



Local Pension Board

17 November 2020

Title	Decisions made by the Pension Fund Committee
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

Part of the role of the Local Pension Board is to ensure the effective governance of the Pension Fund. This role is not clearly defined but is deemed to include considering whether the decision-making processes of the Pension Fund Committee are reasonable or appropriate i.e. soundly based, consider relevant information, are consistent with the objectives and policies of the Fund and are taken after considering appropriate advice. The paper considers recent decisions by the Pension Fund Committee and summarises the rationale, the processes followed and the link with policy documents and regulations.

Officer Recommendations

That the Local Pension Board notes the procedures applied by the Pension Fund Committee when reaching decisions at recent meetings and considers any issues associated with those procedures and decisions. The outcome of these discussions is to be reported back to the Pension Fund Committee.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Board's role is to assist the administering authority in securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme and in ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- 1.2 Part of the Board's role is to review the decision-making processes and ensure that these are soundly based, meet regulatory requirements and consider advice received as appropriate. While it is not appropriate for the Board to seek to replace its own judgments for those of the Pension Fund Committee, it is appropriate to review whether decisions have followed an appropriate process.
- 1.3 Since the last Local Pension Board meeting there has been one meeting of the Pension Fund Committee. The paper will highlight decisions made at these meetings.

Meeting 7 October 2020

- 1.4 The meeting was attended by the Auditor (BDO), Investment Advisor (Hymans Robertson) and officers from Governance and Finance.
- 1.5 Each of the agenda items for which a paper was presented is discussed below.

Administration Report

- 1.6 The Committee considered the report that provided an update on the current administration performance, Annual Benefit Statement (ABS), Remediation Plan and GMP reconciliation. Members further noted that the transfer of the administration service from Capita to West Yorkshire Pension Fund from November 2020. It was noted that there had been errors in the ABS' that had been sent to scheme members of the fund due to incorrect payroll information, with 1,600 ABS' to be reissued. The committee requested a report be submitted in regard to the financial arrangements relating to the termination of the Capita contract for pension administration, including reference to costs incurred by the pension fund due to poor performance of the administrator.

Investment Strategy: Responsible Investment and Pooling Report

- 1.7 The Committee received a report on four potential investment opportunities which are centred around responsible investment, as identified by Hymans Robertson. Training had been provided immediately before the meeting. The committee noted the report and requested any decision on investing be deferred to the next committee meeting to enable additional training from Legal and General, and London CIV.

Pension Fund Annual Report and Accounts, and External Auditors Report

- 1.8 The Committee approved the 2019/20 Annual Report and Pension Fund Accounts. The Committee also noted the matters raised by the external auditor, and delegated the signing of the accounts, letter of representation, and minor drafting changes to the Chairman and Section 151 Officer.

Pensions Administration Transition (PAT) Project Update

- 1.9 The Committee were provided with an update on the transfer of the administration of the Barnet Pension fund from Capita to West Yorkshire Pension Fund. The Committee requested to be informed of developments and noted the progress against the plan.

Admitted Body and Bond Status Update

- 1.10 The Committee received a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations that needed arranging. The Committee noted the progress on outstanding admitted body and bond agreements, including bond renewals and cessation valuations.

Pension Fund Performance for the quarter to 30 June 2020

- 1.11 The Committee received a report from Hymans Robertson that summarised the Pension Fund investment performance for the quarter to 30 June 2020 and the subsequent two months to end August.

Re- Procurement of Actuarial Services

- 1.12 The Committee received a report outlining the re-procurement of actuarial services to the Pension Fund. The Committee noted the intention to re-appoint Hymans Robertson as the actuary to the Pension Fund. [Subsequent to the Committee, the re-appointment of Hymans as Actuary has been finalised.]

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Local Pension Board may wish to review Pension Fund Committee decision making procedures as part of its role in assisting the administering authority on ensuring good governance.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 N/A. The paper does not propose particular options.

4. POST DECISION IMPLEMENTATION

- 4.1 Recommendations from the Board will be communicated to the next Pension Fund Committee meeting.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 Good management of the Pension Fund will minimise the cost of providing benefits thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

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

5.2.1 None in the context of this report.

5.3 **Social Value**

5.3.1 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long-term financial health of contributing employees on retirement.

5.4 **Legal and Constitutional References**

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is LB Barnet. The Public Service Pensions Act 2013 requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice.

5.4.2 This paper considers the governance arrangement of the LGPS pension scheme that form part of the remit of the Local Pension Board.

5.5 **Risk Management**

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.

5.5.2 Good governance is essential to ensuring that risks are identified and managed.

5.6 **Equalities and Diversity**

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

5.6.2 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

5.7 **Corporate Parenting**

5.7.1 N/A

5.8 **Consultation and Engagement**

5.8.1 The paper is part of the process of co-ordinating the activities of the Pension Fund Committee and Local Pension Board.

5.9 **Insight**

5.9.1 N/A.

6. **BACKGROUND PAPERS**

6.1 Papers and minutes of the Pension Fund Committee Meeting held on 7th October 2020.

<https://barnet.moderngov.co.uk/documents/g10150/Public%20reports%20pack%2007th-Oct-2020%2018.00%20Pension%20Fund%20Committee.pdf?T=10>
