fund is complying with any legal requirements on scheme funding which apply to the LGPS;
The Fund's Funding Strategy Statement is produced in conjunction the Fund's Actuary and any regulation changes are reviewed and implemented where required.
- The Administering Authority is properly considering the investment policy and investing in accordance with it;
Confirmed via the work of Pensions Committee and the adoption of a Statutory Investment Strategy Statement.
- Contributions in respect of money purchase AVCs are correctly allocated and invested;
Confirmed via external audit of the accounts

f) *In relation to promoting good administration:*

- Schemes are administered properly and appropriate records maintained;
Confirmed via external audit of the accounts and triennial valuation data verifications
- Members receive accurate, clear and impartial information without delay.
Confirmed via the methods as set out in the Fund's Communication Strategy.

g) *In addition:*

- A note has been included in the annual report provided to scheme members along with where to raise concerns.
- Fund Managers are requested to disclose any reportable governance issues as part of the Fund's monitoring process.
- The Financial Conduct Authority (FCA) regulates the London CIV and, in line with the requirements of the FCA has in place a range of policies and procedures to ensure good governance, in line with legislative and regulatory requirements. These include a whistleblowing policy. Regulatory oversight includes requirements to report to the Board and the FCA, and an oversight function exercised by the Depository.
- Procedures are in place for staff within the Borough dealing with the pension fund (this would include Finance, Accounting, Payroll and HR staff as well as Pension Administration staff) covering what they should do if they become aware of a possible breach and also (in very broad terms) whether there are any areas of pensions law etc. they would be expected to know about in their particular role.

- All Fund employers are aware of the whistleblowing requirements and is accessible via the councils website:
https://www.havering.gov.uk/downloads/file/372/whistle_blowing_procedure
 - There is a named officer to maintain record of all breaches, assessments and actions taken – the Chief Operating Officers/Statutory Section 151 Officer.
7. Should a breach occur the named officer will write to all Pensions Committee Members setting out action taken and do a full report at the next available Committee.

IMPLICATIONS AND RISKS

Financial Implications and risks:

There are no implications arising directly as the work will be managed within existing resources by, if necessary, re-prioritising work. There are, however, possible financial penalties on non-compliance, hence the need to have procedures in place.

Legal Implications and risks:

In determining whether the legal requirements of the Pensions Act have been met, a court or tribunal may take into account any relevant Codes of Practice. Section 70 of the Pensions Act introduces specific requirements for whistleblowing on the persons specified in paragraph 2 above where the person has reasonable cause to believe that a duty which is relevant to the administration of the scheme in question and which is imposed by law has not been or is not being complied with and the failure is likely to be of material significance to the Pensions Regulator. Failure to notify can result in a penalty notice of £5,000 (max) being imposed on an individual and £50,000 on a corporation.

It is therefore necessary for the Council to have in place certain procedures, which draw this to the attention of those persons covered by the legislation and enable any report to be considered and, where appropriate, brought before the Pensions Regulator.

There is no indication of any breach and therefore there appears to be no requirement to report any matters to the Pensions Regulator.

Human Resources Implications and risks:

The Council has a whistle blowing/confidential reporting policy that this procedure will complement. Existing and new Finance, Accounting, Payroll, HR and Pension Administration staff should be briefed on the procedure so that they are fully aware

of their responsibilities (if they become aware of a possible breach) and how it complements the corporate policy. The actions proposed should ensure that this is the case. The principles of whistle blowing will be adhered to in relation to anonymity.

Equalities implications and risks:

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

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

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

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

Note here the equalities and social implications of, and risks relating to, the proposed decision.

An Equalities and Health Impact Assessment (EqHIA) will normally be required. Where the EA suggests that there is a significant impact upon ANY of the "protected characteristics", the EqHIA must be an appendix to the report. In all other cases, the EqHIA must be treated as a background paper.

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

Background Papers List

None

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PENSIONS COMMITTEE

Subject Heading:	Havering Pension Fund Communications Policy 2021 to 2024
SLT Lead:	Jane West
Report Author and contact details:	Caroline Guyon 01708 4321852 Caroline.guyon@havering.gov.uk
Policy context:	Local Government Pension Scheme Regulations 2013
Financial summary:	To achieve savings where possible through effective and efficient communications

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

The report advises Members of the current Communications Policy for the London Borough of Havering Pension Fund, in relation to the Local Government Pension Scheme (LGPS). It considers key communications with stakeholders, the method and frequency of the communications.

The actions are reviewed annually and are included in the Pension Fund Annual Report and Accounts.

The policy is reviewed every three years.

RECOMMENDATIONS

Members consider and approve the Pension Fund Communications Policy for the three year period to November 2024, attached as appendix A.

REPORT DETAIL

1. Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires an Administration Authority to prepare and publish a written statement covering communications with members and scheme employers.
2. The statement must set out the following:
 - Communications with members, representatives of members, prospective members and scheme employers
 - The provision of information and publicity about the scheme to the above
 - Format, frequency and distribution method of the information or publicity
 - The promotion of the scheme to prospective members
3. The key objectives of the Communication Policy are to communicate in the most appropriate medium for the audience, educate the various stakeholders of the benefits of the LGPS and to improve the service our members receive.
4. The policy also aims to better utilise modern media that is cost effective and efficient, placing a greater emphasis on the use of the pension websites, including the My Pension Online self-service facility, and the Local Pensions Partnership Administration's secure portal for employers, YourFund.

5. Methods of communication have been updated to reflect new ways of working since the beginning of the Covid-19 pandemic, where virtual meetings and training sessions are now easily accessible to a wider audience.
6. Appendix A to this report is the Havering Pension Fund Communication Strategy 2021-2024.

IMPLICATIONS AND RISKS

Financial implications and risks:

There is a risk of breaching the Fund's statutory obligations if communications with its scheme members, member representatives, prospective members and scheme employers is not met.

Budgetary provisions are available and any communication costs are met by the Pension Fund either as a direct charge to the fund, via contract costs from the third party administrative provider or as recharge from the Council.

Legal implications and risks:

The relevant legal duties are set out in the body of the Report and there are no other apparent legal implications.

Human Resources implications and risks:

There appear to be no HR implications or risks arising directly as a result of this report.

Equalities implications and risks:

The policy states that requests for documents in alternative font, format and language can be accommodated.

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

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

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

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the

Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.



Havering
L O N D O N B O R O U G H

**HAVERING PENSION FUND
COMMUNICATIONS POLICY**

2021-2024

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1. Introduction

An effective communications policy is vital for any organisation which strives to provide a high quality and consistent service to their stakeholders.

Havering Council, as the administering authority for the Havering Pension Fund (the Fund), must maintain a communications policy as required by the Local Government Pension Scheme Regulation 2013.

The provision of timely, relevant information in a suitable format is key to ensuring efficient and effective communications. It is important that we consider the costs in terms of resource and staff time for all communications and work with the LPPA to ensure there are appropriate systems and processes in place to facilitate these communications with our stakeholders.

This policy identifies our key stakeholders and details the different forms and methods of communications required to maintain the successful governance and administration of the Fund.

Every effort is made to ensure all our communications are accessible to all. Documents can be re-produced in different fonts, formats and languages where required by the recipient.

Strategy Review, Ownership and Authorisation

The Havering Pension Fund Communications Policy is effective with effect from November 2021.

The administering authority will review this policy as required to reflect changes in regulations, governance or working practices with a full review every three years

The policy lead is the Pension Projects and Contracts Manager. The document has been developed with approval from the Pensions Committee.

If you have any questions or comments regarding the Pensions Administration Strategy, please contact Caroline Guyon, Pensions Projects and Contracts Manager.
Telephone: 01708 432185 or via email caroline.guyon@havering.gov.uk

Pensions Administration

From 1 November 2017, the London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. The Local Pensions Partnership was formed in 2016 through a collaboration between Lancashire County Council and the London Pensions Fund Authority and provides pension services to the Local Government Pension Scheme, Police and Firefighter Schemes.

LPPA can be contacted via telephone on 0300 323 0260 or via the contact form on the [website](#).

2. Legislative Framework

The Fund is required by regulation 61 of the Local Government Pension Scheme Regulations 2013 to maintain and publish a communications policy statement. Regulation 61 is reproduced below:

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with-

- a) Members
- b) Representatives of members
- c) Prospective members
- d) Scheme employers

(2) In particular the statement must set out its policy on-

- a) The provision of information and publicity about the scheme to members, representatives of members and Scheme employers
- b) The format, requery and method of distributing such information or publicity
- c) The promotion of the Scheme to prospective members and their employers

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

In accordance with the Public Sector Pensions Act 2015, the LGPS is regulated by the Pensions Regulator who has provided guidance in Code of Practice 14 on providing good quality communications to Scheme members and other stakeholders.

3. Key Objectives

The key objectives of the communications policy are:

- To improve the understanding of members, their representatives and perspective members of the benefits of the Local Government Pension Scheme
- Assist Scheme employers in understanding their roles and responsibilities within the LGPS and to provide guidance and support
- To improve the service that Pension Fund Members receive
- Use plain English for all communications
- Identify and use the most appropriate communication method to take account of stakeholders' different needs
- To communicate in the most effective and cost efficient way

4. Communications with Scheme Members

Our aims for communicating with our scheme members are:

- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPPA help desk
- to encourage the use of the pension scheme website and registration to My Pension Online - Member Self Service.

The Key actions will be:

- continual review of employee communication methods to ensure they are effective and efficient
- on-going promotion of the pension websites and Member Self Service
- Working with LPPA to ensure communications are relevant and timely

Action	Audience	Media	End of Year Review 2022
Review and update the pension websites and intranet site	All	Web	
Promote the pension websites and intranet	All	Web	
Promote My Pension Online – Member Self Service	Active, Deferred and Pensioner	Web	
Ensure relevant, accurate and timely communications are sent to all members	All	Paper or electronic	

The Administering Authority will ensure the following communications are provided as required, in addition to day to day individual communications with members.

Communication	Media	Frequency of Issue	Distribution	Audience
Pension Websites	Web	Continually available. Updated as required	Advertised on all communications	All
Having staff intranet site	Web	Continually available. Updated as required	Advertised regularly via internal communications	Having Corporate staff

Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Factsheets	Web	Continually available. Updated and replaced as required	For viewing as required	All
Newsletters and scheme updates	Web or paper	As required	For viewing as required. Post to home address for targeted communication	All
Forms	Web or paper	As required	Available to download or post to home address	All
Annual Benefit Statements	Web or paper if opted out of online statements	Continually available. Updated annually	For viewing as required. Members are informed of availability via personal email, email to employers or internal Global News	Active and Deferred
Retirement Workshops	Web	Periodically	LPPA run retirement workshops for members nearing retirement. These are advertised via employer communications	
Road shows/ Workshops	Face to face in person or virtually	When required	Advertised via email, Global News, Posters and employers	Active
Pensioner payslips	Paper	1 st pension payment and every April, May and October	Post to home address	Pensioner
Notice of Pensions Increase	Paper	Annually in April	Post to home address with April payslip	Pensioner
Internal Disputes Resolution Procedure	Paper or Web	Continually available. Updated as required	Post to home address or available to download	All

Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All
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Explanation of communications

Pension Websites - The LPPA website (www.lppapensions.co.uk) provides LGPS information for all of their clients, including forms, guides, newsletters, links to related sites including My Pension Online Member Self Service and contact information. The Having Pension website (address to be confirmed) provides information specific to Having Pension Fund members such as our retirement process factsheet and planning guide, IDR policy, Annual report and accounts and information about the Local Pensions Board.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Factsheets – Leaflets that provide information in relation to specific topics, for example automatic enrolment.

Newsletters – General newsletters are issued annually and additionally as required, usually when a significant change to the scheme occurs. Pensions Increase newsletters are sent annually to advise pensioner members of the increase to their pension.

Forms – LGPS forms are available on the pension website such as opt out form, 50:50 or Main Scheme election form and nomination form.

Annual Benefit Statements – For active members these include the current value of benefits and projected benefits to normal retirement date. The associated death benefits are also shown. For deferred members these show the current value of the pension benefits and associated death benefits. These are released by the end of August and are available on My Pension Online – Member Self Service. Members can opt out of the online service and elect to receive a paper copy sent to their home address.

Internal Disputes Resolution Procedure – A formal notification of the procedure to follow in the event that a dispute cannot be resolved by the LPPA or the Having Pension Projects or Contracts Manager

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the Having Pension website.

5. Communications with Prospective Scheme Members

Our aims for communicating with our prospective scheme members are:

- to increase the take up of the LGPS
- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPPA help desk

The Key actions will be:

- review of communication methods to ensure they are effective and efficient
- ensuring automatic enrolment and re-enrolment is well communicated

Action	Audience	Media	End of Year Review 2022
Ensure pension website is included with new employee contracts and information packs	New employees	Paper or electronic	
Review and update the pension websites	All	Web	
Work with employer to ensure automatic enrolment is correctly communicated	Existing employee	Paper or electronic	

The pension scheme will work with LPPA and employers to provide the following communication as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Joiner Option Form	Paper or electronic	On commencing employment	Via LPPA with new starter information	New employees
Pension Websites	Web	Continually available. Updated as required	Advertised on all communications	All
Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Education Sessions	Face to Face or virtually	As required	Part of induction workshops	New Employees
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

Explanation of communications

Pensions Joiner Option Form – Form provided to all new employees which provides the details of the pension scheme website and allows them to advise of any previous pension entitlements.

Pension Website - The LPPA website (www.lppapensions.co.uk) provides LGPS information for all of their clients, including forms, guides, newsletters, links to related sites including My Pension Online Member Self Service and contact information. The Having Pension website (address to be confirmed) provides information specific to Having Fund members such as our retirement process factsheet and planning guide, IDR policy, Annual report and accounts and information about the Local Pensions Board.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Education sessions – A presentation providing an overview of the benefits of the pension scheme and an opportunity to ask questions.

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the Having pensions website.

6. Communications with Scheme Employers

Our aims for communicating with our scheme employers are:

- to improve relationships
- to assist them in understanding their role as a scheme employer
- to assist them in understanding funding/cost requirements
- to work together to achieve accurate scheme actuary data submissions
- to ensure smooth staff transfers
- to improve the service our pension fund members receive

The Key actions will be:

- offer induction meetings for all new scheme employers
- support employers with training and technical guidance
- on-going promotion of the employer section of the LPPA pension website and use of the YourFund secure portal
- working with relevant parties to admit new employers to the fund

Action	Audience	Media	End of Year Review 2022
Meet with all new scheme employers to discuss responsibilities and requirements	Employers	Face to face or virtually	
Review and update the employer sections of the pension websites	Employer	Web	
Work with LPPA to promote employer training sessions	Employer	Web	
Work with LPPA to ensure accurate and timely data submissions	Employer	Email, phone, face to face or virtually	
Provide regular updates to employers on key aspects of the scheme	Employer	Web or email	

The pension scheme will provide the following communication to employers as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Induction meeting	Face to Face or virtually	On becoming a scheme employer	By email	New scheme employers
New employer information pack	Electronic	On becoming a scheme employer	By email	New scheme employers
Pension Websites	Web	Continually available. Updated as required	Advertised on all communications	All
Tupe Manual and Admissions Policy	Web	Continually available. Updated as required	For viewing as required	Scheme employers and potential admitted bodies
Employer roadshows	Face to Face or virtually	When required following scheme changes	Advertised via email to employer	All
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All
Pension Fund Valuation reports	Electronic	Every three years	Via email	All
Funding Strategy Statement	Web	Continually available. Replaced every three years and updated as required	For viewing as required.	All
Employer Newsletters	Electronic and Web	Periodically	Via Email or for viewing as required	Scheme employers

Explanation of communications

Induction Meeting – A meeting offered to all new academies and admitted bodies to discuss roles and responsibilities.

New Employer Information Pack – Email sent to welcome an employer to the Having LGPS, including all information relevant to being a scheme employer, eg paying contributions and the pensions administration strategy detailing their role and responsibilities.

Pension Website - The LPPA website (www.lppapensions.co.uk) provides LGPS information for all of their clients, including forms, guides, newsletters, links to related sites including My Pension Online Member Self Service and contact information. The Having Pension website (address to be confirmed) provides information specific to Having Fund members such as our retirement process factsheet and planning guide, IDR policy, Annual report and accounts and information about the Local Pensions Board.

Tupe Manual and Admissions Policy – These documents are relevant to Letting Authorities that are looking to outsource a service to a third party supplier

Employer Roadshows – Provided by LPPA/LB Having as required following a significant change in the scheme

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme based information such as the number of scheme members and scheme employers. This is published and available on the pensions website

Pension Fund Valuation Reports – A report issued every three years setting out estimates assets and liabilities of the Fund as a whole and setting individual employer contribution rates for the next three year period

Funding Strategy Statement – A summary of the Fund's approach to funding its liabilities, including reference to the Fund's other policies although it is not an exhaustive statement of policy on all issues.

7. Communications with Representatives of Members

A. Pensions Committee

Our aims for communicating with Pensions Committee are:

- to provide information to enable the Committee to make decisions delegated under the Council's constitution
- to provide information to ensure the Committee are kept informed of pension related matters
- to ensure the Committee are aware of their responsibilities in relation to the Scheme
- to provide training with regards to investment and administration matters

The Key actions will be:

- to submit Committee reports, which have been reviewed by the relevant Council business partners and senior manager
- To arrange training sessions with Fund officers, advisors and external experts when required

Action	Audience	Media	End of Year Review 2022
To submit Committee reports in line with the annual plan and as and when required	Pensions Committee Members	Paper and web	
To arrange required training as and when required	Pensions Committee Members	Face to Face, online or virtually	

The pension scheme will provide the following communication to Pensions Committee Members as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Committee Reports	Paper and Web	Quarterly and as and when required	By email and available on the Having.Gov website	Pension Committee Members and Trade Union representatives
Pensions Committee Briefings	Face to face or Hybrid	Quarterly and as and when required		Pensions Committee Members and Trade Union representatives
Training sessions	Face to face or virtually	When there is a new Pensions Committee and as and when required	By email	Pensions Committee Members and Trade Union representatives

Explanation of communications

Pensions Committee Reports – Formal reports written by Pension Fund officers and reviewed by Business Partners and a Senior Leadership Team member. Published on the having.gov.uk website

Pension Committee Briefings – Pension Fund officers attend each Committee meeting and provide a verbal briefing on each Committee report

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Training is shared with the Local Pension Board members where applicable

B. Local Pensions Board

Our aims for communicating with the Local Pensions Board are:

- to provide information to enable the board to assist the Scheme Manager in executing their duties
- to provide information to ensure the board are kept informed of pension related matters
- to ensure the board are aware of their responsibilities in relation to the Scheme
- to provide training with regards to investment and administration matters

The Key actions will be:

- to submit reports on areas identified for review by the Board.
- To arrange training sessions with Fund officers, advisors and external experts when required

Action	Audience	Media	End of Year Review 2022
To submit reports in line with the Board work plan and any additional areas identified at meetings	Local Pension Board	Paper and web	
To arrange required training as and when required	Local Pension Board	Face to Face, online or virtually	

The pension scheme will provide the following communication to the Local Pension Board as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Local Pension Board Reports	Paper and Web	Quarterly and as and when required	By email and available on the Having.Gov websites	Local Pension Board

Local Pension Board Briefings	Face to face or virtually	Quarterly and as and when required	Fund officers attend each meeting	Local Pension Board
Training sessions	Face to face and online	When a new members is appointed. Continual self- development is also required	Face to face, web based or virtually	Local Pension Board

Explanation of communications

Local Pension Board reports – Written by Pension Fund officers to provide a formal update to a particular area of work

Local Pension Board briefings – Pension Fund officers attend each Board meeting to provide a verbal overview of written reports and to provide updates on any on-going work

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Targeted training is also available for Local Pension Board members online via the Pensions Regulator website. Training is shared with the Pensions Committee members where applicable

C. Having and oneSource Managers

Our aims for communicating with the Having and oneSource managers are:

- to provide information to be able to make decisions delegated under the Council’s constitution
- to provide accurate, timely and relevant information on request
- to ensure managers are aware of any pension related employer costs

The Key actions will be:

- to submit executive decision reports on areas identified as requiring management approval.
- to ensure that employer requests for pension estimates are monitored against the contractual key performance indicator and include employer costs.

Action	Audience	Media	End of Year Review 2022
To write key or non-key executive decision reports as required in line with the Council’s constitution	Senior or oneSource Management	Paper or email	

To ensure the provision of employer estimates is in line with the contractual agreement	HR and Heads of Service	Paper or email	
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The pension scheme will provide the following communication to managers as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Key and non-key executive decision reports and background papers where required	Paper or electronic	As and when required	By email	Officer delegated responsibility under the Council's constitution
Employer requested pension estimates, usually for redundancy, flexible retirement or ill health retirement	Paper or electronic	As requested	By email	HR or Head of Service

Explanation of communications

Key and non key executive decision report - Formal reports written by Pension Fund officers and reviewed by Business Partners and agreed by a Senior Leadership Team member in accordance with the Council's constitution.

Employer requested pension estimates – A detailed statement of the scheme member's pension benefits and any cost to the employer due to the payment of the pension to the member.

D. Other Stakeholders

Pension Fund Manager (Finance)

The Pension Fund Manager (Finance) responds to staff, employer and other enquiries. Skills and knowledge are kept up to date through participation in seminars and conferences.

Pension Projects and Contracts Manager

The Pensions Projects and Contracts Manager is responsible for monitoring the administration contract with the Local Pensions Partnership Administration. Quarterly client reviews take place to monitor the contract and check the service level agreements are being met. They are also responsible for maintaining relationships with scheme employers, trade unions and other relevant stakeholders.

Investment Fund Managers

Day to day contact between the Pension Fund Manager (Finance) and the investment fund managers is maintained. Each fund manager is required to present their performance reports to the Pensions Committee on a cyclical basis, unless performance concerns override this.

Trade Unions

Trade unions in the London Borough of Havering are valuable ambassadors for the Pension Scheme. They ensure that details of the Local Government Pension Scheme’s availability are brought to their members’ attention and assist in negotiations under TUPE transfers in order to ensure, whenever possible, continued access to the Scheme.

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PENSIONS COMMITTEE – 9th NOVEMBER 2021

Subject Heading:	Review of the policy for the overpayment of pensions following the death of a pensioner or dependant member
SLT Lead:	Jane West
Report Author and contact details:	Caroline Guyon 01708 432185 Caroline.guyon@havering.gov.uk
Policy context:	Local Government Pension Scheme Regulations 2013
Financial summary:	In applying the policy to automatically write off pension overpayments of less than £250 following the death of a pensioner or dependant member, where there is no ongoing dependant pension payable, has resulted in overpayments of £3,792.30 being written off during 2020/21.

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

It is good practice to ensure the Council has a policy in place regarding the treatment of overpaid pensions following the death of a pensioner or dependant member.

A policy was introduced in March 2019 enabling overpayments of pension of less than £250 net following the death of a pensioner or dependant member, where there is no ongoing dependant pension payable, to be automatically written off.

This ensures that any overpayments are treated in a fair and equitable manner and will prevent the administration team seeking individual write off approvals. It was agreed that the policy would be reviewed annually.

During 2020/21 the overpayments written off in line with the policy totalled £3,792.30, which falls within the expected average of £5,000.

RECOMMENDATIONS

It is recommended that the Committee agree to the continuation of the Policy for the overpayment of pension following the death of a pensioner or dependant member for a further year.

REPORT DETAIL

1. Notification of the death of a pensioner or dependant member does not always happen immediately. When notified in time the payroll team will stop or recall the last monthly pension payment to prevent a potential overpayment of pension benefits.
2. If this is unsuccessful, the current policy allows the Pension Fund to automatically write off an overpayment of pension of less than £250 net, where there is no ongoing dependant pension to be paid.
3. A value of less than £250.00 net in the instance of the death of a pensioner or dependant member has been deemed by Officers as uneconomical to pursue when taking into account the cost of the administration involved in additional correspondence and raising and chasing an invoice. The cost of this work has been estimated as £76.91 per case.
4. It is also important to take into account the reputation of the Council in seeking to recover relatively small amounts from bereaved relatives.

5. Where there is an ongoing dependant benefit due this can be used to recover any overpaid pension, regardless of the value of that overpayment.
6. An invoice will be raised by the Fund to recover an overpayment which is £250.00 net or more following the death of a pensioner or dependant member.
7. The total debt automatically written off during 2020/21 in line with the policy was £3,792.30 covering 53 different cases, which is an average of £71.55 per case, and falls below the expected average of £5,000 per annum.

IMPLICATIONS AND RISKS

Financial implications and risks:

It is not economical to pursue recovery of any overpayment below £250 net – cases are few and the amount of write –off in any year is typically less than £5,000

Legal implications and risks:

There are no apparent legal implications or risks within the content of this Report.

Human Resources implications and risks:

There appear to be no HR implications or risks arising directly that impact on the Councils workforce.

Equalities implications and risks:

There are no direct equality implications regarding this matter.

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

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

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

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.

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PENSIONS COMMITTEE

Subject Heading:

Local Pensions Board Annual Report –
Year ending 31 March 2021

SLT Lead:

Sarah Bryant

Report Author and contact details:

Caroline Guyon
Pensions Projects and Contracts Manager
caroline.guyon@havering.gov.uk
01708 4323185

Policy context:

The report has been produced in line with guidance issued by the Scheme Advisory Board

Financial summary:

The report notes the budget set for the period April 2019 to March 2023 as agreed by the S151 Officer

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

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

SUMMARY

This report presents the Local Pension Board Annual Report 2020/21 which includes the work covered by the Board during the year and the future work plan.

RECOMMENDATIONS

1. The Committee to note the 2020/21 Local Pension Board Annual Report
2. The Committee to agree the Local Pension Board Annual Report will be published electronically.

REPORT DETAIL

1. The Local Pension Board Annual Report 2020/21 has been produced in line with the guidance issued by the Scheme Advisory Board.
2. It is considered good practice to present the annual report to the Pensions Committee to evidence the work the Board has undertaken during the year and to present the future work plan.
3. The annual budget for the running of the Local Pensions Board is £27,900, which includes a training budget of £10,000 shared with the Pensions Committee. The actual spend during 2020/21 was £1,075.

IMPLICATIONS AND RISKS

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

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 direct equality implications regarding this matter.

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

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
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Havering
L O N D O N B O R O U G H

**LONDON BOROUGH OF HAVERING
LOCAL PENSION BOARD**

ANNUAL REPORT

2020/21

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Opening remarks.

It is my pleasure to introduce the Local Pension Board's 2020/21 Annual Report. The Board's task is to assist the Council in ensuring effective governance and administration of the Local Government Pension Scheme (LGPS). I took the role of Chair, following Mark Holder, who I would like to thank for his work and the effective running of the board. I am very pleased that Mark remains a member of the Board and I would like to thank everyone, officers and Board members for their willingness to debate differences, ideas and improvements.

In March 2020 and in response to the COVID-19 pandemic, Havering Council and the Local Pensions Partnership Administration successfully initiated their Business Continuity Plans to ensure that services to LGPS members and employers remained excellent and scheme governance was maintained. Where possible officers continue to work from home and Board meetings are currently held virtually.

The COVID-19 pandemic led to a temporary postponement of meetings and therefore the Board only met formally three times from April 2019 to March 2020 to discharge its duties.

The Board have two year work plan to tackle the areas deemed as most important to the successful running of the fund and has worked hard during the year to deliver the objectives of the plan. More detail on the work plan and the work completed can be found in the body of this report.

Board members completed online training, attended webinar training during this period and spent time reviewing documents in preparation for board meetings. Details of the completed training are provided in Appendix 1.

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

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 in maintaining the high standards of administration and governance of the Fund.

Andrew Frater
Chair of the Local Pensions Board

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 are appointed for a fixed term of 4 years, which can 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.

The Board membership as at March 2021 consisted of Denise Broom and Andrew Frater, Employer representatives, and Mark Holder and Anne Giles, Scheme Member representatives.

Board Meetings

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

Meetings took place on 22 September 2020, 21 January 2021, and 30 March 2021.

Matters discussed by the Board

The following matters have been discussed by the Board:

- Review of work plan
- Support for the Board
- Details of the Board's budget
- Pensions Committee meeting updates
- The Pensions Regulator compliance checklist
- The Pensions Regulator's review of the Havering Fund
- Performance of the Pensions Administration Service
- Communications Campaign
- The Risk Register
- Audit of the Pensions Administration provider
- Legislation Changes
- Data Improvement Plan

There have been no conflicts of interest involving any of the work undertaken by the board or during any agenda items. Minutes of the meetings can be found on the [Havering website](#).

Risk management

There are no specific risk management implications arising from this report.

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. The Administering Authority maintains a register of the training and development that has been undertaken. The extract of training undertaken during 2020/21 can be found in Appendix 1.

To summarise:

- Members have completed a variety of externally provided courses and seminars and online learning.
- All members have undertaken a training needs analysis.
- Further training events will be organised once the training requirements of the pension committee have been assessed.

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 2020/21 are shown in the following table:

Description	2018/19 Actual £	2019/20 Estimate £	2019/20 Actual £	2020/21 Estimate £	2020/21 Actual £	2021/22 Estimate £	2022/23 Estimate £
Members Allowance & Travelling	1,673	3,000	946	3,000	391	3,000	3,000
Support Services – Internal Recharge	1,075	1,000	640	1,000	360	1,000	1,000
Printing, Stationary & Office Expenses	0	3,400	0	3,400	0	3,400	3,400
Communication & Computing	0	500	0	500	0	500	500
Professional Advice	0	10,000	0	10,000	0	10,000	10,000
*Training & Development	1,430	10,000	295	10,000	**325	10,000	10,000
Total	4,178	27,900	1,881	27,900	1,075	27,900	27,900

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

**Includes charge for February 2020 training, invoiced in 2020/21

Budgets have been set to cover a four year period from 2019/20 to 2022/23 to reflect the period of term that the LPB appointees will serve. 2020/2021 is the sixth operational year of the LPB.

The LPB is accountable to the Administering Authority and prior approval was sought from the Section 151 officer to amend budgets. It was agreed by the board that the 4 year budget be reduced by £7,000 from £34,900 to £27,900 as a reduction in support service recharges had resulted in low costs year on year.

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 for 2021/22 has been agreed.

The list below are the areas being considered:

1. To ensure that the Pensions Regulator and Scheme Advisory Board compliance checklist has been completed and is reviewed regularly.
2. To ensure that 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. Any items that cannot be made fully compliant are added to the risk register with a clear explanation as to the reasons why. The risk register is to be reviewed by Board as a standing item on each agenda.
3. To 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.
4. To regularly review the key performance indicators and statistical information relating to the administration of the scheme and ensure an action plan is in place for indicators that are not meeting the agreed target.
5. To ensure that investment managers disclose all their fees and charges and are progressing towards the local government pension scheme cost transparency code.
6. To ensure that the scheme manager fully plans for any new legislation and we are compliant with all aspects of any new legislation.
7. Report regularly to the pensions committee on the work of the pension board and ensure that there is good communication between the two boards
8. To have an oversight of the transition to the new administration software platform and the review any risks that are involved.
9. To review any impact COVID-19 had on the scheme.

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

APPENDIX 1 - LOCAL PENSION BOARD MEMBER TRAINING 2020/21

Date	Topic Covered	Location	Cost	Attended By
14/05/2020	Introducing Pension Schemes	The Pensions Regulator online learning	No fee	Andrew Frater
14/05/2020	The Trustees Role	The Pensions Regulator online learning	No fee	Andrew Frater
14/05/2020	Running a Scheme	The Pensions Regulator online learning	No fee	Andrew Frater
14/05/2020	Pensions Law	The Pensions Regulator online learning	No fee	Andrew Frater
18/05/2020	Conflicts of Interest	The Pensions Regulator online learning	No fee	Anne Giles
18/05/2020	Managing Risks and internal controls	The Pensions Regulator online learning	No fee	Anne Giles
18/05/2020	Maintaining accurate member data	The Pensions Regulator online learning	No fee	Anne Giles
18/05/2020	Maintaining member contributions	The Pensions Regulator online learning	No fee	Anne Giles
18/05/2020	Reporting Breaches of Law	The Pensions Regulator online learning	No fee	Anne Giles
24/06/2020	LPB Members Seminar	Barnett Waddingham/Cipfa Webinar	£195 + vat	Anne Giles

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