

POLICE PENSIONS SUB-COMMITTEE

Tuesday, 17 January 2017

Minutes of the meeting of the Police Pensions Sub-Committee held at the Guildhall EC2 at 11.00 am

Present

Members:

Employer Representatives

Alderman Ian Luder (Chairman)
Deputy Alex Deane
Helen Isaac

Member Representatives

Davina Plummer
Kieron Sharp
John Todd

Officers:

Amanda Thompson	-	Town Clerk's Department
Kate Limna	-	Chamberlain's Department
Charlie Partridge	-	Chamberlain's Department
Tom Broughton	-	Chamberlain's Department

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. 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.

Deputy Alex Deane declared that he was employed by a consultancy firm that dealt with pensions, but he did not deal with pensions himself.

3. SUB-COMMITTEE'S TERMS OF REFERENCE

The Sub-Committee received a report of the Town Clerk seeking approval for the Sub-Committee's Terms of Reference.

The Terms of Reference for the Sub-Committee were previously approved by the Police Committee in December 2015, however in order to more closely align them with the model constitution for Pensions Boards as set out in the Public Services Pensions Act, a number of amendments were proposed.

In addition to these the Town Clerk further advised that the Sub-Committee would need to appoint a Deputy-Chairman, and that this would need to be a Member representative, and that the Chairman and Deputy Chairman would swap roles each year.

The Chairman commented, and the Sub-Committee agreed, that it would be appropriate to meet 3 times per year for the Board's first year and reduce to 2 meetings a year thereafter.

RESOLVED – That

- a) The amendments proposed to the Terms of Reference detailed in Appendix 1 of the report be agreed and recommended to the Police Committee for approval;
- b) The frequency of meetings be 3 during the first year and 2 for subsequent years; and
- c) A Deputy Chairman be appointed from one of the three Member Representatives.

4. **BACKGROUND TO THE POLICE PENSIONS SUB-COMMITTEE**

The Sub-Committee received a presentation from Annemarie Allen of Barnett Waddingham LLP, the Corporation's Actuary and Pension Benefit/Governance advisors.

This presentation provided information regarding the following issues:

- The background to Police Pension Boards
- The National Governance Structure
- The role, responsibilities and composition of the Sub-Committee and Sub-Committee Members.

Background to the Creation of Pensions Boards

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

The 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 Police Pension Boards, effective from 1 April 2015. This Act was also supported by the Police 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 the PPS 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 advised 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 Sub-Committee was informed that the Code of Practice was not a statement of law, but sought to assist Pension Schemes in meeting the law. The Sub-Committee was advised that there was an expectation that all Members would read this Code of Practice and it was agreed that the Town Clerk would circulate this document to all 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 highlighted 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.

The Sub-Committee noted that the legislation referred to the constitution of 'Boards' and that this Sub-Committee was the 'Police Pensions Board'. It was agreed that it would be more appropriate for the Sub-Committee to be renamed the 'Police Pensions Board' and that the Police Committee should be asked to approve this and change the Terms of Reference to reflect this.

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 Police Pensions Board this was the Commissioner of Police for the City of London and the Court of Common Council of the City of London Corporation.
- Scheme Advisory Board: responsible for providing advice 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 received all Pensions Schemes' Annual Reports and gathered 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 Sub-Committee 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.

The Sub-Committee was also advised 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.

In response to questions the Pensions Manager undertook to establish whether the City of London's Police Pensions Board was registered with TPR, and seek

information from Internal Audit regarding any recent or forthcoming audits of pensions administration.

In response to a further question regarding whether or not all benefits were being paid on time, the Pensions Manager advised that he would provide some performance statistics.

Role and Responsibilities of the Police Pensions Sub-Committee and Sub-Committee Members

The Governance Structure of the Police Pension Scheme was explained to Members. The Scheme Manager delegated its role of running the Scheme to the Police Committee (for decisions), which in turn delegated to the Police Pensions Sub-Committee (to provide the recommendations).

The role of the Sub-Committee was set out in the PPS 2015 Regulations as noted above. The Sub-Committee 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 Sub-Committee was set out within the Terms of Reference, considered earlier in the meeting.

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), report 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 Pensions Manager advised Members 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 Sub-Committee 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 Sub-Committee 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 information regarding the background to the Police Pensions Board and their roles and responsibilities be noted;

Approval for the renaming of the Police Pensions Sub-Committee to Police Pensions Board be sought from the Police Committee and, if agreed, the Terms of Reference be updated to reflect this.

5. DEVELOPING OBJECTIVES AND THE WORK PLAN FOR THE SUB-COMMITTEE

The Sub-Committee discussed appropriate objectives and a Work Plan for 2016/17.

Members noted that the Code of Practice had indicated that identifying internal controls, Scheme record keeping, providing information to members and resolving internal disputes were key areas of work and therefore the initial work programme should focus on these issues.

The Sub-Committee 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.
- Further information regarding the Regulations governing the Police 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 Police Pensions Boards and how the guidance applied to this Board.

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

- reports identifying any breaches of the law (from 1 April 2016)
- Information of Scheme Record Keeping;
- Information regarding the Risk Register for the Police Pensions Department, so that it could be assured that risks were appropriately identified and monitored.
- a record of complaints or disputes under the Police Pensions Scheme Complaints procedure (from April 2015)

- Any audit reports relating to the administration of the Police Pension Scheme.
- Receiving reports relating to the Police Pensions Scheme which would be considered by the Police Committee

It was further agreed that it would be good practice to produce an annual report on the Sub-Committee's work to the Police Committee, and also that all members of the scheme should be advised who the Members of the Police Pensions Sub-Committee were.

The Sub-Committee requested that the Pensions Manager collate the comments of the Board to develop a work programme and training plan.

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

6. KNOWLEDGE, UNDERSTANDING AND TRAINING NEEDS

The Sub-Committee noted the slides from Barnett Waddingham which set out some information regarding the knowledge and understanding requirements for Police Pensions Board Members, along with relevant background documentation and training needs requirements. It was agreed that the Training Needs Analysis documentation should be circulated to all Members. The Sub-Committee agreed that all Members should review the documentation and complete the Training Needs Analysis forms so that an appropriate training schedule could be drawn up.

RESOLVED – That:

- a) The Town Clerk ensures that all relevant background information and the Training Needs Analysis forms are circulated to all Sub-Committee Members;
- b) All Sub-Committee Members review this documentation and return the completed Training Needs Analysis to the Town Clerk; and
- c) The Town Clerk and Chamberlain use this information to develop an appropriate training schedule for Board Members.

7. DATES OF FUTURE MEETINGS

RESOLVED – That the Town Clerk arrange dates for the next two meetings of the Sub-Committee.

8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent business.

The meeting closed at 1.00 pm

Chairman

Contact Officer: Amanda Thompson
Tel.No.: 020 7332 3414
amanda.thompson@cityoflondon.gov.uk