

Pension Fund Committee

8 December 2016



Local Pension Board Work Plan

John Hewitt, Corporate Director Resources

Purpose of Report

1. To inform Members of the work plan the Local Pension Board agreed to follow at its last meeting.

Background

2. The Council, in its role as Administering Authority to the Pension Fund was required to establish a Local Pension Board from 1 April 2015. The Local Pension Board first met on 9 July 2015 and has met a further five times since then, with most meetings taking place on the same day as a meeting of the Pension Fund Committee.
3. At meeting on 13 July 2016 the Local Pension Board asked for a more formal work plan to be devised, encompassing the broad range of areas the Local Pension Board is expected to cover in its role of assisting the Administering Authority to secure compliance with regulations, and ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS).
4. The national LGPS Scheme Advisory Board has produced best practice guidance on the creation and operation of Local Pension Boards which includes information on their suggested remit. This guidance categorises the two main functions of Local Pension Board as follows:
 - i) To assist the Administering Authority in securing 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
5. The guidance goes on to provide more detail of suggested areas and activities that Local Pension Boards can focus on. An annotated extract from the guidance is enclosed as Appendix A, the full guidance can be found at the following link:

Work plan

6. A work plan for the Local Pension Board covering the next two years has been agreed by the Local Pension Board at its meeting on 12 September 2016. The plan takes into account the planned and expected activities of the Pension Fund Committee over that period. The plan is based on holding four Local Pension Board meetings a year, which reflects the frequency of meetings held since the Local Pension Board was established.
7. Officers will provide the necessary support to allow the Local Pension Board to carry out its core functions and to develop and implement its work plan. Appendix A gives further detail of how this proposed work plan should help the Local Pension Board ensure it is able to fulfil its core functions.

Meeting	Topics to be considered	Comments
December 2016	Pensions Regulator Code of Practice	Consider Gap analysis against Code of Practice
March 2017	Member and employer communications Internal disputes cases, Pensions Ombudsman cases	Review standard communications and communication strategy Review and consider any lessons learned
June 2017	Review performance statistics – review Key Performance Indicators Review training approach Review final valuation report outcome	Consider Board members, Committee members and officers involved in scheme administration
September 2017	Review (draft) accounts and annual report Assist in development and review of asset voting and engagement processes	Consider compliance with UK Stewardship Code
December 2017	Pensions Regulator Code of Practice	Review and update gap analysis
March 2018	Member and employer communications Internal disputes cases, Pensions Ombudsman cases	Review standard communications and communication strategy Review and consider any lessons learned
June 2018	Review performance statistics – review Key Performance Indicators	
September 2018	Employer and Administering Authority discretions	Review approach and application

8. The Local Pension Board will report any relevant findings to the Committee as and when they arise.

Recommendation

9. Members are asked to note the information set out in this report.

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Appendix A – Functions of the Local Pensions Board

(taken from “Schedule A – Example remit of a Local Pension Board” from the Scheme Advisory Board’s document “Guidance on the creation and operation of Local Pension Boards in England and Wales)

Function	When	How
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	Review of Committee papers and minutes, attendance at Committee
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 of Practice.	December 2016	Code of Practice gap analysis
Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	December 2016	Code of Practice gap analysis
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.	Ongoing	Consider and review, as and when statements are updated by the Committee
Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	March 2017 March 2018	Review standard employer and scheme member communications
Monitor complaints and performance on the administration and governance of the scheme.	June 2017 June 2018	Review performance statistics over previous year
Assist with the application of the Internal Dispute Resolution Process.	March 2017 March 2018	Review application of dispute procedure

Function	When	How
Review the complete and proper exercise of Pensions Ombudsman cases.	March 2017 March 2018	Review handling of any cases referred to Pensions Ombudsman
Review the implementation of revised policies and procedures following changes to the Scheme.	As required	Following legislative changes to Scheme
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.	June 2018	
Review the complete and proper exercise of employer and administering authority discretions.	September 2018	
Review the outcome of internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee
Review draft accounts and scheme annual report.	September 2016, 2017, 2018	
Review the compliance of particular cases, projects or process on request of the Committee.	As required	
Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.	As required	
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	
Assist with the development of improved customer services.	Ongoing	
Monitor performance of administration, governance and investments against key performance targets and indicators.	March 2017	Waiting for Scheme Advisory Board to issue Key Performance Indicators (expected by December 2016)

Function	When	How
Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.	June 2017	Review procurements carried out for Pension Fund
Monitor investment costs including custodian and transaction costs.	March 2017	As part of review of Key Performance Indicators
Monitor internal and external audit reports.	Ongoing	Through Committee reports
Review the risk register as it relates to the scheme manager function of the authority.	Ongoing	As risk register is presented to Committee
Assist with the development of improved management, administration and governance structures and policies.	Ongoing	
Review the outcome of actuarial reporting and valuations.	June 2017	Final valuation report as at 31 March 2016 will be available at the end of March 2017
Assist in the development and monitoring of process improvements on request of Committee.	As required	
Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.	March 2017	
Any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.	As required	