

REPORT FOR: Pension Fund Committee

Date of Meeting: 23 September 2014

Subject: Establishment of Pension Board

Responsible Officer: Simon George, Director of Finance and Assurance

Exempt: No.

Wards affected: All

Enclosures: Appendix – Draft Terms of Reference (Extract) for Pension Board

Section 1 – Summary and Recommendations

Summary

This report updates the Committee on progress made towards the establishment of the Pension Board and invites the Committee's comments on the draft Terms of Reference.

Recommendation

The Committee are invited to comment on the draft Terms of Reference of the Pension Board and to suggest ways in which they can continue to consider and comment on issues concerning the establishment of the Board.

Section 2 – Report

Introduction

1. At their meeting on 29 July 2014, in respect of the establishment of the Pension Board the Committee were advised as follows:

The draft regulations have now been issued with a consultation deadline of 15 August 2014. The most significant parts of the draft directly relevant to the Council are as follows:

- *By 1 April 2015 each administering authority is required to establish a local pension board responsible for assisting it to secure 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. The local pension board is also to be responsible for assisting the administering authority to ensure the effective and efficient governance and administration of the scheme.*
- *Should an administering authority wish the local pension board to be the same as its pensions committee it would need the approval of the Secretary of State.*
- *Suggested alternative ways in which an administering authority can establish its local pensions board*
- *It is for the administering authority to determine the membership of the local pension board but it must have an equal number of employer and member representatives with relevant experience and the capacity to represent, with a total of at least 4 and must together form the majority of the membership. A member of the local authority may not be appointed as an employer or member representative*

Clearly there is a considerable amount of work necessary to implement the regulations by 1 April 2015. Under the leadership of the Director of Finance and Assurance and Director of Legal and Governance Services an informal group of finance and legal officers has already met and this group will shortly meet again to establish appropriate membership and terms of reference. It will, of course, establish its own work programme and timetable but will at least cover the steps identified by the Fund's Actuary, Hymans Robertson as follows:

- *Establish that any proposed arrangements comply with the Pension Regulator's code of practice*
- *Consider and, if necessary, refresh the scheme of delegations, including the power to implement the regulations*
- *Review current pension committee activities to establish the statutory and non-statutory nature of the activities and determine which ones can be passed to a newly formed local pension board*
- *Consider a revised governance structure to meet the aims of the Harrow Fund bearing in mind the knowledge and understanding requirements needed for good decision-making*
- *Draw up local pension board terms of reference and job descriptions for the chair and its members*
- *Review the need for any changes to the Borough's constitution*

- *Establish procedures for the selection / election of local pension board members*
- *Set up a working group of current pension committee members, officers and advisers to deal with the implementation of the regulations*
- *Consider appointing an independent governance adviser to the local pension board*

Current Position

2. At the time of writing this report the regulations had not been issued but Hymans Robertson have specifically advised of their understanding that:
 - The previously proposed restriction on elected members being employer or member representatives is to be removed
 - The local pension board's constitution will be left to local discretion
 - The "establishment" of the local pension fund by 1 April 2015 is likely to mean that all arrangements have been put in place but that it will not have been necessary for the board to have met by that date.
3. Progress has been made in respect of most of the steps identified above and a second meeting of the officer working group was held on 9 September.
4. It is for the Council to establish the Board and decide on its Terms of Reference and, to meet the legislative timetable, any changes required to the Council's Constitution will be proposed to the Full Council meeting on 13 November. The next meeting of the Pension Fund Committee is not scheduled until 25 November hence any involvement by the members in developing the arrangements will need to be made outside the normal schedule.
5. The Committee may wish to be involved in formulating the Terms of Reference and in considering the arrangements for appointing the Board members by providing comments for consideration by the officer working group. At their meeting of 9 September officers considered draft Terms of Reference, an extract of which is included as Appendix 1. Officers also have in mind developing the details of the role of the Board in line with the requirements of the Governance Compliance Statement included within the Fund's Annual Report and the work programme of the Committee and its predecessors over the last few years.
6. The Committee are invited to comment on the draft Terms of Reference of the Pension Board and to suggest ways in which they wish to be involved in progressing the establishment of the Board.

Financial Implications

7. The costs of setting up the Board and ongoing costs will be met from the Pension Fund.

Risk Management Implications

8. Risk included on Directorate risk register? No
- 9.. Separate risk register in place? No but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

Equalities implications

10. Was an Equality Impact Assessment carried out? No
11. There are no proposals in this report which directly affect individuals.

Council Priorities

12. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name Simon George	<input checked="" type="checkbox"/>	Director of Finance and Assurance
Date: 11 September 2014		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 15 September 2014		

Ward Councillors notified:	NO
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Section 4 - Contact Details and Background Papers

Contact: Ian Talbot, Treasury and Pension Fund Manager
0208 424 1450