

**LONDON BOROUGH OF HAVERING  
LOCAL PENSION BOARD**

**ANNUAL REPORT**

**2016/17**



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## **Chairman's opening remarks.**

It is my pleasure, as the new Chairman of Havering Local Pension Board, to introduce the Board's second Annual Report. The Local Pension Board was established in 2015 following changes in the Public Service Pensions Act 2013. The Board's task is to assist the council by making sure it is administering the Local Government Pension Scheme (LGPS) effectively and efficiently and is compliant with the law.

I took over as Chairman of the Board on the 27<sup>th</sup> June 2017 from Justin Barrett and I would like to thank Justin for all his hard work during his term as chairman.

The Board met five times from April 2016 to March 2017 and discussed a wide range of topics. These include training, tendering process for fund managers, pooled investments, work plan, terms of reference, fair deal and TUPE transfer, support for the Board, pensions administration strategy, online information and the budget for the Board.

I would like to thank officers for their support in preparing all this information for the discussions.

There have been some changes to the Board membership, training and development will be a key issue moving forward. A new work plan has just been agreed where the Board will start to look in more detail around the schemes administration and compliance with the pension regulator and scheme advisory Board compliance checklist.

I would also like to thank my fellow Board members for their commitment and hard work during the year and look forward to assisting the council in maintaining the high standards of the administration of the Fund.

Mark Holder  
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 and what is planned for the future.

## **Role of the Local Pension Board**

1. The role of the Local Pension Board, as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to: -
  - Assist the London Borough of Havering Administering Authority as Scheme Manager:-
    - To secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
    - To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
    - In such other matters as the LGPS regulations may specify;
  - Secure the effective and efficient governance and administration of the LGPS for the London Borough of Havering Pension Fund;
  - Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
2. The Pension Board will ensure it effectively and efficiently complies with the code of practice of the governance and administration of public service pension schemes issued by the Pension Regulator;
3. The Pension Board will also help ensure that the London Borough of Havering pension Fund is managed and administered effectively and complies with the

code of practice on governance and administration of public service pensions schemes issued by the Pension Regulator;

4. The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively;
5. In support of its core functions the Board may make a request for information to the Pensions Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing;
6. In support of its core functions the Board may make recommendations to the Pensions Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

## **Membership of the Board**

The Board consists of 4 voting members, two representing employers and two representing scheme members.

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

Substitute members are not allowed.

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

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

Justin Barrett and David Holmes were appointed as Employer representatives and Mark Holder and Marsha Jane Thompson as Scheme Member representatives. Marsha Jane Thompson resigned part way through the year and we were joined by Anne Giles.

## **Board Meetings**

The Board met on five occasions up to the end of the financial year including an annual general meeting.

Meetings took place on 14 April 2016, 6 June 2016 (Annual Meeting), 12 July 2016, 10 January 2017, and 30 March 2017.

## **Matters discussed by the Board**

The following matters have been discussed by the Board:

- Pension training needs
- Tendering process for fund managers
- Pooled investments
- Annual report 2015/16
- Review of work plan
- Review of Terms of Reference
- Fair Deal and TUPE Transfer
- Support for the board
- Pensions administration strategy
- Online information
- Details of the Board's budget
- Pensions Committee meeting updates
- Proposals for transfer of Pensions Administrative Service to an external service provider

There have been no conflicts of interest involving any of the work undertaken by the board or during any agenda items.

## **Training**

The board members are committed to the legal requirement to acquire the appropriate knowledge and skills and to demonstrate and evidence these legal requirements. To do this the Committee and the Board jointly adopted the CIPFA Knowledge and Skills Framework (KSF) in 2015, it has adopted a register that shows that the training and development being undertaken during the year. The register can be found in Appendix 1.

To summarise:

Members have 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 as well as other self-directed learning which includes reading and e-learning.

All members have undertaken a training needs analysis.

Training has been planned for the future which is detailed in Appendix 2. The shaded areas are for dates following the publication of the annual report.

## Financial Position

(LGPS 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.

LGPS Guidance issued in January 2015 suggested that it was appropriate for the LPB to be given adequate resources to fulfil its task and the details of any expenses and other costs incurred by the LPB and anticipated expenses for the forthcoming financial year are reported in the LPB Annual report.

Terms of reference adopted by Governance Committee on the 11 March 2015 and then the Council meeting on the 25 March 2015 also states that the LPB is to be provided with adequate resources to fulfil its role.

Budgets have been set to cover a four year period to reflect the period of term that the LPB appointees will serve. The budget for the LPB will be met from the Havering Pension Fund and was approved by the then Section 151 Officer for the period 2015/16 – 2018/19

The actual spend during 2016/17 and the estimated budget from April 2017 to March 2019, as agreed by the Administering Authority's section 151 officer, are shown in the following table:

Description	2015/16 Actual £	2016/17 Estimate £	2016/17 Actual £	2017/18 Estimate £	2018/19 Estimate £
Members Allowance & Travelling	1,346	3,000	1,189	3,000	3,000
Support Services – Internal Recharge	880	8,000	920	8,000	8,000
Printing, Stationary & Office Expenses	3,348	3,400	0	3,400	3,400
Communication & Computing	0	500	0	500	500
Professional Advice	0	10,000	0	10,000	10,000
*Training & Development	6,038	10,000	5,550	10,000	10,000
<b>Total</b>	<b>11,612</b>	<b>34,900</b>	<b>7,659</b>	<b>34,900</b>	<b>34,900</b>

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

2016/2017 is the second operational year of the LPB and it may be that members decide to review budgets in order to reflect spend patterns. The LPB is accountable to the Administering Authority and prior approval will need to be sought from the Section 151 officer to amend budgets.

## **The Future**

A new 18/24 month work plan has been agreed for 2017/18 and 2018/19.

This will cover the following areas:

1. Finalise the review of fair deal and TUPE policies and have a report on how the current changes, i.e. introduction of multi academy trusts and college reorganisation would impact on the Pension Scheme.
2. Ensure the pension regulator and scheme advisory board compliance checklist has been completed and is reviewed regularly.
3. Ensure a process is in place to make any items that have been identified as being non-compliant or partially compliant from the pension regulator and scheme advisory board compliance checklist are made fully compliant within agreed and acceptable timescales.
4. Request that the scheme manager provide evidence that the Administering Authority is meeting the pension regulators requirements in any areas that we require further assurance.
5. Review key performance indicators relating to the administration of the scheme and ensure an action plan is in place for indicators that are not meeting the agreed target.
6. Monitor progress of service transition of Pensions Administration to Local Pensions Partnership (LPP) and ensure that any changes to scheme administration are well planned and documented and that there are processes in place to ensure that there is no detrimental performance in any area of scheme management.
7. Ensure the scheme manager fully plans for any new legislation such as the General Data Protection Regulation (GDPR) which comes into force on the 25 May 2018 and we are compliant with all aspects of new legislation.
8. Report regularly to the pensions committee on the work of the pension board..
9. Ensure good communication and engagement between Pensions Board and Pensions Committee.

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



## Appendix 1 – Training Record to 31<sup>st</sup> March 2017

Date	Topic	Location	KSF	Cost	Attendee
<b>29 June 2015</b>	<p>Hymans – Fund Actuary delivered training:</p> <p>Why we are here</p> <p>Roles &amp; Responsibilities</p> <p>Knowledge &amp; 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>
<b>12 Aug 2015</b>	<p>Officers - Local Pension Board Induction covered:</p> <ul style="list-style-type: none"> <li>○ Brief overview of the hivering Pension fund</li> <li>○ How the scheme is funded</li> <li>○ Governance Structure</li> <li>○ Key parties in the Fund</li> <li>○ Investment Monitoring</li> <li>○ Strategy documents</li> <li>○ Valuation</li> <li>○ LPB reporting requirements</li> </ul>	Town Hall – Prior to Local Pension Board meeting	KSF 1,2,4,5 & 6	Officer Time	<p>Mark Holder - Member rep</p> <p>Justin Barrett – Employer rep (chair)</p>
<b>6 Jan 2016</b>	<p>Hymans – Fund's Actuary delivered TUPE Transfer Training, covered:</p> <ul style="list-style-type: none"> <li>● What is TUPE</li> <li>● Pension Protection &amp; Regulations</li> <li>● Admission bodies documents &amp; securities</li> <li>● Cessations</li> </ul>	Town Hall – prior to Local Pension Board meeting	KSF 6	£3,500	<p>Mark Holder - Member rep</p> <p>Justin Barrett – Employer rep (chair)</p>

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

<b>3 Nov 2016</b>	Association of Colleges	Webinar	?		David Holmes
<b>28 Nov 2016</b>	Pensions & Lifetime Savings Academy (PLSA) covered: Governance Structure of LGPS <ul style="list-style-type: none"> <li>• TPR approach to governance &amp; Admin</li> <li>• Purpose &amp; Responsibilities of National &amp; Local Pensions Boards</li> </ul>	PLSA Offices, London	KSF 1	£450.00 + VAT	David Holmes

## Appendix 2 – Training Planned from 1<sup>st</sup> April 2017

Date	Topic	Location	KSF	Cost	Attendee
<b>28 June 2017</b>	CIPFA & Barnett Waddingham – Local Pension Boards Two years on	Cheapside House, 138 Cheapside, London EC2V		£175	David Holmes Mark Holder Anne Giles
<b>3 Nov 2017</b>	Association of Colleges	Webinar	KSF 1	Officer Time	David Holmes
<b>6 Nov 2017</b>	LGPS Members Autumn Seminar - CIPFA & Barnett Waddingham	Cheapside House, 138 Cheapside, London EC2V			Ann Giles Virpi Raivio
<b>12 Dec 2017</b>	Officers - Local Pension Board Induction covered: <ul style="list-style-type: none"> <li>○ Brief overview of the Havering Pension fund</li> <li>○ How the scheme is funded</li> <li>○ Governance Structure</li> <li>○ Key parties in the Fund</li> <li>○ Investment Monitoring</li> <li>○ Strategy documents</li> <li>○ Valuation</li> </ul> LPB reporting requirements	TBC	KSF 1,2,4,5 & 6	Officer Time	Ann Giles (TBC) Virpi Raivio (TBC)

Date	Topic	Location	KSF	Cost	Attendee
TBA	Joint Training with Pensions committee – Investment Strategy /Explaining Fixed Income products				