# PENSION BOARD

14 March 2018

**Title:** Deliver and Decision Making in the Pension Fund

## Report of the Chief Operating Officer

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**Wards Affected:** None

**Key Decision:** No

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**Accountable Strategic Director:** Claire Symonds, Chief Operating Officer

## Summary:

The Pension Board’s main role is having oversight of whether the aims and objectives outlined within the London Borough of Barking and Dagenham Pension Fund’s Governance and Administration strategies are being achieved; and having regard to any overriding requirements included within guidance from DCLG, and the Scheme Advisory Board.

The Pension Board’s Terms of Reference requires the Board to follow the Aon Hewitt method for governance review. The second meeting of the Financial Year, usually held in February, involves reviewing the Fund’s delivery (i.e. how the Fund meets its aims) and its decision-making process (governance structure, behaviour and Pension Skills and Knowledge and training).

The Pension Board is recommended to discuss the way Pension Fund’s carries out its:

1. **Delivery:** How the Fund meets its aims (planning, performance monitoring & risk management); and

2. **Decision Making:** Does the Fund have effective decision making (governance structure, behaviour and Pension Skills and Knowledge and training).

The Board is recommended to note the Business Plan 2017 and the Fund’s Risk Register; and

Board Members are asked to provide any comments on the BP and are asked to provide suggestions where additional training for the PB would be beneficial.
1. **Introduction and Background**

1.1 The Pension Board’s (“the PB”) main role is that of having oversight of whether the aims and objectives outlined within the Pension Fund’s (“the Fund”) Governance and Administration strategies are being achieved; and having regard to any overriding requirements included within guidance from DCLG, and the Scheme Advisory Board.

1.2 The Board’s Terms of Reference requires the PB to follow the Aon Hewitt method for governance review. The second meeting of the Financial Year involves reviewing the Fund’s delivery and its decision-making process.

1.3 The Fund’s “Delivery”, which is how the Fund meets its aims (planning, performance monitoring & risk management) and its “Decision making process” including governance structure, behaviour and Pension Skills and Knowledge and training.

1.4 This report summarises the way the Delivery and Decision-making process is followed.

2. **Delivery - planning, performance monitoring and risk management**

2.1 The Fund’s main objective and the actual reason for the Fund is to pay pensions. To do this an investment strategy needs to be established that is based on the cash flow forecasts and contribution requirement set by the actuary. The key documents that support this include the:

- Triennial Valuation report (TV);
- Funding Strategy Statement (FSS);
- Investment Strategy Statement (ISS); and
- Business Plan.

2.2 As the Triennial Valuation report, Funding Strategy Statement and Investment Strategy Statement is generally reviewed every three years the focus of this report is on the Fund’s Business Plan for 2018.

3. **Business Plan (BP)**

3.1 The publication of the Myners Report and the subsequent CIPFA “Principles for Investment Decision Making in the LGPS in the United Kingdom” (CIPFA’s Investment Code of Practice) and “Investment Decision Making and Disclosure”, recommends that the Section 151 officer prepare and submit to the Pension Panel (“the Panel”) an annual business plan (“the BP”) for the Fund.

3.2 The BP, included in this report as Appendix 1, identifies and outlines the key tasks for the year and takes into consideration the TV, FSS and ISS as well as the governance requirements and training requirement.

3.3 Progress towards achieving the BP objectives is reported on at each quarterly Panel. The key tasks identified reflect the Panel’s commitment to developing a suitable investment strategy and monitoring procedures for the coming year which meet the Fund’s objectives and complies with best practice.
3.4 The Business Plan outlines the operation of the Fund and includes provision for training and development. The proposed training and development will equip Panel Members with the necessary skills to make informed decisions on the Fund’s investments.

3.5 CIPFA recommends that all Panel Members and PB Members should have the necessary skills and knowledge to adequately fulfil their governance and fiduciary duties to the Fund Members. Training requirements and proposed training is outlined in section 10.

3.6 Board Members are asked to provide any comments on the BP and are asked to provide suggestions where additional training for the PB would be beneficial.

3.7 At the March 2019 Meeting, the BP will looked at, including a review of the 2018 BP and discussion around the 2019 BP.

4. Risk Register (RR)

4.1 The RR is reviewed by the PB annual but is maintained on a regular basis as and when new risks are identified or where changes have been made within the Fund to reduce risks.

4.2 The RR is included as Appendix 4 as part of the BP. Board Members are asked to provide any comments on the RR, with specific regard to the risks covering administration and governance.

5. Consultation

5.1 Council’s Pension Fund Business Plan involves continuous dialogue and consultation between finance staff and external advisers.

5.2 The Chief Operating Officer and the Fund and the Board’s Chairs have been informed of the commentary in this report.

6. Financial Implications

Implications completed by: Claire Symonds, Chief Operating Officer

6.1 The Pension Fund is a statutory requirement to provide a defined benefit pension to scheme members. The Pension Board’s role is that of having oversight of whether the aims and objectives outlined within the London Borough of Barking and Dagenham Pension Fund’s Governance and Administration strategies are being achieved; and having regard to any overriding requirements included within guidance from DCLG, and the Scheme Advisory Board. This paper forms part of the reviewing process.

7. Legal Implications

Implications completed by: Paul Feild, Senior Governance Solicitor
7.1 As observed above the Pension Board’s main role is that of having oversight of whether the aims and objectives outlined within the Pension Fund’s (“the Fund”) Governance and Administration strategies are being achieved; informed by guidance from DCLG, and the Scheme Advisory Board. The role is set out in the terms of Reference of the Board, and the best advice is that the work is carried out in a systematic way adopting the Aon Hewitt method for governance review.

8. Other Implications

8.1 There are no other immediate implications arising from this report.

Background Papers Used in the Preparation of the Report:

- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009;

List of appendices:

- Appendix 1 – Business Plan 2018