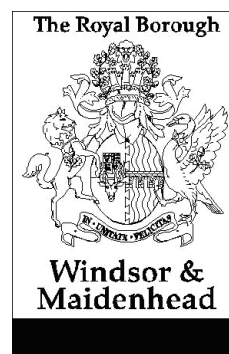


Report for INFORMATION
Item Number: 6



Contains Confidential or Exempt Information	NO - Part I
Title	Role and Purpose of the Pension Board
Responsible Officer(s)	Kevin Taylor
Contact officer, job title and phone number	Kevin Taylor Deputy Pension Fund Manager 01628 796715
Member reporting	n/a
For Consideration By	Berkshire Pension Fund Board
Date to be Considered	3 August 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Board

<p>Report Summary</p> <p>The purpose of this report is to outline the role and purpose of the Pension Board for Members of the Board.</p>
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If recommendations are adopted, how will residents, fund members and other stakeholders benefit?	
Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Better governance and administration of the Pension Fund	Ongoing

1. Details of Recommendations

To enable the Pension Board Members to understand its purpose and remit on both a national and local level.

RECOMMENDATION: The Berkshire Pension Board is asked to note this report and associated induction presentation.

2. Reason for Recommendation(s) and Options Considered

To improve the effectiveness of the Berkshire Pension Board in its key aim of assisting the Scheme Manager (The Royal Borough of Windsor & Maidenhead as the administering authority to the Royal County of Berkshire Fund) in securing compliance with the Regulations and any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme and to ensure the effective and efficient governance and administration of the Scheme.

3. Key Implications

The role of the Pension Board is to act as a 'critical friend' to the Scheme Manager by assisting it to ensure compliance is achieved. See attached document 'Role and Purpose of the Pension Board'.

4. Financial Details

Failure by the Board to fulfil its statutory responsibilities could lead to fines being imposed by the Pensions Regulator.

5. Legal Implications

Failure by the Board to meet its statutory obligations under legislation could lead to a number of potential possibilities including the intervention of the Pensions Regulator, a judicial review, a complaint to the Local Government or Pensions Ombudsman or an adverse comment by the Administering Authority auditor or the national Scheme Advisory Board.

6. Value For Money

Not relevant.

7. Sustainability Impact Appraisal

There are no known implications.

8. Risk Management

Members of the Pension Board to be clear as to the legal responsibilities placed upon them in order to mitigate the risk of the Board being ineffective.

9. Links to Strategic Objectives

Linked to strategic objectives of the Pension Fund in accordance with overriding pension scheme regulations.

10. Equalities, Human Rights and Community Cohesion

There are no known implications.

11. Staffing/Workforce and Accommodation implications:

None.

12. Property and Assets

None.

13. Any other implications:

None.

14. Consultation

Not applicable.

15. Timetable for Implementation

First meeting of Pension Board.

16. Appendices

None.

17. Background Information

Public Service Pensions Act 2013, Local Government Pension Scheme Regulations 2013 (as amended), The Pensions Regulator's Code of Practice, Shadow Scheme Advisory Board guidance.

Full name of report author	Job title	Full contact no:
Kevin Taylor	Deputy Pension Fund Manager	01628 796715



ROLE AND PURPOSE OF THE PENSION BOARD

Following Lord Hutton's review of public service pensions published in March 2011 legislation was introduced to "make public service pension schemes more transparent".

The Public Sector Pension Act 2013 along with the Local Government Pension Scheme (Governance) Regulations 2015 place a responsibility upon an Administering Authority (Royal Borough of Windsor & Maidenhead (RBWM)) to establish a Local Pension Board to assist it in running the Royal County of Berkshire Pension Fund.

A key aim of the pension reform is to raise the standard of management and administration of the Local Government Pension Scheme and all other public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

The Royal County of Berkshire Pension Fund's Local Pension Board has been established under RBWM's Constitution and therefore, the Local Pension Board is a 'committee' of RBWM but separate to the Berkshire Pension Fund Panel (section 101 committee) to which as administering authority, RBWM has delegated its functions in relation to the administration of the LGPS.

Recommendation 17 of Lord Hutton's report stated that "Every public service pension scheme (and individual LGPS Fund) should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance including effective and efficient administration."

The Public Service Pension Act 2013 sets out the requirement for the establishment of a Board with the responsibility for assisting the scheme manager in relation to the following matters:

- (a) securing 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 and;
- (b) to ensure the effective and efficient governance and administration of the Scheme.

The Pension Board sits alongside the Royal County of Berkshire Pension Fund Panel (Section 101 Committee) and the Royal County of Berkshire Pension Fund Advisory Panel to scrutinise their decision making process and ensure the Fund's compliance with its legislative requirements. It is not a decision making body.

The legislation also sets out a number of other requirements the Pension Board must adhere to, the most significant ones listed below:

- a) Voting Rights – only employer and scheme member representatives may have voting rights;
- b) Appointment process – an open and transparent appointment process must be undertaken

c) Equal Representation – there must be a minimum of 2 employer and 2 scheme member representatives (the Berkshire Pension Board has 3 of each)

d) Capacity – all representatives must have “capacity” to represent their stakeholders. This includes both the time to train, prepare, and attend the LPB, but also be in a position to provide feedback to the relevant employers and scheme members.

e) Conflict of interest – there must be a policy in place to address and manage any potential conflicts of interest. Members of the Pension Board cannot be responsible for a fund function, for example senior officers of the Pension Fund, or Members of the main Pension Fund Committee.

Although the legal definitions are outlined in the Regulations the role of the Pension Board is to be a “critical friend” of the Scheme Manager by assisting it to ensure compliance is achieved. This can be done by ensuring due process has been followed in terms of both the administration of the Fund and the decisions made at meetings of the Pension Fund Panel. The Pension Board will also be involved in reviewing administration standards and reviewing published policies to ensure they are compliant along with key documents. The outcome of this work will then be feed back to the Pension Fund Panel for comment and review.

The Pension Board's input into national consultations may also be sought to gain the view of its stakeholders while the Pension Fund Panel may ask the Pension Board to review specific areas.

Each year the Pension Board will set a work plan for the forthcoming year, and will produce a year end report on progress over that period, and plans for the forthcoming 12 months. An outline of this work and findings will be feedback to scheme members and employers through an annual report.

From 1 April 2015, the Pension Regulator (tPR) has responsibility for the LGPS. Therefore a focus for the Pension Board is ensuring compliance with tPR's code of practice number 14. This is split into a number of areas which covers Governance, Risk Management, Administration, and Resolving issues. The Pension Board, as part of their work plan will need to consider these areas, to ensure the Fund is compliant and if not make recommendations to the Pension Fund Panel on ways to address these requirements.

The Pension Board will need to consider how it will deal with any breaches of the regulations, should recommendations not be acted upon to address concerns to a satisfactory level through the establishment of a Breaches Policy.

July 2015