

Agenda

For enquiries on this agenda, please contact:

Ann Sweeney

0208 547 4629 ann.sweeney@kingston.gov.uk

Published 22 June 2015

Please note that from 10:00am to 11:00 there will be a briefing session for Board members, this is not part of the meeting and is therefore not open to the public.



Pension Board

Date: Wednesday 1 July 2015

Time: 10:00 am

Place: Guildhall, Kingston upon Thames

Members of the Board

Employer Representatives

Scheme Member Representatives

Deborah Castaneira
Coombe Secondary Schools Academy Trust

David Barraclough

Robert Ewing Kingston University

Younes Hamade Kingston Unison

Everyone is welcome to attend the meeting

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Meeting 2015-16

Meetings are from 10:00am at Guildhall

Wednesday 9 September

Wednesday 9 March 2016



Meeting information

Accessibility

- All meetings have access for people who may have mobility difficulties. If there are stairs, a lift or stairlift is available. Disabled parking spaces are available on site.
- Toilet facilities will be easily accessible from the meeting room.
- For people who are deaf or have hearing impairments, there is an induction loop (depending on the building, this may only be available in the first 2 or 3 rows).
- **A large print copy of the agenda can be requested in advance.**

Emergency evacuation arrangements

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Recording of the meeting

This meeting will be recorded and the recording will be available on the web site (www.kingston.gov.uk) with the agenda and minutes.

Filming

Residents and journalists/media wishing to film meetings are permitted to do so but are asked to give advance notice of this and respect any concerns expressed by people on being filmed.

Minutes

The minutes briefly summarise the item and record the decision. They do not record who said what during the debate.

AGENDA

Apologies for absence

Declarations of interest

1. Appointment of Chair

2. Role of the Board

Appendix A

3. Programme of Work

Appendix B

4. Review of work of the Pension Fund Panel

To review the work of recent meetings of the Pension Fund Panel

- 28 April – manager scrutiny day
- 18 June
- work programme

The reports considered by the Panel have already been circulated to Board

5. Any Urgent Items Authorised by the Chair

To consider any items which, in the view of the Chair, should be dealt with as a matter of urgency because of special circumstances in accordance with S100B(4) of the Local Government Act 1972.

Pension Board

1 July 2015

Role of the Pension Board

Report by Head of Finance - Strategy and Accounting

Purpose

To advise the Board of its role in scrutinising the Council's work as the administering authority for the RBK Pension Fund.

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Recommendations

The Board is Recommended to note the report and consider how it will develop its approach to carrying out its work.

Key Points

- A. The Public Sector Pensions Act required a number of changes to the governance of the various public sector pension schemes, one of which is the Local Government Pension Scheme (LGPS). The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 were the vehicle for implementing these requirements, including establishing a local Pension Board.
- B. This is the first meeting of the new Board, and will be used to induct the Board formally into its role / responsibilities, and to develop and approve an approach and work programme to discharging these.

Context

1. The role of the Pension Board may be summarised as assisting RBK as the "Administering Authority" in ensuring that it complies with the various regulations for the administration and governance of the Local Government Pension Scheme (LGPS). In effect, the Board will provide scrutiny and advice rather than having a role in decision making
2. The Board's key responsibilities are to
 - Assist the Royal Borough of Kingston upon Thames (the Administering Authority) as the Scheme Manager; –
 - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
 - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
 - in such other matters as the LGPS regulations may specify
 - Secure the effective and efficient governance and administration of the LGPS for the Royal Borough of Kingston upon Thames Pension Fund

- Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Board's full Terms of Reference are set out at **Annex 1**.

Role of the Pension Fund Panel

3. The body responsible for all decision making in respect of the Fund remains the Policy and Finance Committee. In making these decisions the Committee will continue to take the recommendations of the Pension Fund Panel into account.
4. In practice, the detailed work required to carry out these responsibilities is undertaken by the pension Fund Panel, which meets six times a year. Four of these meetings are "normal business" covering the Panel's various responsibilities, while two all day meetings (in late April and early November) are used to review the performance of the seven investment managers who invest the Fund's assets.
5. The Panel's responsibilities / terms of reference are attached at **Annex 2**, and its agreed work programme for the rest of the current municipal year at **Annex 3**.

Background papers -

Author of report – Jeremy Randall, Head of Finance- Strategy & Accounting

Email: Jeremy.Randall@kingston.gov.uk

Phone: 020 8547 5572

None other than those referred to in this report

Pension Board - Terms of Reference

Membership

1. The Pension Board shall consist of four (4) members and be constituted as follows:
 - Two (2) employer representatives;
 - Two (2) scheme member representatives;
2. The Council will undertake a recruitment process before appointing to these roles, and in the case of both the employer and scheme member representatives will seek nominations from those groups before appointing.
3. A member of the Council may be appointed as an employer representative; provided that the member is not involved in the decision making of the pension Fund (i.e. is not a member of either the Pension Fund Panel or the Policy and Finance Committee).
4. The Council will determine the length of office of each of the Board's members. In doing so it will seek to ensure continuity / avoid a situation of the entire Board becoming due for re-election at the same time. At the expiry of Board members' first term of office, all subsequent appointments will be for a four year term. Any representative can be re-appointed for a further period of office, subject to them being re-nominated / re-elected as required.
5. Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least one meeting in each municipal year. Substitutes (if appointed following the election process) will be able to attend on behalf of absent Board members. In the event of consistent non-attendance by any Board member, then the tenure of that membership will be reviewed by the other Board members in liaison with the Council (acting as Scheme Manager).
6. A Board member may only be removed from office during a term of appointment by a decision of the Council, in its role as administering authority for the Fund. The Council will exercise this power to remove a member in any of the following circumstances
 - a Board member has a conflict of interest which cannot be managed in accordance with the Board's conflicts policy
 - a Board member dies or becomes incapable of discharging the role;
 - a Board member who is a councillor of the Administering Authority is appointed to the Pension Fund Panel or the Policy and Finance Committee;
 - a Board member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations
 - a Board member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers;

- a Board member fails to attend meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training. Where issues of this nature arise, the Chair of the Board and the Director of Finance will have an informal discussion with the member about the concerns and be given an opportunity to rectify the matters giving cause to concern.
7. The Board may, with the approval of the Council (in its role as Scheme Manager), co-opt persons who are not members of the Board where this would add skills and experience. The maximum number of co-opted members to the Board at any time shall be one. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representatives, represented in equal number.
 8. Nominations for employer representatives will be invited from the various scheme employers. If the number of nominations exceeds the number of vacancies, the Director of Finance, in conjunction with the Lead Member for Treasurer, Finance and HR and the Vice Chair of the Pension Fund Panel, will conduct an interview process to select which representatives are appointed.
 9. Nominations for scheme member representatives will be sought from the scheme members, both active and retired, and also from the various trades unions. If the number of nominations exceeds the number of vacancies, the Director of Finance, in conjunction with the Lead Member for Treasurer, Finance and HR and the Vice Chair of the Pension Fund Panel, will conduct an interview process to select which representatives are appointed.
 10. Where a selection process is required for employer or scheme member representatives, up to two unsuccessful candidates in each category may be appointed as substitutes, and able to attend as alternates for the appointed representatives in their category.
 11. Should there be insufficient nominations for either employer or employee representatives, the Council will be authorised to appoint to the vacant positions. In doing this it will be able to appoint one or more of the non-voting advisory members currently serving on the Pension Fund Panel to these roles. Those individuals would no longer be able to remain on the Pension Fund Panel.

Functions

12. The role of the Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –
 - Assist the Royal Borough of Kingston upon Thames (the Administering Authority) as the Scheme Manager; –
 - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
 - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator

- in such other matters as the LGPS regulations may specify
 - Secure the effective and efficient governance and administration of the LGPS for the Royal Borough of Kingston upon Thames Pension Fund
 - Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
13. The Pension Board will also help ensure that the RBK Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

Meetings

14. The Board will meet three (3) times a year to discharge its responsibilities.
15. The Board will have a formal quorum of two members - one employer representative and one member representative (including substitutes). Advisers and co-opted persons do not count towards the quorum.
16. Each member of the Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus.
17. The Scheme Manager will give notice to all Pension Board members of every meeting of the Board. The Scheme Manager will ensure that a formal record of Pension Board proceedings is maintained. Minutes will be circulated to all members within ten working days following the meeting.
18. Board members are encouraged to attend (as observers) meetings of the Pension Panel, and will be provided with copies of the Panel's agenda as soon as these are published. This will assist the Board in its role by making them aware of the processes by which the Panel has reached any decisions made. Board members will be eligible to attend all parts of the Panel's meetings. However, to ensure the independence of the board and avoid a conflict of interest, they will not be permitted to speak or vote at those meetings.

Advisors

19. The Board may be supported in its role and responsibilities through the appointment of advisers as required, and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.

Conflicts of Interest

6. The Board will require a policy for identifying conflicts of interest for its members.

Knowledge and Skills

7. A member of the Pension Board must be conversant with –

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
 - Any document recording policy about the administration of the LGPS which is for the time being adopted by the Royal Borough of Kingston upon Thames Pension Fund.
8. A member of the Local Pension Board must have knowledge and understanding of
- The law relating to pensions, and
 - Any other matters which are prescribed in regulations.
9. It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
10. In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.
11. Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
12. Board members will comply with the Scheme Manager's training policy.

Publication of Pension Board information

13. Scheme members and other interested parties will want to know that the RBK Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and the requirements of the Pension Regulator.
14. Up to date information will be posted on the Royal Borough of Kingston upon Thames website showing
- The names and information of the Board members
 - Who each individual Pension Board member represents
 - The responsibilities of the Board as a whole
 - Any specific roles and responsibilities of individual Pension Board members.
 - The full terms of reference and policies of the Board and how they operate
 - The Pension Board appointment process
 - Pension Board papers, agendas and minutes of meetings. These may exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

Pension Fund Panel –Terms of Reference

Membership

1. The Pension Fund Panel shall consist of five (5) members of the Council, supported by up to 4 observer members and an Independent Advisory member.
2. The Panel's voting members are the 5 members of the Council only.
3. A member of the Panel may not also be a member of the Pension Board.

Functions

4. The Panel is responsible for all monitoring and making recommendations as required to the Policy and Finance Committee on all aspects of the RBK Pension fund, including
 - Investments
 - Setting the Fund's Investment Strategy
 - Appointment of Investment Managers
 - Regular monitoring and review of the performance of investment managers
 - Appointment of Investment Advisors
 - Appointment and monitoring of the Custodian
 - Actuarial work
 - Appointment of Actuaries
 - Consideration of regular funding updates
 - Triennial valuation and funding strategy
 - Pensions Administration
 - Monitoring performance of the administration of the scheme in respect of active, retired and deferred members
 - Fund Governance
 - Setting of Fund Policies
 - Monitoring of arrangements for admitted bodies
 - Approval of the Fund's annual report.

Pension Fund Panel Work Programme 2015-16

1. The Panel's remaining meetings in 2015-16, with key items identified already are as follows:
 - i. 3 September 2015
 - Performance for quarter to 30/6/2015
 - 2014-15 Pension Fund Accounts
 - Outcome of Audit of 2014-15 Pension Fund Accounts
 - Approval of annual report 2014-15
 - Pensions administration update
 - ii. 3 November 2015 – manager day
 - iii. 8 December 2015
 - Performance for quarter to 30/9/2015
 - Pensions Administration update
 - Review of Investment Advisor Contract
 - iv. 24 February 2016
 - Performance for quarter to 31/12/2015
 - Actuarial valuation 2016 – approach (Actuaries to present)
 - v. 27 April 2016 – manager day
2. In addition there will be updates as appropriate in respect of the following
 - Ongoing review of Investment Strategy
 - London CIV implementation
 - Governance arrangements.
 - Custodian
 - Reviews of policies as required
 - Any matters referred by the Pension Board

Pension Board

1 July 2015

Work Programme 2015-16

Report by Head of Finance - Strategy and Accounting

Purpose

To update the Board on the proposed work programme for 2015-16.

Recommendations

The Board is Recommended to note the programme and approve the approach to meetings for 2015-16.

Key Points

- A. This report sets out the programme of work which the Board will need to carry out in 2015-16.

Context

1. It is appropriate for the Board to set out a structured work programme to enable it to carry out its functions effectively.

Updated Draft Programme for 2015-16

2. The Board's remaining meetings in 2015-16, with key items identified already are as follows:
- i. 18 November 2015
 - Review of Annual Report 2014/15
 - Outcome of Audit of 2014-15 Pension Fund Accounts
 - Pensions administration update
 - Investment performance to 30/9/2015
 - ii. 9 March 2016
 - Performance for quarter to 30/9/2015
 - Pensions Administration update
 - Review of Investment Advisor Contract
 - Preparations for 2016 triennial actuarial valuation
 - London CIV implementation
3. In addition it will be appropriate to have a programme for reviewing the Fund's various policies. This will be developed in consultation with the Chair, having regard to the amount of business which can be effectively discharged at each meeting.

Background papers – none

Author of report – Jeremy Randall, Head of Finance- Strategy & Accounting

Email: Jeremy.Randall@kingston.gov.uk

Phone: 020 8547 5572