

**LONDON BOROUGH OF HAVERING
LOCAL PENSION BOARD**

ANNUAL REPORT

2018/19



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Chairman's opening remarks.

It is my pleasure, as the Chairman of Havering Local Pension Board, to introduce the Board's 2018/19 Annual Report. The Board's task is to assist the council by making sure it is administering the Local Government Pension Scheme (LGPS) effectively and efficiently and is compliant with the law.

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

The Board met formally five times from April 2018 to March 2019 to discharge its duties. Board members completed online training and attended training and pension workshops during this period to enhance their knowledge in preparation for specific topics and spent time reviewing documents in preparation for board meetings. I have provided details of the training completed in Appendix 1.

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

The pension environment is continually changing and the Board endeavours to keep abreast of these changes and is working hard to support and assist the council's pension administration in maintaining the high standards in the administration of the Fund.

The Board continues to develop its knowledge and skills and is actively working through the items on the work plan.

Mark Holder
Chair of the Local Pensions Board

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 work planned for the future.

Role of the Local Pension Board

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

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

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

Membership of the Board

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

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

Substitute members are not permitted.

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

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

David Holmes and Virpi Raivio were appointed as Employer representatives and Mark Holder (Chairman) and Anne Giles as Scheme Member representatives.

Denise Broom replaced Virpi Raivio as Employer representative in December 2018.

Board Meetings

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

Meetings took place on 24 April 2018, 18 June 2018 (Annual Meeting), 21 August 2018, 2 October 2018 and 18 December 2018.

Matters discussed by the Board

The following matters have been discussed by the Board:

- Pension training needs
- Tendering process for fund managers
- Pooled investments (London CIV)
- Review of work plan
- Fair Deal and TUPE Transfer
- Pension regulator and scheme advisory board compliance checklist
- Administration key performance indicators
- Review of the Pension fund risk register
- Support for the board
- Pensions administration service changes
- Liability insurance
- Details of the Board's budget
- Pensions Committee meeting updates
- New arrangements with Local Pensions Partnership (LPP) to provide the Pensions Administration function for LBH
- Performance of the Pensions Administration Service

There have been no conflicts of interest involving any of the work undertaken by the board or during any agenda items. Minutes of the meetings can be found at www.havering.gov.uk and by following Council and Democracy \ Councillors, senior staff and decision making \ Committees \ Committee details

Training

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

To summarise:

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

Individuals have completed on-line learning from the Pensions Regulator as well as other self-directed learning which includes reading and e-learning.

All members have undertaken a training needs analysis.

Further training events will be organised once the training requirements of the pension committee have been assessed due to changes from the recent election.

Financial Position

Local Government Pension Scheme Governance Regulations 2015 section 106(9) states that the expenses of a Local Pension Board (LPB) are to be regarded as part of the costs of administration of the fund held by the administering authority.

Guidance issued in January 2015 suggested that it is appropriate for the LPB to be given adequate resources to fulfil its task.

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

The estimated budget agreed by the Administering Authority's Statutory Section 151 officer and costs incurred for 2017/18 are shown in the following table:

Description	2015/16 Actual £	2016/17 Actual £	2017/18 Actual £	2018/19 Estimate £	2018/19 Actual £
Members Allowance & Travelling	1,346	1,189	1,569	3,000	1,673
Support Services – Internal Recharge	880	920	820	8,000	1,075
Printing, Stationary & Office Expenses	3,348	0	0	3,400	0
Communication & Computing	0	0	0	500	0
Professional Advice	0	0	0	10,000	0
*Training & Development	6,038	5,550	2,650	10,000	1,430
Total	11,612	7,659	5,039	34,900	4,178

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

Budgets have been set to cover a four year period to reflect the period of term that the LPB appointees will serve. 2018/2019 is the fourth operational year of the LPB. The LPB is accountable to the Administering Authority and prior approval will need to be sought from the Section 151 officer to amend budgets. The cost for the LPB is met from the Havering Pension Fund and approved by the Administering Authority's Statutory Section 151 Officer.

The Future

A new 18/24 month work plan for 2019/20 and 2020/21 was discussed and agreed at the AGM on the 5th June 2019.

The areas listed below will be investigated over the next 18/24 months.

1. To ensure that the pension 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.
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 code of transparency.
6. To monitor progress of service transition of Pensions Administration to Local Pensions Partnership (LPP) and ensure that any changes to scheme administration are well planned and documented.
7. To ensure that the scheme manager fully plans for any new legislation and we are compliant with all aspects of any new legislation.
8. Report regularly to the pensions committee on the work of the pension board and ensure that there is good communication between the two boards.

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 - LOCAL PENSION BOARD MEMBER TRAINING

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
29 June 2015	Hymans – Fund Actuary delivered training: Why we are here Roles & Responsibilities Knowledge & Skills Brief overview of LGPS	Hyman’s Office – One London Wall	KSF 1	£3,500 (shared equally between LBH and Redbridge)	Justin Barrett – Employer rep Mark Holder - Member rep Marshajane Thompson – Member rep David Holmes – Employer Rep
12 Aug 2015	Officers - Local Pension Board Induction covered: <ul style="list-style-type: none"> ○ 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	Officer Time	Mark Holder - Member rep Justin Barrett – Employer rep (chair)
6 January 2016	Hymans – Fund’s Actuary delivered TUPE Transfer Training, covered: <ul style="list-style-type: none"> • What is TUPE • Pension Protection & Regulations • Admission bodies documents & securities • Cessations 	Town Hall – prior to Local Pension Board meeting	KSF 6	£3,500	Mark Holder - Member rep Justin Barrett – Employer rep (chair)

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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 – Member Rep
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 – Member Rep Justin Barrett – Employer Rep (chair)
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 – Employer Rep

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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
28 November 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	David Holmes – Employer Rep
13 December 2016	Hymans - Joint training with Pensions Board - Valuation 2016 Results covered: <ul style="list-style-type: none"> • 2016 Valuation framework • Valuing liabilities • Actuarial assumptions • 2016 results • What changed since 2013 	Havering Town Hall	KSF 6	£2,000	Mark Holder – Member rep David Holmes – Employer Rep
23 January 2017	Hymans - Joint Training with Pensions Board – Investment Strategy Training covered; <ul style="list-style-type: none"> • New investment Regulation 2016 • Overview of ISS/DCLG Guidance 	Havering Town Hall	KSF 5	£2,100	Justin Barrett – Employer Rep (chair) Mark Holder – Member Rep David Holmes – Employer Rep Anne Giles – Member Rep

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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
	<ul style="list-style-type: none"> • What changed between SIP/ISS • Asset allocation rebalancing • Investment strategy evolution • Investment objectives • Overview of UK Stewardship code • Credit Strategies 				
1 February 2017	London CIV Stewardship Seminar	Guildhall, City of London	KSF1	Free	Mark Holder – Member Rep
1 March 2017	LCIV Annual conference including fund manager sessions		KSF4/5	Free	Mark Holder – Member Rep
28 June 2017	CIPFA & Barnett Waddingham – Local Pension Boards Two years on	Cheapside House, 138 Cheapside, London EC2V		£175	David Holmes - Employer Rep Mark Holder – Member Rep Anne Giles – Member Rep
3 November 2017	Association of Colleges	Webinar		FREE	David Holmes – Employer Rep

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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
6 November 2017	CIPFA & Barnett Waddingham – LPB Autumn Seminar covers: Latest LGPS updates Reporting Breaches of Law Investment Regulations & related key policies	Cheapside House, 138 Cheapside, London EC2V		£125	Ann Giles – Member Rep Virpi Raivio- Employer Rep
21 November 2017	Hymans – Actuary- Admissions and TUPE policies	Havering Town Hall	KSF 6	Part of Actuarial contract	Mark Holder – Member Rep Anne Giles – Member Rep Virpi Raivio – Employer Rep
12 December 2017	Officers - Local Pension Board Induction covered: <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	Central Library	KSF 1,2,4,5 & 6	Officer Time	Ann Giles (TBC) Virpi Raivio (TBC)
26 February 2018	CIPFA and Barnett Waddingham LGPS Local Pension Board Members Spring Seminar	Cheapside House, 138 Cheapside, London EC2V 6BW	KSF 1,2a	£125	Mark Holder – Member Rep and Chair Anne Giles – Member Rep Virpi Raivio – Employer Rep

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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
27 June 2018	CIPFA and Barnett Waddingham – Local Pension Boards three years on	Cheapside House, 138 Cheapside, London EC2V 6BW		£175 x3	Mark Holder – Member Rep and Chair Anne Giles – Member Rep Virpi Raivio – Employer Rep
10th October 2018	LGPS Governance Training Fundamentals - Day 1	Park Plaza Hotel, 239 Vauxhall Bridge Road, London, SW1V 1EQ.		£260	Mark Holder
30th October 2018	LGPS Governance Training Fundamentals - Day 2	Park Plaza Hotel, 239 Vauxhall Bridge Road, London, SW1V 1EQ.		£260	Mark Holder
4th December 2018	LGPS Governance Training Fundamentals - Day 3	Park Plaza Hotel, 239 Vauxhall Bridge Road, London, SW1V 1EQ.		£260	Mark Holder
10th December 2018	Local Pension Board Induction Training	2 nd Floor, Romford Library		0	Denise Broom

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26th June 2019	CIPFA and Barnet Waddington LGPS Local Pension Board Annual Event	2nd Floor 2 London Wall Place 123 London Wall London EC2Y 5AU		£185 plus VAT	Anne Giles – booked in April 19
25th September 2019	Introduction to the LGPS – Circulated email to Pensions by Committee and LPB Members 230419	Northern Trust Offices, Canary Wharf		£345 plus VAT	Denise Broom – booked in March 19
3rd October 6th November 18th December	Fundamentals Training (3 Days) – Circulated by email to Pensions Committee and LPB Members 230419	LGA Offices, Westminster		£780 plus VAT	
Various	Pensions Regulator Public Service Toolkit:	online	KSF 1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Anne Giles - Member Rep
	<ul style="list-style-type: none"> • Conflicts of interest 	online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	<ul style="list-style-type: none"> • Managing Risks and internal controls 	online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep
	<ul style="list-style-type: none"> • Maintaining accurate member data 	online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles – Member Rep

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DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
	<ul style="list-style-type: none"> Maintaining member contributions 	online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep Ann Giles
	<ul style="list-style-type: none"> Providing information to members and others 	online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep
	<ul style="list-style-type: none"> Resolving internal disputes 	online	KSF2		Mark Holder – Member Rep Virpi Raivio – Employer Rep
	<ul style="list-style-type: none"> Reporting Breaches of Law 	online	KSF1		Mark Holder – Member Rep Virpi Raivio – Employer Rep