


London Borough of Hammersmith & Fulham FULL COUNCIL 19 October 2016		 hammersmith & fulham
PENSIONS BOARD ANNUAL REVIEW OF ACTIVITIES		
Report of the Strategic Finance Director – Hitesh Jolapara		
Open Report		
Classification: For Information Key Decision: No		
Wards Affected: None		
Accountable Director: George Bruce, Director of Treasury and Pensions		
Report Author: Nicola Webb, Pension Fund Officer	Contact Details: Tel: 020 76414331 E-mail: nwebb@westminster.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. The Pensions Board's terms of reference require that it should prepare an annual report on its activities and its compliance with the terms of reference for submission to full Council. The report summarises the work undertaken by the Board during the year.

2. RECOMMENDATIONS

- 2.1. That Council note the report.

3. REASONS FOR DECISION

- 3.1. To comply with the process set out in the Pensions Board terms of reference.

4. PROPOSAL AND ISSUES

- 4.1. The report attached at Appendix 1 summarises the activities undertaken by the Pensions Board in the first year of operation. The Board agreed the report at their meeting on 14th September 2016 and Pensions sub-committee noted it at their meeting on 21st September 2016.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. None applicable.

6. CONSULTATION

6.1. Not applicable.

7. EQUALITY IMPLICATIONS

7.1. Not applicable.

8. LEGAL IMPLICATIONS

8.1. None.

9. FINANCIAL IMPLICATIONS

9.1. None.

10. IMPLICATIONS FOR BUSINESS


10.1. None.

11. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

11.1. None.

LIST OF APPENDICES:

Appendix 1: Pension Board report – Annual Review of activities – 14th September 2016

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">PENSIONS BOARD</p> <p style="text-align: center;">14TH SEPTEMBER 2016</p>	
<p>ANNUAL REVIEW OF ACTIVITIES</p>	
<p>Report of the Strategic Finance Director</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: George Bruce, Director of Treasury and Pensions</p>	
<p>Report Author: Nicola Webb, Pension Fund Officer</p>	<p>Contact Details: Tel: 020 7641 4331 E-mail: nwebb@westminster.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The Pensions Board's terms of reference require that it should prepare an annual report on its activities and its compliance with the terms of reference. This report is addressed to full Council each year and submitted to the Pensions Sub-committee for noting prior to submission to Council. The report summarises the work undertaken by the Board during the year.

2. RECOMMENDATIONS

- 2.1. That the Board approve this draft annual report of activities for submission to Pensions sub-committee and full Council.

3. REASONS FOR DECISION

- 3.1. The Board's terms of reference requires the submission of an annual report on its activities to Pensions sub-committee and full Council.

4. PROPOSAL AND ISSUES

- 4.1. Local Pension Boards were established under the 2013 Public Service Pensions Act. Each pension administering authority was required to establish a Board by 1st April 2015 to assist with the effective and efficient governance and administration of the scheme. The Board is also tasked with ensuring compliance with the various legislative requirements and those of the pension's regulator, and this adds to the already well developed governance structure which underpins the Hammersmith and Fulham pension scheme.
- 4.2. The London Borough of Hammersmith and Fulham Pensions Board held its first meeting on 30th July 2015. The members of the Board are listed below. Members of the Board are invited to attend the Pensions Sub-committee as observers. Officers of the Council also attend Board meeting to support the members.

Employer Representatives:

Cllr Ali Hashem (Chair) – representing the Council

Cllr Rory Vaughan – representing the Council

Richard Gregg – representing the Admitted and Scheduled Bodies

Employee Representatives:

Orin Miller (Vice Chair)

Eric Kersey

Neil Newton

- 4.3. The terms of reference for the Board were set by full Council on 25th February 2015 and noted by the Board at their first meeting. They are attached at Appendix 1 for information.
- 4.4. Two formal meetings were held during the first year of the Board's establishment on 30th July 2015 and 23rd February 2016. In addition an informal joint meeting with the Pensions sub-committee was held on 16th September 2015 to discuss the roles of each body.

Knowledge and Skills

- 4.5. The first year has seen the Board developing its role and ensuring that members receive the training necessary to undertake the role. The following training sessions were arranged and attended by the majority of the Board members:

12th November 2015 – Introductory session 1 covering the national governance framework for the LGPS, the role of Pensions Board and Pensions sub-committee and the requirements for knowledge and skills.

30th November 2015 – Introductory session 2 covering pensions legislation and the operation of the pension scheme in Hammersmith and Fulham.

9th February 2016 – Briefing on triennial actuarial valuations by the Fund Actuary.

- 4.6. Following these training sessions, all members of the Board completed self-assessment forms in line with the Knowledge and Skills policy to identify remaining training gaps. Two further modules of training are being arranged in response to this to take place in Autumn 2016.

Meetings of the Board

- 4.7. At the first formal meeting on 30th July 2015 the following agenda items were discussed:

Role of the Pension Board
Terms of Reference
Code of Conduct
Conflict of Interest Policy
Knowledge and Skills Policy
Role of the Pensions Sub-Committee
Pension Fund Key Documents

- 4.8. The focus of this meeting was the adoption appropriate policies for the Board's operation and an introduction to the running of the scheme through the consideration of the Pension Scheme's key documents such as the Funding Strategy Statement, the Statement of Investment Principles, the Annual Report and Communications Policy.

- 4.9. On 16th September 2015 the Board had an informal joint meeting with the members of the Pensions sub-committee. The aim of the meeting was to agree areas of focus for the two bodies to ensure their work complemented each other and did not overlap.

- 4.10. At the meeting the Board determined it wished to focus on the administration of the Pension Fund and consider performance indicators from the administrators Surrey County Council on a regular basis. In addition to this, they determined they wished to review communications with scheme members and consider how the scheme measures and monitors the risks within the scheme. They wished to understand and monitor the progress of the triennial actuarial valuation at 31st March 2016. The Board and sub-committee also agreed that they should receive the minutes of each other's meetings to keep abreast of areas being discussed.

- 4.11. The next formal meeting of the Board took place on 23rd February 2016 when the following agenda items were discussed:

Pensions Sub-Committee Minutes
Review of Pension Fund Risk Register
Knowledge and Skills Review

- 4.12. The Board discussed a range of issues under the risk register item including the transition of the administration from Capita to Surrey County Council and the on-going issues arising from this and the impact on scheme members. The forthcoming triennial actuarial valuation was also discussed with the Board expressing their wish to be involved in any briefings from the Fund Actuary, alongside Pensions sub-committee members.

Future plans

- 4.13. In 2016/17 the Board will continue to develop its role in assisting and constructively challenging officers and the Pensions sub-committee to deliver effective management of the scheme. In addition to continuing to monitor the administration of the scheme, the Board will be focusing on the triennial actuarial valuation of the Fund and the process for setting employer contribution rates for the employers participating in the Fund from 1st April 2017.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. Not applicable.

6. CONSULTATION

- 6.1. This report will be submitted to the Pensions sub-committee for noting before being considered by full Council in line with the Board's terms of reference.

7. EQUALITY IMPLICATIONS

- 7.1. Not applicable.

8. LEGAL IMPLICATIONS

- 8.1. None.

9. FINANCIAL IMPLICATIONS

- 9.1. None.

10. IMPLICATIONS FOR BUSINESS

- 10.1. None.

11. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

11.1. None

LIST OF APPENDICES:

Appendix 1: Terms of Reference – London Borough of Hammersmith and Fulham
Pensions Board

Terms of Reference: London Borough of Hammersmith & Fulham Pensions Board

The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Hammersmith & Fulham Pension Fund.

1. Role of the Local Pension Board

The role of the local Pension Board is defined by section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013. It is to assist the administering authority (the Council) with:

- Securing compliance with the LGPS Governance regulations and any other legislation relating to the governance and administration of the LGPS
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the scheme and
- Ensuring effective and efficient governance and administration of the scheme- recommendations to the Pensions Sub-Committee.

2. Membership

a. Appointment process

The Pension Board shall consist of six members and be constituted as follows:

- Three employer representatives comprising one from an admitted or scheduled body and two nominated by the Council; and
- Three scheme member representatives whether from the Council or an admitted or scheduled body.

The process for selecting non-Council nominated employer members of the Pension Board is set out in a separate document "Selection of Pension Board members".

b. Quorum

The Pension Board shall be quorate when three Pension Board Members are in attendance.

c. Chair of the Board

The Chair and Vice Chair of the Board will be appointed by members of the Board as the first business at their first meeting.

d. Substitute Members

Each Scheme Member representative may agree a nominate substitute at the first meeting who would act in the Board member's absence.

Each Employer representative is there on behalf of the employer so may be replaced by the nominating body with another individual representing the same employer.

e. Periods of Office

Each Board Member shall be appointed for a fixed period of two years, which can be extended for a further two year period subject to re-nomination.

f. Termination

Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least two meetings each year. In the event of consistent non-attendance by any Board member, then the membership of that particular Board member should be reviewed by the other Board members with advice from Officers.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all the other Board members present at the meeting.

A Board member may choose not to continue in their role, and so shall notify the Board accordingly following which the process for a replacement shall start.

3. Board Meetings

a. Frequency of meetings

The Board shall as a minimum meet twice a year, and where possible, should aim to do so four weeks before the Pensions Sub-Committee meets.

Meetings shall take place at a time and place agreed by the Pensions Board on an annual basis.

b. Voting Rights

Each Board member will be entitled to vote and where a vote is taken the matter will be decided by a majority of the Board members present and voting but it is expected that the Pension Board will as far as possible reach a consensus. In the event of an equality of votes, the Chair will have a second and or a casting vote.

c. Notice and Circulation of Papers

The papers for each Board meeting shall be circulated to all Board members one calendar week in advance of each meeting. The papers shall be published on the Council's website unless they contain material considered to be exempt or confidential, as defined by the Local Government Act 1972 and subsequently agreed as such by the Board.

d. Minutes

Minutes of all non-confidential or non-exempt parts of the Board's meetings shall be recorded and published on the Council's website.

e. Secretariat Service

Council officers will provide the Board with the secretariat services required.

4. Role of Advisers

a. Access to Council advisers

The Board may request that one of the Council's advisers attends a Board meeting to provide advice or information to the Board. The request should be submitted to the Executive Director for Finance and Corporate Governance.

b. Appointment of advisers specifically for the Board

If the Board requires advice outside that already provided to the Council, then the request should be made to the Pensions Sub-Committee and Council officers.

5. Budget and Expenses

a. Budget

An annual budget will be agreed by the Board for professional advice, training or other purposes if such matters are required and Officers being authorised to incur expenditure to implement the programme.

b. Expenses

Each Board member may claim, upon production of the relevant receipts, travel expenses directly incurred in the work of the Pension Board.

6. Additional policies relating to the Board Operations

a. Code of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore, all Board members are required to abide by the Pension Board Code of Conduct.

b. Conflict of Interests

The Board is required to always act within these terms of reference. Board members should abide by the separately prepared Conflicts Policy and keep the policy under review.

c. Knowledge and Understanding

All Board members are required to have sufficient knowledge and understanding of pensions matters to undertake their roles. Board members are expected to comply with the separate policy on knowledge and understanding and maintain appropriate records.

7. Reporting

a. Annual report on activity

The Pension Board should prepare an annual report on its activities and its compliance with these terms of reference and the associated policies. This report should be addressed to full Council each year, in the first six months of the financial year, reporting on the activities of the Pension Board for the previous financial year. Such a report will be submitted to the Pension Sub-Committee for noting prior to submission to Council.

b. Reporting Recommendations

If the Pension Board determines that it wishes to make recommendations to the Pension Sub-Committee, such recommendations should be reported to the next meeting of the Pension Sub-Committee. The Pension Sub-

Committee's response to the recommendation will be reported to the next meeting of the Pension Board.