

Governance Update: Local Pension Board

Contact Officers	Nancy Leroux Tel: 01895 250353
------------------	-----------------------------------

Papers with this report	None
-------------------------	------

SUMMARY

This report provides an update on progress on the introduction of a local Pension Board in London Borough of Hillingdon and confirms that the Fund will be compliant with the requirement to have a Board established by 1 April 2015.

RECOMMENDATION

That Committee note progress in the establishment of the Hillingdon Local Pension Board.

BACKGROUND

Regulations are being laid to require Administering Authorities of LGPS Funds to establish Local Pension Boards by 1 April 2015, as part of central government's overhaul of public sector pensions as detailed in the Public Sector Pensions Act 2013. The intention of these regulations is to increase governance over administration of LGPS funds, mirroring the set up in private pension schemes. The local Pension Board will be a non-decision making body and will, in effect, undertake more of a scrutiny function.

At Council on 6 November 2014 delegated authority was given to the Head of Democratic Services to establish a Hillingdon Local Pension Board by 1 April 2015, in accordance with the draft Local Government Pension Scheme (Amendment) (Governance) Regulations 2014.

The Board is to have a membership of 3 elected Members (2 Con' & 1 Lab') and 3 employee/scheme member representatives - scheme members to be asked for expressions of interest and then selected at interview by the Chairman and one other Member of the Pensions Committee and a Senior Officer, on the basis of capacity and/or experience. Council also agreed that the membership of Pensions Committee will be reduced to 5 Members (3 Con' and 2 Lab') and it will have increased powers (see below).

Further, Council agreed to abolish the Investment Strategy Sub Committee and transfer the powers to the full Pensions Committee which will continue to meet four times per year. To enable any urgent decisions to be taken, authority has been delegated to the Corporate Director of Finance, aligned with the powers already delegated to him in relation to Treasury Management. Any exercise of those powers is to be reported back to Pensions Committee.

PROGRESS UPDATE

Board Membership

In relation to membership of the Pension Board all Scheme members have been written to inviting expressions of interest in becoming a member of the Board. The closing date was 1 March and 9 expressions of interest were received. Interviews have been arranged for 30th March 2015. The interview panel will be chaired by Cllr Philip Corthorne who will be assisted by one other Member of the Pensions Committee and Nancy Leroux.

The Councillor membership of the Board has yet to be confirmed.

Officer Support

The Corporate Pensions Manager will be responsible, along with support from Democratic Services, for the development of agenda and the preparation of all papers for the Hillingdon Local Pension Board. He will also plan and coordinate all training needs for the Board.

Remit of Pension Board

The main purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is described under two key headings to:

- i. secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;**
- ii. to ensure the effective and efficient governance and administration of the Scheme.**

- i. Under this heading, reports developed for consideration at the quarterly meetings of the Board will focus on the following areas when relevant:
 - a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
 - b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
 - c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
 - d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
 - e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
 - f) Monitor complaints and performance on the administration and governance of the scheme.
 - g) Assist with the application of the Internal Dispute Resolution Process.
 - h) Review the complete and proper exercise of Pensions Ombudsman cases.
 - i) Review the implementation of revised policies and procedures following changes to the Scheme.

- j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
 - k) Review the complete and proper exercise of employer and administering authority discretions.
 - l) Review the outcome of internal and external audit reports.
 - m) Review draft accounts and Fund annual report.
 - n) Review the compliance of particular cases, projects or process on request of the Committee.
 - o) Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.
- ii. Under this heading, the Board may determine the areas it wishes to consider including but not restricted to:
- a) Monitor performance of administration, governance and investments against key performance targets and indicators.
 - b) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
 - c) Monitor investment costs including custodian and transaction costs.
 - d) Monitor internal and external audit reports.
 - e) Review the risk register as it relates to the scheme manager function of the authority.
 - f) Assist with the development of improved management, administration and governance structures and policies.
 - g) Review the outcome of actuarial reporting and valuations.

In support of its core functions the Board may make a request for information to the 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.

Reporting

The Board will, in the first instance report its requests, recommendations or concerns to the Pensions Committee. In support of this any member of the Board may attend Pensions Committee meeting as an observer.

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.

The first meeting is planned for 1 July 2015, after the next meeting of Pensions Committee of 17 June 2015.

Pensions Committee

The revised membership of the Pensions Committee w.e.f 1 April 2015, will be consist of five members.

FINANCIAL IMPLICATIONS

There are no direct financial implications in this report

LEGAL IMPLICATIONS

The Borough Solicitor has been involved in the establishment of the Local Board, however, the formation is a statutory requirement.