

**COUNCIL, 25 MARCH 2015**

## **REPORT OF THE GOVERNANCE COMMITTEE**

### **LOCAL PENSION BOARD**

Governance Committee at its meeting on 11 March considered what steps were necessary to progress the establishment of a Local Pension Board as required by Regulation 106 of the Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) , which came into force on 20 February 2015 requiring the Council to establish a pension board no later than 1<sup>st</sup> April 2015

1. The Pension Committee agreed at its meeting on the 23 September 2014 to the establishment of a working group of officers from London Borough of Havering and London Borough of Newham to assist in devising appropriate plans for implementation of the requirement to establish a Local Pension Board.
2. There was no alternative other than to establish the Local Pension Board. This requirement was being brought in at the same time as a new national Scheme Advisory Board and followed-on from changes in the Scheme whereby accrual of pension built up on a career average basis rather than being linked to final salary, also implemented through the 2013 Regulations. The changes followed wide discussion and consultation.
3. Currently the Constitution delegated the Council's functions as Scheme Manager, primarily to the Pensions Committee under Part 3 paragraph 1.2. Under the service specific officer delegations at Part 3 section 3.7.2 (b) the Council's section 151 officer was delegated to administer the Council's Pension Fund.
4. The Guidance on implementation of the new Local Pension Board recommended that the Council considered whether the current arrangement was fit for purpose. The working group had reviewed this and considered that it was. The Local Pension Board would have the role of assisting the Council to ensure compliance with the various duties under the Scheme exercised by the Members and officers as described above.
5. The Local Pension Board would be a free-standing committee and would not be set up under section 101 Local Government Act 1972 and therefore the Member's Code of Conduct would not apply to it.
6. Remuneration of members of the Local Pension Board. It was proposed that the members of the Local Pension Board would receive an allowance of £117 for each meeting attended (matching the allowance for co-opted members)
7. The final version of the 2013 Regulations was unfortunately only published on 29 January 2015 and there were a number of changes from the draft version and therefore there might be a need to further revise the three documents attached to reflect the current legislation. The attached versions are therefore being submitted as the current working versions.

8. Funding of the Local Pension Board. The costs of administration would be funded entirely from the Pension Fund as required by Regulations. The Section 151 Officer would be responsible for setting the budget and approving expenditure of the Board.
9. Recruitment and advertising for members was to be undertaken shortly and would involve communications to all Scheme employers and scheme members. A Panel would meet as soon as reasonably possible to shortlist and interview prospective candidates following the Council meeting approving the establishment of the Local Pension Board. Whilst the legislation required the Board to be established by 1 April 2015 its first meeting did not need to take place for up to four months thereafter. A date for the first meeting would therefore need to be set up following appointments to the Board.

**The Governance Committee accordingly recommends to Council that it agrees:**

1. Additions to the Constitution as detailed below:

**Changes to the Constitution: To establish this board in The Council's Constitution are as follows**

**At Part 2 Appendix (Council Bodies) add a new paragraph**

**"Havering Local Pension Board**

**Membership: to be determined in accordance with the Local Government Pension Scheme Regulations 2013, not being a body constituted under section 101 of the Local Government Act 1972."**

**At Part 3 Section 1.4 Statutory and non-statutory bodies**

**Add: Name – "Havering Local Pension Board"**

**Functions: "Assisting the scheme manager (i.e. the Council) in relation to the following matters.**

- (a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;**
- (b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;**
- (c) such other matters as the scheme regulations may specify."**

**At Part 3, Section 3.7.7 Functions of the Director of Legal and Governance**

**Add paragraph (s) and make consequential amendments to the lettering of the succeeding paragraphs:**

**"To take any necessary action to address any conflicts of interest arising in the Havering Local Pension Board."**

2. The adoption of the attached:
  - Terms of Reference for the Local Pension Board
  - Code of Conduct for members of the Local Pension Board
  - Conflict of Interest Policy for members of the Local Pension Board
3. The delegation of the power to make any further amendments to the Constitution (including oneSource delegations) as may be necessary and to revise the Terms of Reference, Code of Conduct and Conflicts of Interest policy to the Monitoring Officer, after consultation with the Council's Section 151 Officer and the Cabinet Member for Value.