

## **LOCAL GOVERNMENT PENSIONS BOARD**

**Thursday, 20 October 2016**

**Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

Jon Avern  
Yvette Dunne  
Alderman Ian Luder

Christina McLellan  
Martin Newnham  
James Tumbridge

#### **Officers:**

Christopher Braithwaite	-	Town Clerk's Department test
Caroline Al-Beyerty	-	Chamberlain's Department
Kate Limna	-	Chamberlain's Department
Charlie Partridge	-	Chamberlain's Department

#### **1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **2. INTRODUCTIONS**

Members and Officers introduced themselves.

#### **3. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

Members were advised that membership of the Local Government Pension Scheme was specifically exempted from being declared as an interest.

No declarations of interest were made.

#### **4. ORDER OF THE COURT OF COMMON COUNCIL**

The Board considered the Order of the Court of Common Council, which set out the Board's composition and Terms of Reference.

A Member noted that Standing Order 29(3) provided a list of Grand Committees of which the Chairman was eligible to serve as Chairman of another Grand Committee. The Member noted that, as there were only two Common Councilmen on this Board, and one must be either the Chairman or Deputy Chairman to allow reporting to the Court of Common Council, it could be beneficial to request that the Board be added to the list of Grand Committees to which this exemption applied.

The Board discussed this proposal and agreed that it would be beneficial to request that the Board be added to the aforementioned list within Standing Orders.

The Board also discussed whether it would be beneficial for the Chairman and Deputy Chairman to be one Employer representative and one Scheme Member representative.

**RESOLVED –** That the Board:

- a) Notes the Order of the Court; and
- b) Requests that the Policy and Resources Committee recommends to the Court of Common Council the addition of the Local Government Pensions Board to the list of Grand Committees, set out in Standing Order 29(3), of which a Member is eligible to serve as Chairman, in addition to serving as Chairman of another Grand Committee.

5. **ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. A list of Members eligible to stand was read and Alderman Ian Luder was the only Member who indicated willingness to serve.

**RESOLVED –** That Alderman Ian Luder be elected Chairman in accordance with Standing Order 29 for the year ensuing.

**Alderman Ian Luder in the Chair**

6. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. A list of Members eligible to stand was read and Martin Newnham and James Tumbridge indicated willingness to serve.

A ballot was taken and votes were cast as follows:-

Martin Newnham	-	2 votes
James Tumbridge	-	4 votes

**RESOLVED –** That James Tumbridge be elected Deputy Chairman in accordance with Standing Order 30 for the year ensuing.

7. **BACKGROUND TO THE LOCAL GOVERNMENT PENSION BOARD**

The Board received a presentation from Annemarie Allen of Barnett Waddingham LLP, the Corporation's Actuaries and Pension Benefit/Governance advisors.

This presentation provided information regarding the following issues:

- The Background to the creation of Local Government Pensions Boards
- The National Government Structure
- The role and Responsibilities of the Board and Board Members for the Corporation's Scheme

Background to the Creation of Local Government Pensions Boards

The Board was advised that Pensions Boards had been established following Lord Hutton's Independent Public Service Pension Commission Review in 2010. The Board was advised that the Review had suggested amendments to Public Sector Pensions Schemes to improve affordability and to provide a sustainable, adequate and fair solution.

This Review had led to the Public Sector Pensions Act 2013, which had created a new governance structure for Public Sector Pensions, including the creation of Public Sector Pension Boards, effective from 1 April 2015. This Act was also supported by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, which came into force from 1 April 2015. The role of the Boards was to assist the administering authority to secure compliance with LGPS and other legislation relating to Scheme governance and administration and the requirements of the Pensions Regulator (TPR), and to assist the administering authority to ensure the effective and efficient governance and administration of the Scheme.

Ms Allen informed the Board that the 2013 Act was supported by TPR's Code of Practice No 14, titled Governance and Administration of Public Sector Pension Schemes. This document provided practical guidance on the exercise of functions under Pensions legislation, setting out the expected standards of conduct and practice. The Board was informed that the Code of Practice was not a statement of law, but sought to assist Pension Schemes in meeting the law. The Board was advised that there was an expectation that all Board Members would read this Code of Practice and it was agreed that the Town Clerk would circulate this document to all Board Members following the meeting.

The Code of Practice identified the main areas in which a Board should satisfy itself that appropriate management was in place. Ms Allen noted the legal requirements on the Board members and that internal controls, Scheme record keeping and providing information to members were key areas of focus of the TPR following their 2015 survey.

#### National Governance Structure

The presentation provided Members with information regarding the key organisations and roles within the new structures, particularly including:

- Scheme Manager: the organisation responsible for managing or administering the Scheme. For the Corporation, this is the Court of Common Council of the City of London Corporation.
- Scheme Advisory Board: a National Board responsible for providing advice to the Department for Communities and Local Government (DCLG) on potential changes to the scheme or to Scheme Managers and Pensions Boards on operation of the Scheme and other matters. The Scheme Advisory Board also receives all Pensions Schemes' Annual Reports and gathers information regarding all schemes and their performance against specific KPIs.
- Pensions Regulator: The 2013 Act had ensured that the Pensions Regulator's remit now also covered Public Sector Pensions.

The Board was advised that the Pensions Regulator had conducted a survey of all Schemes in 2015 to determine existing levels of competence and compliance with Regulations. A further survey to assess progress was expected to be issued in the next few weeks. As a measure of progress that had been made in compliance, the Chamberlain explained that in 2015, 7 of 91 Schemes had issued their statements to members on time and the Corporation was one of those which had not issued the statements on time. In 2016, the Corporation had issued all statements on time.

The Board was also informed that the Pensions Regulator had enforcement powers against both Scheme Managers and Board Members. The maximum fine the Regulator was able to assess was £5k against Board Members and £50k against Organisations.

Ms Allen informed the Board that the triennial valuation of Pensions Funds was currently underway and would be completed in early 2017. Following completion of this, the Government's Actuary Department, as Scheme Actuary appointed by DCLG, was expected to conduct a review of all funds and their funding levels to compare and assess the funding levels of each Fund and other associated issues.

#### Role and Responsibilities of the Board and Board Members for the Corporation's Scheme

The Governance Structure of the Corporation's Pension Scheme was explained to Members. The Scheme Manager delegated its role of running the Scheme to the Investment Committee (for investment matters, which in turn delegated to its Financial Investment Board) and the Establishment Committee (for staffing matters). It was agreed that a full diagrammatical explanation of the Governance Structure be provided to Members of the Board and included on the website.

The role of Board was set out in the LGPS Regulations as noted above. The Board was advised that the Regulations also provided the Board with the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The role of the Board was set out within the Terms of Reference, considered earlier in the meeting. Ms Allen suggested that the Terms of Reference should be reviewed to provide more information regarding the role of the Board and the requirements on Board Members.

Ms Allen confirmed that Members of the Board had a legal responsibility in a number of areas including to ensure that they had capacity to represent all Scheme Employers and Members (as appropriate to which representative they were), to ensure that they had the requisite knowledge and understanding (as described in Code of Practice 14), reported any breaches of the law which were of material interest to the Pensions Regulator (in accordance with the Corporation's reporting Breaches of the Law Policy, which would normally include reporting via an officer) and to not have conflicts of interest. In general

members were advised that they should comply with the seven principles of public life.

With regard to breaches, the Chamberlain advised the Board that a register of all breaches was kept by the Chamberlain's Department and it would be appropriate for this to be submitted to all meetings of the Board for information. It was also confirmed that the Board had the right to request support from any Department of the Corporation as required in the undertaking of their duties.

Ms Allen advised that there was a requirement that details of the Board Members should be publicly available and that TPR had advised that they would be checking on this. Therefore, the Board agreed that the Town Clerk should update the relevant page on the Corporation's website to indicate that contact with the Elected Members was as indicated on the website, and all communications to the remaining Board Members should be care of the Town Clerk. Ms Allen suggested that once this was completed, the Scheme Advisory Board should be informed to allow their checklist to be updated.

**RESOLVED** – That the Board notes the information regarding the background to the Local Government Pensions Board and their roles and responsibilities.

#### **8. DEVELOPING OBJECTIVES AND THE WORK PLAN FOR 2016/17 AND BEYOND**

The Board discussed appropriate objectives and a Work Plan for 2016/17.

The Chairman commented, and the Board agreed, that it would be appropriate to meet four times per year for the Board's first year and reduce to three meetings a year thereafter.

Members noted that the presentation had indicated that identifying internal controls, Scheme record keeping and providing information to members as key areas were key areas of work for the Board. Therefore, the initial work programme should focus on these issues.

The Board agreed that at the next meeting it should be presented with:

- Documentation of all of the information which was circulated to scheme members. This should include example Annual Statements for different types of members, information provided to scheme members regarding retirement (including details of when this information was provided to scheme members) and information provided to new starters regarding the Pension Scheme as part of the induction process, as well as any other communications to scheme members. Members also commented that it may be beneficial to review how information regarding the Pension Scheme could be embedded into the induction process, possibly through electronic learning modules, and for information to be provided to staff at regular intervals to ensure that staff were aware of all of the benefits of the Pension Scheme.
- Further information regarding the Regulations governing the Pensions Board, to ensure that the Board could satisfy itself that it was addressing

all areas expected by the Regulations, including the legal requirements of the regulations for communications and other administrative matters.

- a schedule of events and deadlines for all activities undertaken for the Scheme throughout the year.
- further information regarding national guidance to Pensions Boards and how the guidance applied to this Board.
- Information of the Admitted Bodies to the Scheme.

At the next and all future meetings, the Board agreed that it should be presented with:

- reports identifying any breaches of the law.
- Information of Scheme Record Keeping;
- information regarding the Risk Register for the Pensions Department, so that it could be assured that risks were appropriately identified and monitored. It was agreed that Officers should ensure that the risk register included organisational and financial issues.
- a record of complaints or disputes under the Local Government Pensions Scheme Complaints procedure.
- Any audit reports relating to the administration of the Pension Scheme.
- Receiving reports relating to the Pensions Scheme which would be considered by the Investment Committee, Financial Investment Board or Establishment Committee.

The Board requested that the Town Clerk and Chamberlain collate the comments of the Board to develop a work programme for the Board, set out under category areas. The Board agreed that updated versions of the work programme would be presented to each meeting of the Board.

**RESOLVED** – That the Town Clerk and Chamberlain present an appropriate Work Programme for the Committee to its next meeting.

## **EXTENSION OF THE MEETING**

At this point, the time limit for Committee meetings as set out in Standing Order No 40 had been reached, but there being a two-thirds majority of the Board present in favour of an extension, the Board agreed to continue the meeting.

### **9. KNOWLEDGE, UNDERSTANDING AND TRAINING NEEDS**

The Board noted the slides from Barnett Waddingham which set out some information regarding the knowledge and understanding requirements for Pensions Board Members, but, due to time constraints, agreed that Members should study the presentation in their own time. The Board agreed that the slides would be circulated to all Board Members, along with relevant background documentation and training needs analysis forms, for the Board Members to consider. The Board agreed that all Members should review the documentation and complete the Training Needs Analysis document by 31 December 2016. This should be submitted to the Town Clerk and Chamberlain, who would then use these documents to develop an appropriate training schedule for Board Members.

Barnett Waddingham noted and the Chamberlain confirmed that, should it be convenient for the Board, it would be possible to provide further training during evening sessions.

**RESOLVED – That:**

- a) The Town Clerk ensures that the slides from Barnett Waddingham is circulated to all Board Members, along with any other relevant background documentation
- b) All Board Members review this documentation and return the completed Training Needs Analysis by 31 December 2016;
- c) The Town Clerk and Chamberlain use this information to develop an appropriate training schedule for Board Members.

**10. DATES OF FUTURE MEETINGS**

**RESOLVED –** That the Board's next meeting be held at 1.45pm on 17 January 2016.

Members noted that, as the requirement for Pensions Boards was set out within the Public Sector Pensions Act 2013, it should be possible to hold a future meeting during the period between the Common Council elections on 23 March 2017 and the first meeting of the Court of Common Council after the elections, on 28 April 2017.

**11. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

**12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

**The meeting closed at 4.00 pm**

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Chairman

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