

REVIEW OF THE TERMS OF REFERENCE OF THE PENSIONS COMMITTEE

Item 6

Committee name	Pensions Committee
Officer reporting	Mark Braddock (Democratic Services) James Lake (Finance)
Papers with report	Appendix A – proposed changes
Ward	N/A

HEADLINES

To consider updating the Pensions Committee's Terms of Reference to provide for a Pensions Sub-Group to flexibly review and monitor business whilst also clarifying the roles and responsibilities of the Committee and Officers with regard to making decisions.

RECOMMENDATIONS:

That the Committee consider and recommend the changes to its Terms of Reference outlined in this report.

SUPPORTING INFORMATION

The Pensions Committee currently meets on average 4 times per year to undertake its role in reviewing and approving the required Pensions Fund activities. With notable changes in the pensions sphere, it is considered that Members may benefit from more flexible arrangements to facilitate strategic discussions and in-depth monitoring of the Fund and investments.

Whilst such decisions are rare, Members will recall during the pandemic, there were three urgent decisions taken by the Corporate Director of Finance, which the Members of the Committee were consulted on prior. This consultation was an informal arrangement set-up in light of the circumstances. This approach was also recently adopted regarding a property investment decision. Therefore, Members may wish to consider how best to participate in any future urgent decisions required to be taken by the Corporate Director of Finance.

A proposal which has been considered in consultation with the Chairman would be the ability for the Committee to establish a **Pension Sub-Group**. This would be an informal arrangement to consider purely non-decision or consultative matters and would provide more flexibility compared to a formal sub-committee and the formal protocols required for this.

In respect of decision-making, as per the current Terms of Reference this is delegated to the Pensions Committee and, for urgent decisions, to the Corporate Director of Finance. No changes are proposed to this as decisions must legally be taken by either a formal committee or designated officer. However, the ability for a Sub-Group comprising of Members, officers and other advisors to make recommendations on future decisions by the Committee or the Corporate Director of Finance would provide a useful sounding board and consultative mechanism outside the formalised structure of quarterly Pensions Committee meetings.

If Members are in agreement with this, the proposal is that a Pension Sub-Group be permitted within a revised Terms of Reference of the Committee and would comprise 3 Elected Members (based on political balance 2:1) along with any officers or advisors required. The purpose of the Sub-Group would be to:

1. Be consulted on any urgent decisions to be taken by the Corporate Director of Finance
2. Undertake strategic discussions with regard to the Pensions Fund and Investment Strategy
3. Monitoring of fund manager performance and investigations being undertaken
4. Portfolio rebalancing decisions
5. Make recommendations to the Pensions Committee on future decisions required.

The proposed Sub-Group is not required to operate under statutory procedures outlined in the Local Government Act 1972 and access to information rules do not apply. This allows the group to operate in a flexible way, privately if required, to suit the requirements of business at hand.

Proposed amendments are shown in Appendix A to the current Pensions Committee's Terms of Reference set out in the Council Constitution to enable this. If the Committee is agreeable, then these changes can be recommended to the Leader of the Council for consideration as part of any review of the Council's Constitution, currently scheduled for the 13 May 2021 AGM.

Financial Implications

None

Legal Implications

Included in the body of the report.

BACKGROUND PAPERS

Add titles here (with hyperlinks to online content)

Appendix A – proposed changes to Terms of Reference

8.06 Pensions Committee

(a) Membership

Councillor membership of the Committee will be 5, will be politically balanced and have voting rights. In addition, the Independent Adviser and Investment Consultant would normally attend meetings along with relevant officers in an advisory, non-voting capacity.

(b) Terms of Reference

1. To review and approve all aspects of investment policy relating to the Pensions Fund, including agreeing the strategic asset allocation and authorisation or prohibition of particular investment activities.
2. To review the Investment Strategy Statement and amend it when necessary.
3. To agree benchmarks and performance targets for the investment of the Fund's assets and review periodically.
4. To agree to transfer funds into mandates managed by the London Collective Investment Vehicle (CIV) as soon as appropriate opportunities become available.
5. To receive regular reports from the London CIV and to agree and resultant actions from a review of the investments held with the London CIV.
6. To keep the performance of the investment managers under regular review and extend or terminate their contracts as required. To appoint new managers when necessary.
7. To agree policy guidelines for the exercise of voting rights attached to the Fund's shares.
8. To review the appointment of specialist advisors and service providers and make new appointments as necessary.
9. To consider the overall implications of the Council's policies for employment and benefits issues and their impact on the Pension Fund and agree any strategic changes.
10. To approve the appointment of persons to hear appeals under the Internal Dispute Resolution Procedure.
11. To consider issues concerning the administration of the Fund, including approving responses to consultation papers.

12. To consider and decide whether to approve proposals for discretionary enhanced early retirement packages for officers.
13. The Corporate Director of Finance be authorised to take urgent decisions in relation to the pensions fund and investment strategy on behalf of the Committee, and if established to also consult any Pension Sub-Group prior and then report back to the Pensions Committee any exercise of these powers for ratification.
14. To set up a Pensions Sub-Group, should it be required, comprising 3 Elected Members politically balanced and relevant officers and advisors to:
 - i. Be consulted on urgent decisions that are required to be taken by the Corporate Director of Finance in the absence of a Committee meeting;
 - ii. Assist in strategic discussions with regard to the Pensions Fund and Investment Strategy, including the monitoring of fund manager performance and associated investigations and making any recommendations on such matters to the Pensions Committee for decision.