

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

Proposed changes to Pensions Committee Terms of Reference	Classification PUBLIC	Enclosures none
	Ward(s) affected ALL	
Pensions Committee 23rd July 2018		

1. INTRODUCTION

- 1.1 This report sets out the need for a change to the Pensions Committee's Terms of Reference, as set out in the Council's constitution. It summarises the changes being proposed and why the changes need to be made, and sets out a plan for consultation with the Committee and consideration by the Monitoring Officer ahead of approval by Full Council.

2. RECOMMENDATIONS

2.1 The Pensions Committee is recommended to:

- Note the report
- Approve the extension of the existing terms of appointment for co-opted representatives until the new appointment process detailed in the revised Terms of Reference is approved by full Council.

3. RELATED DECISIONS

- Full Council – 26th March 2014 – Changes to the Constitution

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 Ensuring that the Council's constitution is kept up to date with regards to both the Pensions Committee and Pension Board helps to promote the good governance of the Fund, and ensure that the roles and responsibilities of each are clear to both members and the Pension Fund's wider stakeholders. Good governance and clarity of responsibilities can help ensure that the Fund is well managed, and that the Committee are meeting their fiduciary duty to safeguard the assets of the Fund.
- 4.2 There are no direct financial implications arising from this report

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 The Pensions Committee is a Committee established by Full Council under Section 101(1) of the Local Government Act 1972. It acts as trustee of the Council's pension fund in accordance with legislation. The Committee is responsible for monitoring performance of the fund, setting and reviewing strategic objectives and appointing administrators, advisers, investment managers (where assets remain outside of the London CIV) and custodians.

5.2 This report notifies the Pensions Committee of the intention to make changes to the Terms of Reference, and sets out arrangements for consultation with the Committee and consideration by the Monitoring Officer prior to approval by Full Council

6. SUMMARY OF PROPOSED CHANGES

6.1 The introduction of asset pooling for LGPS funds has resulted in a need for constitutional change in administering authorities, to ensure that the new asset pools are properly recognised within the governance structure of funds. An important part of these changes is updating Pensions Committee Terms of Reference, to ensure that the ongoing role of Committee members in asset allocation is recognised and to set out their new role in representing individual funds within the pools.

6.2 The proposed changes will replicate the Shareholders Agreement for the London CIV within the Constitution to formally reflect the Council's relationship with the London Collective Investment Vehicle Ltd.

6.3 The proposed changes also include a section updating the appointments procedure for co-opted scheme member and employer representatives on the Committee, to bring the process more into line with that used for the Pension Board representatives. A robust appointment process will help to ensure the fair appointment of individuals with the appropriate knowledge, skills and capacity to represent scheme members or employers on the Committee, as well as clarifying the responsibilities taken on by co-opted representatives.

6.4 Co-opted scheme member and employer representatives for the Pension Fund have previously been appointed at the first Pensions Committee meeting of the municipal year. Although referenced in the existing Terms of Reference the exact nature of the process to be followed has not previously been formalised. The revised Terms of Reference sets out an updated appointments process more in line with that of the Pension Board and it is recommended that the term of appointment for the existing co-opted member be extended until a revised appointment process is in place.

7. CONSULTATION ARRANGEMENTS

7.1 Officers of the Fund will work with Governance Services and the Monitoring Officer to establish a plan for consultation with Committee members and other interested parties, as required. The proposed changes will be considered in the context of the wider Constitutional Review before being submitted for approval by full Council later in 2018.

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List of appendices:

None

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