The Royal Borough

Windsor &
Maidenhead

Contains Confidential or Exempt Information	NO - Part I
Title	Pension Board - Future work programme
Responsible Officer(s)	Howard Pearce
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Member reporting	n/a
For Consideration By	Berkshire Pension Fund Board
Date to be Considered	26 November 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Board

Report Summary

The purpose of this report is to bring to the Pension Board a strategic rolling work plan designed to ensure that the Board fulfils its primary purpose in helping the Scheme Manager to secure compliance with LGPS regulations, associated legislation and the requirements of the Pensions Regulator.

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

Whilst the Pension Board has no decision making powers it has a duty to advise and make recommendations to the Pension Fund Panel and Pension Fund Advisory Panel to ensure that they are compliant with all of the statutory responsibilities placed upon them. The purpose of the work plan is to identify the key strategic aims of the Board and the areas within the normal cycle of a Pension Fund where Board members will want to make sure that they are fulfilling their statutory duties in assisting the Scheme Manager to be compliant with their governance and administrative responsibilities.

RECOMMENDATION: That the Berkshire Pension Board considers this paper and adopt a future work programme.

2. Reason for Recommendation(s) and Options Considered

The Pension Board has a statutory duty to assist the Administering Authority (Scheme Manager) in securing compliance with all governance and administration issues. The implementation of a future work programme will assist the Board meet its statutory obligations.

3. Key Implications

Failure to fulfil the role and purpose of the Pension Board could lead to the Pension Fund and the Administering Authority being open to challenge and intervention by the Pensions Regulator.

4. Financial Details

Not applicable.

5. Legal Implications

None.

6. Value For Money

Not relevant.

7. Sustainability Impact Appraisal

There are no known implications.

8. Risk Management

None.

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.

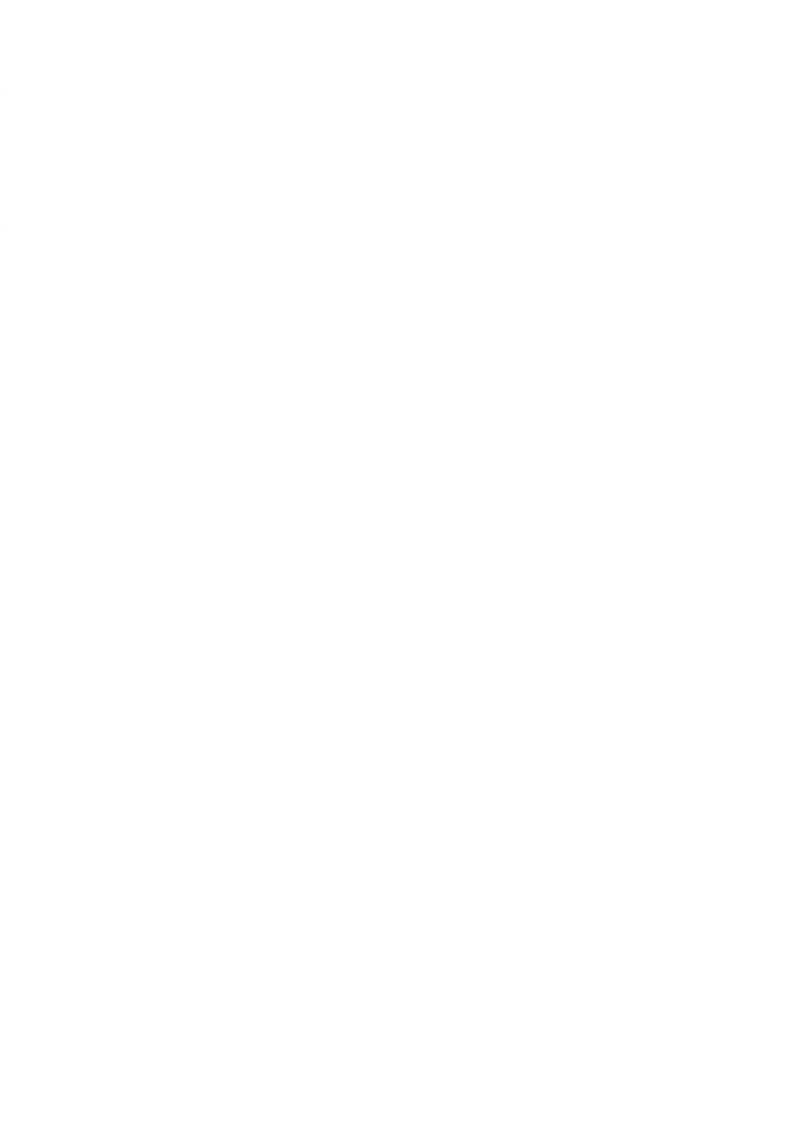## 15. Timetable for Implementation

Immediate.

16. Appendices

None.

17. Background Information

The Pensions Regulator's Code of Practice No. 14: Governance and administration of public service pension schemes.

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Pension Board – future work programme

Introduction

The Pension Board is reminded that its primary purpose is to help the fund secure compliance with the LGPS regulations and the Pension Regulator requirements.

The Pension Fund Panel is the decision making body and the Pension Board has no decision making powers. It can only advise or make recommendations to the Pension Fund Panel.

Therefore the Pension Board needs to be cognizant that:

- Its work programme should take account of the Fund's own work programme and seek to add value

- Servicing the Pension Board will consume Fund management resources and time

- The Senior Fund Officer serving the Pension Board may on some fund performance issues be personally compromised and conflicted and we need to find ways to avoid this if at all possible

- For some work items the Pension Board may need the Fund to budget for the costs of using specialist external consultancy resources to undertake and advise it rather than using the Senior Officer servicing the Fund.

Strategy

Based on LGPS and TPR guidance on the role of Pension Boards it would seem appropriate that the Pension Board business focus should be around:

- Its own training, knowledge and understanding
- Avoiding any conflicts of interest
- Ensuring its own statutory compliance
- Checking Fund governance
- Reviewing Fund risks and internal systems and controls
- Checking Fund external advisors/service providers and their internal controls
- Reviewing Fund member record keeping
- Checking Fund contributions
- Reviewing Fund administration
- Benchmarking Fund performance and VFM
- Fraud prevention
- Employer and member communications
- Complaints and dispute resolution
- Reporting regulatory breaches

And more specifically on the latter

1) Identifying any areas of financially material breaches/ areas of regulatory non-compliance that need remediation action such as

Things not done to statutory timescales by the Fund or employers or members – for

example
- repeated late contributions by employers
- excessively late transfers in/out
- issuing ABS late
- late first pension payments

Things done on time (or late) but done incorrectly – for example
- incorrect contributions
- incorrect transfers
- incorrect benefit calculations

Things not done but should be done – for example
- Data checking, cleansing and validation
- Data back ups and security checks
- Checking the resilience of the Fund website and external e-links
- Disaster recovery planning exercises

2) Identifying the underlying causes of Fund non-compliance and helping ensure rectification plans are being carried out to agreed timescales – for example in relation to
- Risk management
- Data quality - common/conditional
- IS/IT issues
- Staff error
- Resource shortage

Just as important to its scrutiny role described above the Pension Board should also

3) Wherever possible undertake joint training and demonstrate it has a positive role in helping the Fund deliver good-best practice relative to other LGPS Funds for example by reviewing the results of annual external benchmarking surveys by

- DCLG/ONS (fund statistics)
- National LGPS Scheme Advisory Board (governance/performance)
- Pensions Regulator (governance/risk/training)
- CIPFA (benefits administration)
- WM-State Street (investments)
- Other Pension Board commissioned benchmarking surveys

and then if appropriate making recommendations to improve the Fund's performance in specific areas.

Fund business cycles

The Pension Board also needs to take account of and work with the Fund's cyclical annual and triennial business. Some of these items have been included on the draft forward look of Pension Board business. Other items need prioritising and to be included/excluded from 2015-17 work plan.

Annual cycle items

Pension Board Governance

Pension Board Work Plan
Pension Board Annual Training Plan
Pension Board Annual Report

Fund governance

Review/input to the Governance Compliance Statement
Annual review of fund declarations of interest (all fund committees)
Annual review of external advisor appointments/process and internal SLAs
Annual review of fraud risk prevention and mitigation measures
Review of the fund draft annual report and audited accounts

Fund risk management

Review of Fund risk register and its use by Pension Fund Panel and officers
Input to annual internal and external auditing plan
Consider/comment draft internal and draft external audit reports

Regulatory Compliance

Pension Board commissioned external reviews
-   Fund compliance with TPR Code 14
-   Fund compliance with other TPR codes (data quality)
Annual review of Fund delegations and internal controls
Annual review of employers' compliance (vis member data and contributions)
Annual review of reported breaches and actions taken

Fund performance

Quarterly stewardship reports by officers and by external advisors/suppliers
Input to the Fund annual external benchmarking plan (DCLG, SAB, TPR surveys, CIPFA, WM)
Pension Board plan for externally commissioned benchmarking exercises
Review and comment on Fund and Pension Board commissioned benchmark reports
Annual review VFM of Fund administration strategy – costs v LGPS/DB average via benchmarking
Annual review VFM of Fund investment strategy - returns v costs v LGPS/DB average via benchmarking

Member records and communications

Annual review/input to the Fund administration strategy
Annual review of the Fund communications strategy
Annual review of Fund website
Review the timeliness of issuance of Annual Benefit Statements for active and deferred members
Annual review of application of Fund (and employer?) discretions policies
Annual review of Fund complaint handling and IDRP case outcomes

2016 triennial valuation cycle items

Review the actuarial training provided, the rationale for the key assumptions used, and the range of liability reducing options considered and used
Review/comment on the timing of finalising the Funding Strategy Statement
Review of contribution setting, employer risks, and funding covenant implementation
Review/comment on process/timing of reviewing the Fund future investment strategy

Meeting agendas

The Pension Board will have 4 meetings a year lasting no more than 4 hours each. Realistically at its meetings it will only have time to

- raise matters arising from last meeting
- consider its own governance items required by LGPS regulations
- discuss and make recommendations on key Fund issues
- provide advice and support to the Fund where it can most add value

It is recommended each Pension Board meeting has a 3 part agenda structured as follows

- Standard initial items say 1.5 hrs
  1) Apologies for absence
  2) Declarations of interest in relation to items on the agenda
  3) Minutes of last Pension Board meeting and matters arising not on agenda
  4) Scheme legal and regulatory update - consultations and surveys issued by DCLG, SAB, TPR others and fund response
  5) Fund update and any Pension Board comments on the minutes of last Pension Fund Panel and Pension Fund Advisory Panel
  6) Risk register update
  7) A training item on a topic relevant to an item on the agenda

- Main business items say 2hrs
  8-13) No more than 6 items

- Standard end of meeting items say 0.5hr
  14) How did we do
  15) Forward Look of Pension Board Business - future meeting agenda items 1 year ahead
  16) Date of next meeting

As stated above a forward look of Pension Board business will be a standing end of meeting item on each Pension Board meeting agenda. This is to enable the Pension Board work programme to be dynamically managed to respond to new issues and developments at and between meetings and each year.

The Pension Board is invited to discuss and comment on this paper and specifically the foreword look of Pension Board business on the attached spreadsheet and to prioritise at least its near term training and main business for the next 6-12 months.

Howard Pearce
Independent Chair

Local Pension Board

	Nov-15	Feb-16	May-16	Aug-16	Nov-16	Feb-17	May-17	Aug-17	Nov-17	Feb-18	May-18	Aug-18	Nov-18	Feb-19
Standing items:														
Apologies for absence	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Declaration of Interest	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Minutes of last Board & matters arising not on agenda	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Scheme Legal & Regulatory update	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Fund update & comments on minutes of PC & ISC	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Review of Risk Register	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Training Item relevant to agenda		tPR Code 14 and record keeping	2016 Triennial Valuation	Annual Reporting requirements	Data protection and quality standards	Complaints and dispute handling	Fraud prevention and mitigation		TBC		TBC	TBC	TBC	
Review - how did we do?	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Forward work plan review	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Recurring annual, biennial or triennial main business items:														
Board Budget setting		1				1					1			1
Board KPIs to monitor		1					1				1			
Board Annual Report			1			1					1			
Review Board's Terms of Reference (if and as required)					1				1				1	
Board Annual Training Plan	1				1				1				1	
Review Fund training programme		1				1				1				1
Code of Conduct & Conflicts of Interest Policy	1												1	
Review all fund declarations of interest				1				1				1		
Review Fund Annual Report and Accounts	1				1				1				1	
tPR Code of Practice 14/record keeping compliance survey results		1								1				
Input to Annual External Audit Plan	1				1				1				1	
Review External Audit Report	1				1				1				1	
Input to Annual Internal Audit Plan	1				1				1				1	
Review Internal Audit Report	1				1				1				1	
Review Fund Annual Business Plan			1				1				1			
Review Admin Strategy	1				1				1				1	
Review fund delegations and internal controls						1								1
Review Governance Compliance Statement			1				1				1			
Review external advisor appointments process/controls and internal SLAs					1								1	
Review Admin Authority Discretions		1								1				
Review employers compliance (data)		1				1			1				1	
Review fund fraud risk prevention and mitigation measures					1								1	
Review of data security & business recovery				1				1				1		
Review Fund Comms (employers/members)			1				1				1			
Review fund website contents/resilience						1								1
Review of Fund IDRP procedures & cases						1								1
Review Triennial Valuation Process					1									
Review Funding Strategy Statement							1							
Review Statement of Investment Principles/compliance with FRC stewardship code				1				1				1		
Results national LGPS KPI survey and funds own KPIs				1				1				1		
Review CIPFA Admin and WM investment and other fund benchmarking results						1				1				1
Other ad hoc or irregular business items:														
Review GMP reconciliation process									1					
Total number of Agenda items:	17	18	17	14	21	19	17	16	19	16	17	16	21	17