

	<h2>Pension Fund Committee</h2> <h3>21 July 2015</h3>
Title	Pension Board Budget 2015-16
Report of	Chief Finance Officer
Wards	Not Applicable
Status	Public
Enclosures	Appendix 1 – Proposed Pension Board budget Appendix 2 – Draft Pension Board work plan (to follow)
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Summary	
<p>The Public Sector Act 2013 requires the establishment of Pension Boards to assist local authorities with the effective management of local pension funds. As the expenses of the Board are to be met by the Barnet Pension Fund the Board’s workplan and the budget will be submitted to the Barnet Pension Fund Committee for approval annually. The Board will be required to operate within the approved budget and approved budget purposes. It is envisaged that the Board will review aspects of the pension fund over time rather than react to the regular monitoring cycle of the pension committee</p>	

Recommendations
<ol style="list-style-type: none"> 1. That Pension Fund Committee note the proposed workplan and approve the proposed Pension Board budget for 2015-16

1. WHY THIS REPORT IS NEEDED

- 1.1 The Department for Communities and Local Government have been consulting on the implementation of Pension Boards, as required by the Public Sector Pensions Act 2013. The final Regulations were laid before Parliament and the final version of the guidance issued on 4th February 2015 (Appendix 1).
- 1.2 The Act and the regulations provide that the “scheme manager” will be responsible for administering, investing and managing the pension fund and may delegate these responsibilities to a Committee, an officer or an investment manager (as appropriate). In the case of the London Borough of Barnet (LBB) the Pension Fund Committee is the scheme manager and it is proposed that the Committee will continue to discharge these functions.
- 1.3 The Act states that the scheme regulations will provide for the establishment of the Pension Board which will be responsible for assisting the scheme manager (in LBB’s case, the Pension Fund Committee) in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme. Whilst the guidance has provided some further suggestions about what the Board will do, specific local functions have primarily been left up to the local authority’s determination. It is however clear that, while the Board can make recommendations to the Pension Fund Committee, it will be up to the Committee whether to take action in relation to the recommendations. The Board will not be a decision making body, but will contribute to the governance of the pension scheme by providing advice and scrutiny.
- 1.4 The Pension Board must be established by 1 April 2015 and the Pension Board must meet within the first four months of the 2015/16 financial year.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Public Sector Act 2013 requires the establishment of Pension Boards to assist local authorities with the effective management of local pension funds. As the expenses of the Board are to be met by the Barnet Pension Fund the Board’s workplan and budget will be submitted to the Barnet Pension Fund Committee for approval annually.

- 2.1 **ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**The alternative option was to discharge the Local Pension Board function through the Pension Fund Committee. As this required written approval from the Secretary of State to appoint the existing Committee as the Local Pension Board this option was not recommended.

3. POST DECISION IMPLEMENTATION

- 4.1 In accordance with the regulations, the first meeting of the Pension Board will be held on 29th July 2015
- 4.2 Pension Board will operate within the budget approved by Pension Fund Committee .

4. IMPLICATIONS OF DECISION

4.1 Corporate Priorities and Performance

- 5.1.1 The Local Pension Board will support the delivery of the Council's corporate priorities as expressed through the Corporate Plan by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

4.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 4.2.1 All costs of implementing and running the Local Pension Board will be funded from the Barnet Pension Fund.
- 4.2.2 The Board will agree its workplan annually and the budget required to deliver it. As the expenses of the Board are to be met by the Barnet Pension Fund the Board's workplan and budget will be submitted to the Barnet Pension Fund Committee for approval annually. The Board will be required to operate within the approved budget and approved budget purposes. It is envisaged that the Board will review aspects of the pension fund over time rather than react to the regular monitoring cycle of the pension committee.
- 4.2.3 All Pension Board costs will be met from within the pension fund. The main costs will be set up cost of Board member training, governance support and Pension Board member attendance allowances.

4.3 Legal and Constitutional References

- 4.3.1 The Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment)(Governance) Regulations 2015 require the Council to establish a Pension Board by 1 April 2015. The proposed terms of reference comply with the requirements of the legislation and due regard has been paid to the guidance.
- 4.3.2 Report to General Functions Committee meeting on 23 March included that the expenses of the board are to be met by the Barnet Pension Fund and the

board's budget will be submitted to the Barnet Pension Fund Committee for approval annually. A recommendation to amend the Constitution to ensure this responsibility is incorporated in the Committee's terms of reference is due to be considered by Council on 28 July 2015.

4.4 Risk Management

4.4.1 If required actions to establish the Pension Board is not agreed or within the time constraints set out in this report the council could be at risk of Judicial Review or intervention by the Regulator.

4.5 Equalities and Diversity

4.5.1 There are no Equalities and Diversity issues arising from this report.

4.6 Consultation and Engagement

4.6.1 Not applicable

5. BACKGROUND PAPERS

5.1 None

Appendix 1

Pension Board Budget 2015 -16

Set up costs	£	£
Newspaper Advertising	1,021.38	
Retired Deferred Member Mailshot	12,900.00	
		13,921.38
Attendance and Training		
Board Member Attendance Fees	2,286.00	
Board Member Training attendance Fees	2,286.00	
Board Member Training	6,500.00	
		11,072.00
Board administration		
Board support and overheads recharge		25,000.00
Total		<u><u>49,993.38</u></u>