

LOCAL PENSION BOARD

ANNUAL REPORT

2015/16

INDEX

Chairs Opening Remarks	Page 2
Introduction	Page 2
Role of the Local Pension Board	Page 2
Membership of the Board	Page 3
Board Meetings	Page 4
Matters Discussed by the Board	Page 4
Training	Page 5
The Future	Page 6
Appendix 1	Page 7
Appendix 2	Page 8

Chair's opening remarks.

This year saw the introduction of the Local Pensions Board in Havering. It has been a privilege to be part of this and I would like to acknowledge the support and hard work of the council officers involved. Mo Jones, Debbie Ford and James Goodwin have been invaluable in terms of supporting the board through its inception and as Chair I recognise the amount of work and effort that has been put in to ensure that the board is not only up and running but also fit for purpose and enabled to deliver its function. It has been a year of learning and focus on planning to ensure the board delivers on its objective and this is done independently of the London Borough of Havering to ensure the focus is on areas that the board wishes to focus upon. My thanks also to my colleagues on the board, who have contributed to the success of this year.

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 representatives and member representatives. They may also have other types of 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 and how often it should meet.

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 Local Government Pension Scheme (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 shall consist of 4 voting members, two representing employers and two recommending scheme members.

Board members shall be appointed for a fixed term of 4 years, which can be extended for further periods subject to re-nomination.

Substitute members are not allowed.

Each Board member shall endeavour to attend all Board meetings during the year and is required to attend at least 4 meetings each year, one of which must be the Annual Meeting.

In the event a Board member fails to attend three consecutive meetings, that individual shall automatically be disqualified, unless failure was due to some reason approved by the Board before the date of the third consecutive meeting.

Justin Barrett and David Holmes were appointed as Employer representatives and Mark Holder and Marsha Jane Thompson as Scheme Member representatives.

Board Meetings

The Board was formed and had its first formal meeting on the 26th August. It met on three occasions up to the end of the financial year.

Meetings took place on 26 August and 7 October, 2015 and 6 January 2016,

Matters discussed by the Board

The following matters have been discussed by the Board:

- Appointment of Chair – Justin Barrett was appointed Chair until the first meeting following the Annual Meeting.
- Terms of Reference – The Terms of Reference as revised were agreed and signed by the Chairman.
- A draft Work Plan for the year was adopted which included :-
 - Fair Deal and TUPE Transfer;
 - Review of Governance Compliance Statement, training and development strategy and how this is implemented;
 - Tendering Processes for Fund Managers;
 - Pooled Investments;
 - Risk Strategy Review;
 - Pensions Administration Strategy and Benchmarking;
 - Early Redundancy Gap – Impact on Pensions; and
 - Rationalisation of member Organisations and Impact on deficit payments.
- The areas of the workplan discussed were:-
- Fair Deal and TUPE Transfer
- Review of Governance Compliance Statement, Training and Development Strategy
- Common Investment Vehicle
-
- Details of the Board's budget was discussed, this included provision for the training of Board members.

Pensions Committee Annual Report 2014/15

Training

The board 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), hence it has adopted a register that shows that the training and development being undertaken is working towards meeting this. The register can be found in Appendix 1.

To summarise:

Whole Board training has been completed on Fair deal and TUPE, the fundamentals of the Pension Act and role of the Actuary which were delivered by Hymans Robertson the Actuary procured by the London Borough of Havering.

Members have also attended an LGPS Board Seminar that was delivered by the Pensions and Lifetime Savings Association.

Individuals have also completed on line learning from the Pensions Regulator amongst other individual learning tasks.

All members have undertaken a training needs analysis.

Training has been planned for the future which is detailed in Appendix 2.

The Future

The work plan agreed for 2015/16 had been a first step to try to identify key matters which needed to be considered. With a number of meetings held we were now in a better place to consider a work plan for 2016/17.

A key area to consider in 2016/17 is Pensions Administration. We were aware that the oneSource finance team were being reorganised and we need to ascertain from the Pension Committee whether or not they were confident that the proposed structure was adequate to meet all the demands on it.

We would also like to know from the Pensions Committee whether they were happy with the Pension Administration performance in achieving or not achieving its KPI's and whether those measures were the ones which they should be focussing on.

We wish to finalise our review of Fair Deal and TUPE and have a report on how the current changes, i.e. introduction of Multi Academy Trusts and College reorganisation would impact on the Pension Scheme. DH advised that under the current proposals colleges could merge, not necessarily on geographic location and staff could be transferred from one scheme to another.

With regard to risk assessment we would be seeking an assurance that the risk strategy had been updated to meet the current needs with specific reference to the possible threats to Havering.

The work Plan would be a live document and subject to change as necessary with a particular focus on the development of the CIV and how this will be implemented.

Appendix 1

Date	Topic	Location	KSF	Cost	Attendee
29 June 2015	<p>Hymans – Fund Actuary delivered training:</p> <p>Why we are here</p> <p>Roles & Responsibilities</p> <p>Knowledge & Skills</p> <p>Brief overview of LGPS</p>	Hyman’s Office – One London Wall	KSF 1	£3,500 (shared equally between LBH and Redbridge)	<p>Justin Barrett – Employer rep</p> <p>Mark Holder - Member rep</p> <p>Marshajane Thompson – Member rep</p> <p>David Holmes – Employer Rep</p>
12 Aug 2015	<p>Officers - Local Pension Board Induction covered:</p> <ul style="list-style-type: none"> ○ Brief overview of the havering Pension fund ○ How the scheme is funded ○ Governance Structure ○ Key parties in the Fund ○ Investment Monitoring ○ Strategy documents ○ Valuation ○ LPB reporting requirements 	Town Hall – Prior to Local Pension Board meeting	KSF 1,2,4,5 & 6	Office r Time	<p>Mark Holder - Member rep</p> <p>Justin Barrett – Employer rep (chair)</p>
6 Jan 2016	<p>Hymans – Fund’s Actuary delivered TUPE Transfer Training, covered:</p> <ul style="list-style-type: none"> ● What is TUPE ● Pension Protection & Regulations ● Admission bodies documents & securities ● Cessations 	Town Hall – prior to Local Pension Board meeting	KSF 6	£3,500	<p>Mark Holder - Member rep</p> <p>Justin Barrett – Employer rep (chair)</p>

Appendix 2

Date	Topic	Location	KSF	Cost	Attendee
25 April 2016	Pensions & Lifetime Savings Academy (PLSA) covered: <ul style="list-style-type: none"> • Governance Structure of LGPS • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards 	PLSA Offices, London	KSF 1	£450.00 + VAT	Mark Holder
15 June 2016	Pensions & Lifetime Savings Academy (PLSA) covered: <ul style="list-style-type: none"> • Governance Structure of LGPS • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards 	PLSA Offices, London	KSF 1	£900.00 + VAT	Marshajane Thompson Justin Barrett
7 October 2016	Eversheds – LGPS: New Challenges, covered: <ul style="list-style-type: none"> • Update on LGPS Pooling • New Fair Deal update • 2016 Valuations • Legal, Investment & Brexit update 	Eversheds, one Wood Street, London	KSF 1 & 6	£100?	David Holmes
Various	Pensions Regulator Toolkit <ul style="list-style-type: none"> • Conflicts of interest • Maintaining accurate member data • Managing Risks and internal controls • Maintaining member 	online	KSF 1 KSF 2 KSF 1		Mark Holder Mark Holder Mark Holder

Date	Topic	Location	KSF	Cost	Attendee
	contributions		KSF 2		Mark Holder
3 Nov 2017	Association of Colleges	Webinar	?		David Holmes
28 Nov 2016	Pensions & Lifetime Savings Academy (PLSA) covered: Governance Structure of LGPS <ul style="list-style-type: none"> • TPR approach to governance & Admin • Purpose & Responsibilities of National & Local Pensions Boards 	PLSA Offices, London	KSF 1	£450.00 + VAT	David Holmes
28 June 2017	CIPFA & Barnett Waddingham – Local Pension Boards Two years on	Cheapside House, 138 Cheapside, London EC2V		£175	David Holmes Mark Holder
TBA	Joint training with Pensions Committee - Hymans covering valuation results and assumptions	Havering	KSF 6	?	