



Local Pension Board 19 November 2019

Title	Local Pension Board – Annual Update Report 2018/19
Report of	Head of Governance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Detailed Terms of Reference for Local Pension Board – Amended Appendix B – Local Pension Board, Forward Work Plan 2019/20
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Summary

This report provides an update on the work of the Local Pension Board which will be reported to the Pension Fund Committee and Full Council in line with the reporting guidelines set out in the terms of reference.

The report includes the Local Pension Board Terms of Reference and its Forward Work Plan for consideration.

Recommendations

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| 1. That the Local Pension Board note the report and the detail outlined at 1.4, 1.5, 1.7 |
| 2. That the Local Pension Board note Terms of Reference as highlighted within Appendix A |
| 3. That the Local Pension Board note and comment on the annual work plan attached at Appendix B. |
| 4. That the Local Pension Board note and comment on its proposed budget for 2019-20 as document in 1.14. |
| 5. That the Local Pension Board note that this report be submitted to the next possible meeting of the Pension Fund Committee for information. |

1. WHY THIS REPORT IS NEEDED

- 1.1 The Public Service Pensions Act 2013 requires the establishment of Pension Boards to assist local authorities with the effective management of local pension funds. The Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) has issued regulations and reporting guidelines concerning the implementation of Pension Boards.
- 1.2 The terms of reference of the Local Pension Board (LPB) was agreed by the General Functions Committee on 23rd March 2015 and following endorsement by Full Council. The terms of reference were formally adopted by the Local Pension Board on 29th July 2015.
- 1.3 On 27 July 2016 the Pension Fund Committee received an update report on the recruitment and the work of the LPB. The Committee noted that a future update report on the work of the LPB would be reported to a future meeting of the Pension Fund Committee.
- 1.4 On 29 November 2017 the Local Pension Board received its annual report and resolved:
- That the Local Pension Board noted and approved its amended Terms of Reference as highlighted within Appendix A
 - That the Local Pension Board noted its proposed budget for 2017/18 as document in 1.19 and requested that it be reviewed.
 - That the Local Pension Board noted the annual work plan attached at Appendix B and agreed that it be referred to the next meeting of the Pension Fund Committee for information.
 - The Local Pension Board noted that appointments be made to the two new Local Pension Board Member positions for agreement by Full Council. The Local Pension Board also expressed the view that ideally its membership should reflect a greater degree of social, gender and ethnic diversity.

- 1.5 The Committee received an update report on the recruitment and the work of the LPB. The Committee noted that a future update report on the work of the LPB would be reported to a future meeting of the Pension Fund Committee.
- 1.6 The Local Pension Board's terms of reference, at Appendix A, set out the reporting guidelines which states that the Board shall report to the Pension Fund Committee as often as is necessary and at least annually:
- a summary of the work undertaken;
 - the work plan for the next 12 months;
 - details of training received and planned; and
 - details of any conflicts of interest and how they were dealt with.

The terms of reference also provide for this annual report to be considered by Full Council.

- 1.7 The Local Pension Board is requested to consider whether any breach in compliance or other significant issues that has come to their attention should be reported to Full Council such as:
- any areas of persistent non-compliance
 - any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
 - areas raised to the Board to be investigated and how they were dealt with;
 - any risks or other areas of potential concern it wishes to raise;

Summary of Work Undertaken

- 1.8 Agendas, reports and minutes for the Local Pension Board can be found on the Council's Website:

<http://barnet.moderngov.co.uk/ieListMeetings.aspx?CId=753&Year=0>

- 1.9 The follow items have been considered by the Local Pensions Board since June 2018:

Meeting	Item
Local Pension Board Wednesday 4th September, 2019 7.00 pm	<ul style="list-style-type: none"> • Regulatory Intervention • Decisions made Internal Audit Report - Pension Fund Finance and Investment by the Pension Fund Committee • External Auditor's Report • Performance Report • Local Pensions Board Work Programme
Local Pension Board Thursday 18th July, 2019 7.00 pm	<ul style="list-style-type: none"> • Decisions made by the Pension Fund Committee • Regulatory Intervention • Performance Report • Operational Improvement Plan • Local Pension Board Work Programme
Local Pension Board	<ul style="list-style-type: none"> • Member's Item Mr Salar Rida – Reporting Breaches

Tuesday 9th April, 2019 7.00 pm	<ul style="list-style-type: none"> Protocol • Pension Fund External Audit Plan for the year ended 31 March 2019 • Pension Committee Decisions • Data Quality Update • Risk Register • Performance Report • Local Pensions Board Work Programme
Local Pension Board Monday 11th February, 2019 7.00 pm	<ul style="list-style-type: none"> • Performance Report • Pensions Administration Strategy • Risk Register • Data Quality Report Final • Pension Fund Committee Decisions
Local Pension Board Wednesday 21st November, 2018 7.00 pm	<ul style="list-style-type: none"> • Decisions made by the Pension Fund Committee • Member Training • Annual Benefit Statements • Late Contributions • GMP Update • Risk Register • Barnet Pension Fund Performance
Local Pension Board Wednesday 5th September, 2018 7.00 pm	<ul style="list-style-type: none"> • Member's Item Mr Stephen Ross – Effective and Efficient Governance and Administration • External Auditor's Report under International Standard on Auditing ISA 260 for the year 201718 • Decisions made by the Pension Fund Committee • Local Pension Board Pension Administration Report • Verbal update on the Annual Benefit Statement process for 2018
Local Pension Board Tuesday 19th June, 2018 7.00 pm	<ul style="list-style-type: none"> • Local Pension Board Performance Overview • Local Pensions Board Work Programme • Audit Plan

Recommendations and Comments to the Pension Fund Committee

1.10 The Local Pension Board is expected to bring any recommendations or observations concerning the governance and management of the fund to the attention of the Pension Fund Committee. The Local Pension Board is requested to give consideration to this and provide any instructions as appropriate.

- The Chairman of the Local Pension Board attended the Pension Fund Committee on meeting [26 March 2019](#) in order to outline a number of the Board's concerns in relation to data quality.
- The Chairman of the Local Pension Board attended the Pension Fund Committee on meeting [09 September 2019](#) in order to outline a number of the Board's concerns in relation to data quality.

1.11 The Local Pension Board is requested to note its Membership arrangements as set out within its terms of reference within appendix B and provide instructions.

Matters to be reported to the Pension Fund Committee and Full Council

1.12 There are a number of additional matters set out in the terms of reference that require reporting to either the Pension Fund Committee or to Full Council. Each of these is raised below.

Details of Training Received and Planned

1.13 Training was undertaken by individual members of the Board as detailed in 1.19 and 1.20 below. It is noted that one Local Pension Board Member is yet to obtain all sections of the Local Pensions Tool Kit, this was a requirement of the Pensions Regulator. The Board is currently carrying a vacancy which the Head of Pensions and Treasury is working on in consultation with the Governance service to rectify.

Details of conflicts of interest and how dealt with

1.14 None

Any areas of persistent non compliance

1.15 See 1.16, 1.17 1.18 below.

1.16 The Board has noted that reports have been submitted to the Pensions Fund Committee that have outlined matters in relation to the intervention of the Pensions Regulator and the Council's response via its improvement plan. This also outlined delays in the receipt of contributions.

Areas reported to the Board to be investigated and how they were dealt with

1.17 Members of the Board have identified issues relating to pension administration regularly at meetings that have been discussed with officers of the Council and Capita officers at Board meetings. The Chairman of the Board has attended Pension Fund Committee meetings to discuss concerns with the administration of the pension fund.

Any risks or other areas of concern that it wishes to raise

1.18 The Board continues to have concerns with the administration of the Pension Scheme in particular:

- Late annual benefit statements and other issues discussed with The Pension Regulator
- The case backlog of unresolved issues of Members
- Deterioration of service standards in 2019
- The delay in providing triennial data to the scheme actuary. This has an impact on the triennial valuation and its completion.

Board Budget

1.19 The terms of reference include a requirement to prepare an annual budget for approval by the Pension Fund Committee. The Pension Fund Committee approved an annual budget of £36,072 its October 2016 meeting. Expenditure by the Board from June 2018 – 04 September is detailed below:

Training	Date	Cost
CIPFA annual pension conference	13 November 2019	£295
CIPFA Pension Board conference	7 October 2019	£405

1.20 Collective training was provided at Board meetings e.g. the attendance of the Scheme Actuary. Board members also attended joint training on 29th May 2018 with the Pension Committee covering a range of pension fund issues.

1.21 The Member attendance costs which impact on the Board's Budget are outlined below:

Meeting Dates	Attendance Cost
Local Pension Board Wednesday 4th September, 2019 7.00 pm	£127 x 5 = £635
Local Pension Board Thursday 18th July, 2019 7.00 pm	£127 x 4 = £635
Local Pension Board Tuesday 9th April, 2019 7.00 pm	£127 x 6 = £762
Local Pension Board Monday 11th February, 2019 7.00 pm	£127 x 6 = £762
Local Pension Board Wednesday 21st November, 2018 7.00 pm	£127 x 6 = £762
Local Pension Board Wednesday 5th September, 2018 7.00 pm	£127 x 5 = £635
Local Pension Board Tuesday 19th June, 2018 7.00 pm	£127 x 5 = £635
Total	£4,826

1.22 With the addition of fees for attending external conferences of £700, the total Board expenses in the period to 31 October amount to £5,526.

1.23 The budget below is proposed for 12 months to 31 October 2020. In addition to attendance fees and external training a budget of £25,000 has been included for Board support. No specific expenditure has been identified for this category, but it is considered appropriate to maintain a provision should the Board determine that expert external assistance is required. From time to time, the Board may wish to commission an independent external advisor to review

and make recommendations in relation to a specific issue. Should there be a requirement to call on this support, the Board should agree the issue to be considered and the terms of engagement (i.e. scope and upper funding limit). Attendance at meetings by Scheme advisors is not charged against the Board's budget although if the Board were to commission additional work, this will be reflected in their expenses.

Attendance and Training	Board Member attendance fees	£2,286
	Board Member Training attendance fees	£2,286
	Board Member training attendance fees	£3,000
Board Administration	Board support	£25,000
Total		£32,572

1.24 The Local Pension Board is invited to consider the budget and the reporting matters above.

2 REASONS FOR RECOMMENDATIONS

2.1 The terms of reference of the Local Pension Board outline the reporting requirements for the Board's annual report.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None in the context of this report.

4 POST DECISION IMPLEMENTATION

4.1 This report will be included on the agenda for the next Pension Fund Committee. The Board will be informed of responses from the Committee.

4.2 Following consideration by the Pension Fund Committee, the report will be considered by Full Council on 28 January 2020 in accordance with the Board's terms of reference.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Local Pension Board supports the delivery of the Council's strategic objectives and 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.

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

5.2.1 The budget for the Board is discussed in paragraph 1.19 above.

5.3 Social Value

5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 required the Council to establish a Pension Board by 1 April 2015.

5.4.2 The Board's terms of reference of the Board state that "...the Board shall report to the Pensions Committee as often as the Board deems necessary and at least annually in relation to:

- a summary of the work undertaken;
- the work plan for the next 12 months;
- details of training received and planned; and
- details of any conflicts of interest and how they were dealt with.

5.4.3 The terms of reference of the Board also state that "The Board shall report annually to Full Council on its work."

5.5 Risk Management

5.5.1 There are no specific risk management implications arising from this report.

5.6 Equalities and Diversity

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

5.6.2 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.6.3 The protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.7 Consultation and Engagement

5.7.1 None in the context of this report.

5.8 Insight

5.8.1 None in the context of this report.

6. BACKGROUND PAPERS

6.1 Background reports can be referenced in the links at sections from 1.9.