



Local Pension Board

26 April 2022

Title	Decisions made by the Pension Fund Committee
Report of	Executive Director of Resources (S151 Officer)
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 help 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.

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. Should the Board wish to make any comments or recommendations, these will be brought to the attention of the Pension Fund Committee.
- 1.3 Since the last Local Pension Board meeting there has been one meetings of the Pension Fund Committee. The paper will highlight decisions made at this meeting.

Meeting 23 February 2022

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

Annual Report and Accounts and Auditors Report

- 1.6 The external Auditor, BDO, provided an update on the progress of their audit, which was as yet incomplete. In particular audit work was incomplete in respect of benefit testing and membership movements. The Auditor is intending to complete testing during February and March and issue a final report in April. Potential adjustments identified so far relate to the late receipt of information from fund managers which officers have deemed non material and not requiring any corrections to the annual accounts. The Committee deferred consideration of the annual accounts pending receipt of the audit report.

Administration Report

- 1.7 The Committee noted a report from officers that provided an update on the current administrator performance compared with service standards, member satisfaction levels, work outstanding, complaints received and progress on the data remediation plan. The agenda for the Board includes an update on the issues included in this report.

Data Improvement Plan

- 1.8 The Pensions Manager introduced this report. He provided the Committee with an update on the data improvement plan and historical leaver exercise, together with details of the data preparation for the 2022 triennial valuation. This issue is included on the Board's agenda.

Local Investing

- 1.9 The report outlined the intention by Government to require Local Government Pension Schemes to publish plans to invest up to 5% of assets in projects which support local areas. Work is required to understand the requirement in more detail, identify assets that currently comply and opportunities worthy of investigation. The Committee noted the report and agreed that work is undertaken to ascertain current levels of local investment and opportunities to go further.

Pension Scheme Risk Register

- 1.10 The Committee were presented with the annual review of the Scheme's risk register. This report was discussed by the Board at its meeting on 3 February 2022. Following a discussion on cyber security, the Committee approved the risk register.

Stewardship Update

- 1.11 The Committee had previously (October 2021) expressed an interest at becoming a signatory to the Stewardship Code. The Code seeks to promote best practice in the monitoring of corporates to ensure that good governance practices are followed and that significant business risks are managed. Key areas of stewardship are linked to the manner in which corporates deal with environmental, particularly climate change, and social factors in addition to governance. The report noted that current monitoring of fund managers and underlying investments falls short of code standards and set out steps that could be taken to meet code standards such as better understanding of the Responsible Investment ratings awarded by Hymans Robertson, structured meetings and questionnaires to fund managers seeking to understand how they identify and deal with ESG issues and engagement with beneficiaries to understand their expectations and preferences. The report recommended a gradual approach commencing with enhanced monitoring of the two managers of listed equities; Legal & General and London CIV. The Committee requested a report that outlines the costs of compliance with the stewardship code.

Good Governance Project

- 1.12 At their October 2021 meeting the Committee discussed the recommendations arising from the "Good Governance" project initiated by the Scheme Advisory Board and agreed that the project recommendations be further researched and brought back to the Committee for decision making. This paper considers the recommendation relating to Committee membership. The Committee noted the Board's observation that the current structure could be improved by some cross representation between the Committee and Board. The Committee agreed that the Chair of the Local Pension Board should be invited to attend Committee meetings as an observer and also that a representative of the Committee be available to attend Board meetings.

Local Pension Board Annual Report

- 1.13 The Committee received and noted the annual report of the Local Pension Board and approved the budget as prepared by the Board.

Admitted Body Status Report

- 1.14 A report on outstanding admission, cessations and bonds was discussed noting that progress on the backlog continued. The Committee approved the admittance as an employer of Signature Education in respect of four contracts at Beit Shvidler School, Hasmonean Multi Academy Trust (MAT), Etz Chaim School and Menorah Foundation School and of Sancroft Community Care. An update was provided on one cessation in which further details were required of any outstanding obligations to the Council before a preliminary decision on dealing with the surplus could be made.

Pension Fund Performance for the quarter to 31 December 2021

- 1.15 The Committee received from Hymans Robertson a report that summarised the valuation of the fund as of 31 December 2021 together with the transactions in the quarter. The Committee heard a verbal update from the Council's investment consultants, Hyman Roberts. The Committee noted the report.

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 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 plays an essential and key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control. This is in line with the aims set out in the Council's Corporate Plan, to ensure that services are delivered efficiently to get value for money for the taxpayer.

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. **ENVIRONMENTAL IMPACT**

6.1 N/A

7. **BACKGROUND PAPERS**

7.1 Papers and minutes of the Pension Fund Committee Meetings discussed can be located at:

[Agenda for Pension Fund Committee on Wednesday 23rd February, 2022, 6.00 pm | Barnet Council \(moderngov.co.uk\)](https://moderngov.co.uk/agenda-for-pension-fund-committee-on-wednesday-23rd-february-2022-6-00-pm-barnet-council)
