

**REPORT FOR: Pension Fund  
Investment Panel**

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**Date of Meeting:** 27<sup>th</sup> November 2012

**Subject:** Governance of the Pension Fund  
Investment Panel

**Responsible Officer:** Julie Alderson, Corporate Director,  
Resources

**Exempt:** No

**Enclosures:** Appendix - Governance Compliance  
Statement

**Section 1 – Summary**

Oversight and decisions concerned with pensions are shared between the Panel and the Licensing and General Purposes Committee. Improving efficiency and ensuring a co-ordinated approach to pension provision would be enhanced by transferring the Licensing & General Purposes Committee's pension responsibilities to the Panel.

**Recommendation**

The Panel are invited to ask for their terms of reference to be expanded to assume those responsibilities currently a function of the Licensing & General Purposes Committee.

## Section 2 – Report

1. This paper, considering the role of the Panel and overall governance of the Council's pension arrangements, has been added to the agenda at the request of the Chair.
2. The current governance arrangements are set out in the Governance Compliance Statement (appendix 1).
3. Overall responsibility for managing the pension scheme in accordance with regulations rests with the Licensing and General Purposes Committee ("Licensing Committee") with pension investment and actuarial matters dealt with by the Panel. Other delegations include early retirement decisions by the Early Retirement Sub-Committee.
4. Advantage has been identified in streamlining the oversight of pension issues by transferring the responsibilities of the Licensing and General Purposes Committee to the Panel:
  - A consistent approach to pension issues, with benefits, contribution and investment issues considered by the same group.
  - Avoidance of the same issue being discussed both by the Panel and Licensing and General Purposes Committee e.g. academies contribution rate.
  - Achieving the more demanding training needs proposed in draft regulations will be more manageable with one pensions committee.
  - This structure would comply with the recommendations of the LGPS 2014 Governance Working Group.
5. Papers to the Licensing and General Purposes Committee on pensions issues are rare. Since 1<sup>st</sup> January 2011, the following issues have been discussed:
  - Academies contribution rate (three times following prior discussion and recommendation by the Panel).
  - Early retirement Update (March 2011)
  - Voluntary Severance Scheme (March 2011)
  - Flexible Retirement Scheme (November 2011)

The additional workload would be manageable without additional meetings of the Panel.
6. The outlook for Local Government Pension Schemes is increasingly uncertain. The benefit and contribution structure will change from April 2014. The Government has retained the powers to make further changes to ensure pensions remain affordable and these powers are likely to be employed regularly. Recommendations to improve governance being proposed to the Government include:

- Best practice guidance and mandatory standards e.g. skills and competence, with the possibility of penalties for non compliance.
  - Greater regulation and oversight with a national standards board, involvement of the Pensions Regulator and Government powers to intervene.
  - Possible merger of the London pensions funds either at full scheme or investment level.
7. These developments will require debate by the Panel and potentially significant changes to the way pensions are provided to staff.
  8. Increasing the Panel membership from four to five or six to reflect the new responsibilities while beneficial may not be possible due to the skill and commitment requirements, particularly the increased training demands.
  9. If the Panel is content with the above proposals a revised remit will be drawn up in consultation with Legal Services.

### **Section 3 – Further Information**

N/A

### **Section 4 – Financial Implications**

10. The change will result in savings by the avoidance on duplication of Member, Officer and Advisor time. For example additional costs were incurred in 2011 and 2012 through requiring the Actuary to attend both the Panel and Licensing and General Purposes Committee to discuss academy contributions.

### **Section 5 - Risk Management Implications**

11. Risk included on Directorate risk register? No
12. Separate risk register in place? No.

### **Section 6 - Equalities implications**

13. Was an Equality Impact Assessment carried out? Yes
14. There are no direct equalities implications relating to the pension fund

## Section 7 – Corporate Priorities

15. Corporate Priorities are not applicable to Pension Fund as it does not have a direct impact on the Council's resources.

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 23 November 2012		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 September 2012		

## Section 8 - Contact Details and Background Papers

**Contact:** George Bruce (Treasury and Pension Scheme Manager)  
Tel: 020-8424-1170 / Email: george.bruce@harrow.gov.uk

**Background Papers:** None