

9 July 2015

9. REPORTS OF COMMITTEES

(b) SUMMARY OF DECISIONS TAKEN BY THE PENSIONS COMMITTEE

Pension Fund Governance Arrangements

1. The Pension Scheme decision-making and management role prior to 1 June 2015 was undertaken by the Chief Financial Officer, supported by a Shadow Pension Committee. Although it was not required as part of the change in governance arrangements, Council agreed that formal decision-making be carried out by a Pensions Committee. This decision was intended to bring the governance arrangements of the pension fund in line with best practice, as recommended by the fund's external auditors. The Pension Committee is a formal committee of the Council, subject to the usual rules of political balance and access to information.

2. The Committee has noted the updated Pension Fund Governance Policy Statement, the Pension Committee Terms of Reference and the Pension Board Terms of Reference.

3. The Committee has endorsed the extended Pension Fund Scheme of Delegation which extends the tasks and actions delegated to the Chief Financial Officer to ensure the efficient operation of the fund.

4. The Pension Investment Advisory Panel will provide the Pension Committee with strategic advice concerning changes to the Fund's asset allocation, the termination and appointment of Investment Managers and Independent Financial Advisers. It is not a decision-making body or formal committee, and will not normally meet in public. Point 5.2 of the pension fund Governance Policy Statement requires the Chairman of the Pension Investment Advisory Panel to be appointed from amongst its members by the Chairman of the Pension Committee. The Committee has noted this arrangement.

Knowledge and Skills Self-Assessment

5. The Knowledge and Skills Policy Statement covers six areas of knowledge for Elected Representatives on Pension Committees and non-executives in the public sector identified as the core requirements:

- Pensions legislative and governance context
- Pension accounting and auditing standards
- Financial services procurement and relationship development
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practice.

6. The Knowledge and Skills Framework sets the skill set for those responsible for pension scheme financial management and decision-making under each of the above areas in relation to understanding and awareness of regulations, workings and risk. The Committee has endorsed the updated Knowledge and Skills Policy Statement.

7. The Committee has noted and agreed that the Knowledge and Skills Self-Assessment Questionnaire be completed by Members of the Committee by 31 July 2015. The Questionnaire details the required skill set and enables members to self-assess their current knowledge and skills to identify areas which require additional training.

Pension Fund Accounts Executive Summary

8. The Committee has noted the Pension Fund Accounts Executive Summary (pre-audit) which provides some key information that summarises the Pension Fund's performance in 2014/15 along with income and expenditure trends and movement in the Fund's membership.

Pension Investment Update

10. The Committee has noted the Independent Financial Adviser's fund performance summary and market background.

11. The Committee has noted the update on the Investment Managers placed 'on watch' by the Pension Investment Advisory Panel.

Pension Administration Update

12. The Committee received and noted the Pension Administration Advisory Forum Update.

13. The Committee has noted the general update from the Administering Authority in relation to change of the LGPS from a final Salary to a Career Averaged Re-valued Earnings (CARE), changes made to end of year arrangements resulting from CARE, the freedom of choice of members to leave the scheme, out-sourcing requests for estimates, guidance on the end of contracting and delivering GMP reconciliation exercise, and the Tri-annual Valuation.

Administering Authority Structure

14. Over the last decade the Local Government Pension Scheme (LGPS) has seen several significant changes which have had a major impact on the resources of the Administering Authority team. Five key areas of change are being worked on:

- a) Scheme and regulation changes;
- b) Membership and risk changes;
- c) Increase of employers;
- d) Governance requirements; and
- e) Needs of Members and Communications.

15. The Committee has noted the impact of these changes on the Administering Authority and endorsed the Project Support capacity to work on key project areas.

16. The Committee has endorsed the undertaking of a research project on the future provision of the Administering Authority which will seek out best practice approaches, review partnership arrangements between funds and the private sector, and scrutinise costs. The Committee has agreed that a report be brought back with an options appraisal on new ways of working.

Mr R W Banks
Chairman

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Pensions Committee held on 10 June 2015