

Southwark Local Government Pension Scheme – Governance Arrangements

Audit, Governance and Standards Committee

November 2016

Agenda

- Aims of Pension Fund
- Risk Management
- Regulations & Constitution
- Governance Arrangements – national and local
- Role of the:
 - Pensions Advisory Panel
 - Local Pensions Board
- Accountability through external reporting

Aims of Pension Fund

- Ensure that sufficient resources are available to meet all liabilities as they fall due
- Ensure employer contribution rates remain stable
- Maximise the returns from investments within reasonable risk profile
- Conform to LGPS regulations

Pensions Governance Framework

National

LGPS Regulations

- LGPS governed by Public Sector Pensions Act 2013

- Administered in accordance with following secondary legislation

- LGPS Regulations 2013
- LGPS (Transitional Provisions, Savings & Amendments) regulations 2014

Local

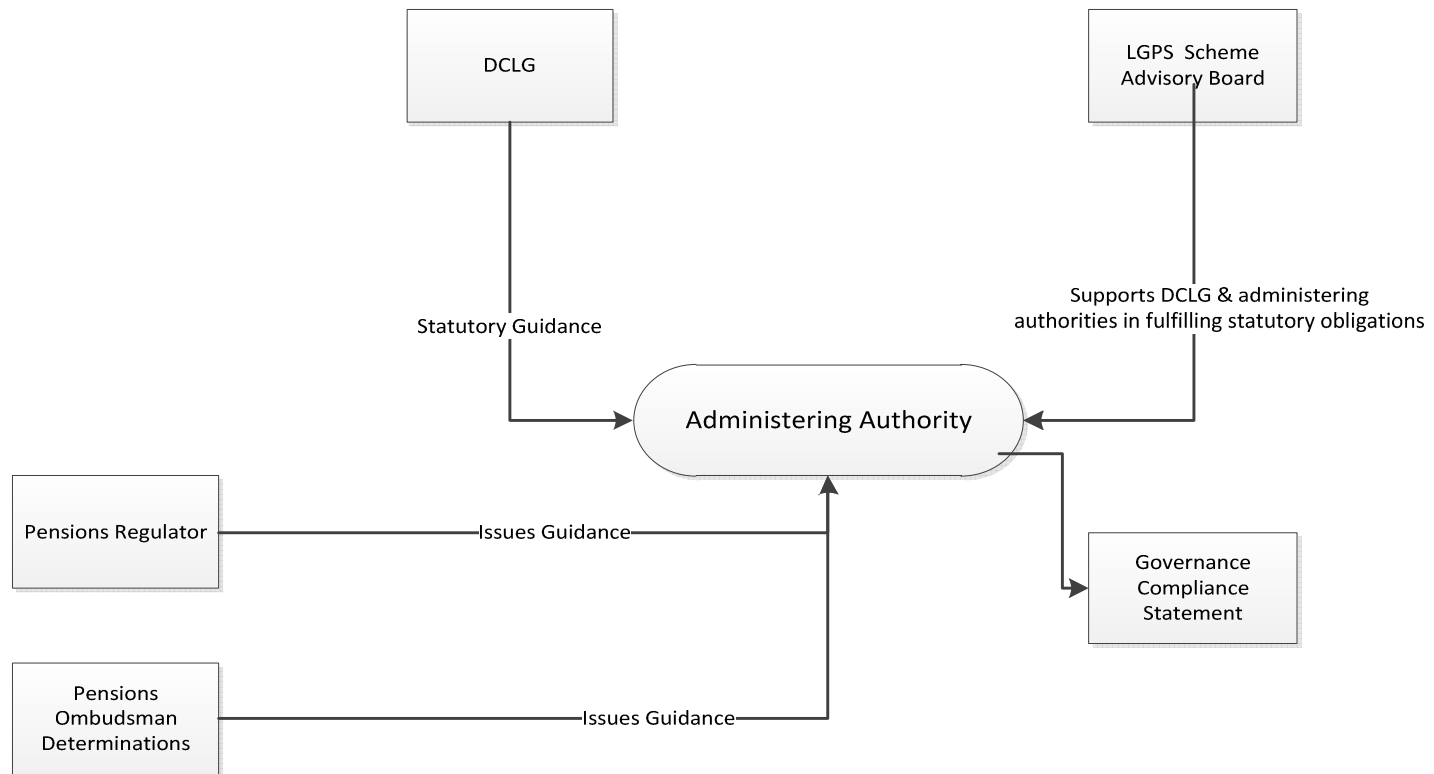
Constitution

- PART 3N: PANELS
 - PAP & LPB – roles and functions
- Part 3O: MATTERS DELEGATED TO OFFICERS
 - Strategic Director of Finance & Governance

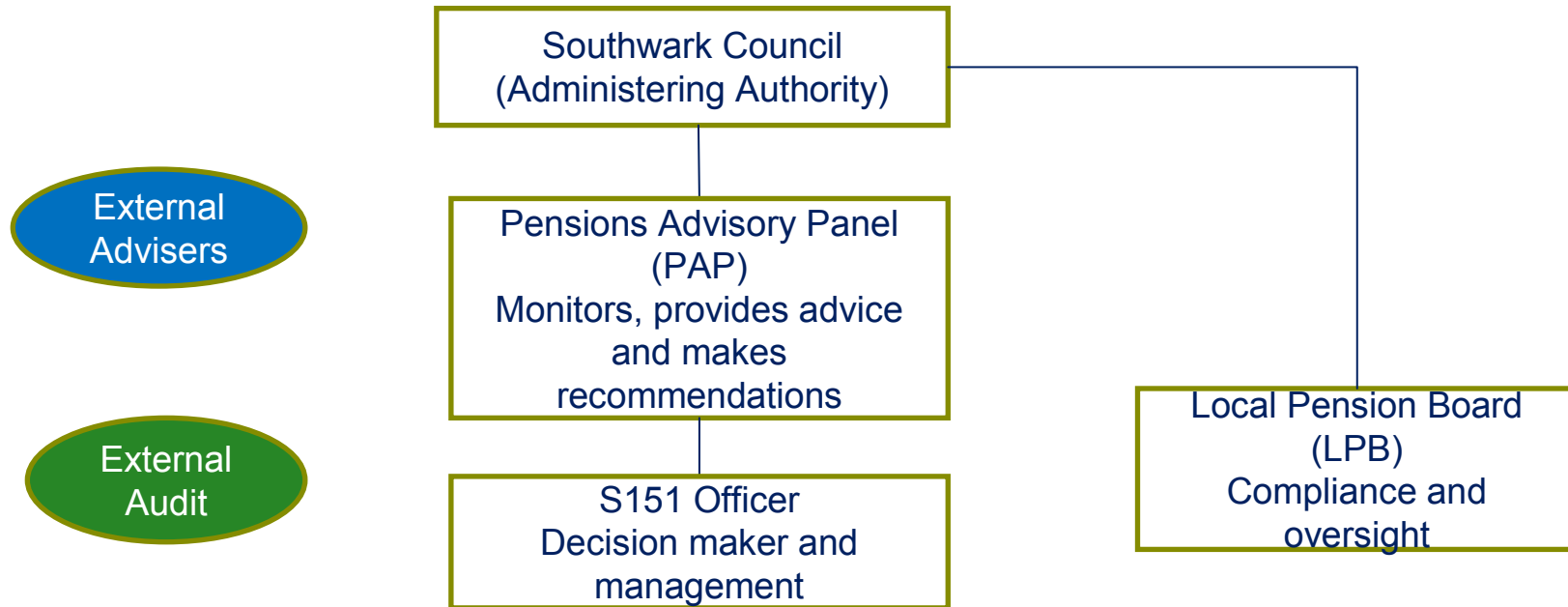
Risk Management – Key Risks to Council

- Financial: Poor investment performance/asset-liability mismatch could lead to a larger deficit and a requirement for increased employer contributions
- Reputational: Inaccuracy of financial information – leading to qualification of accounts
- Legal & Regulatory: Failure to comply with regulations – resulting in legal sanctions and detrimental effect on Council's reputation

National Governance Arrangements



Local Pension Governance Arrangements



Role of the Pensions Advisory Panel

- Quarterly review of investment performance(advisers support)
- Investment portfolio strategy and review
- Considering results of actuarial valuations and agreeing contribution levels
- Considering policy matters relating to pension fund and Council's early retirement policy
- Monitoring costs incurred in administering the pension fund

Role of the Pensions Advisory Panel (cont'd)

- Recommendations to S151 officer
- Oversight of pensions administration
- Scrutinised by local pension board
- Minutes published on Council website

Role of the Local Pensions Board (LPB)

- Oversight and scrutiny not decision making
- Assists the Council to secure compliance with scheme regulations
- Ensures the effective and efficient governance and administration of the LGPS
- Independent Chair
- Employee and employer representatives
- Can report to pensions regulator
- Open meeting, papers published on Council website

Accountability through external reporting

- Pension fund audited annually
- Pension Fund Annual Report
- LPB and PAP agenda and minutes published

Current and Future Issues

- Triennial Actuarial Valuation
- Pensions Consultation
- Investment Pooling
- London Collective Investment Vehicle (LCIV)
- Continual review of strategy

Pensions Governance

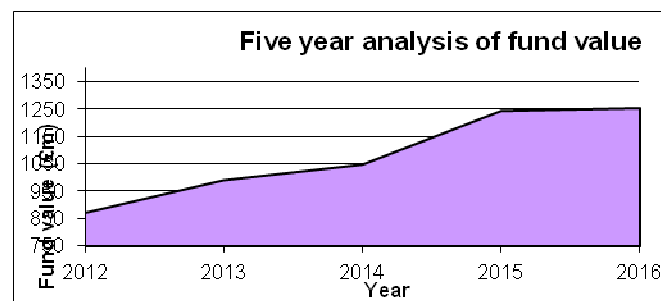
- Any Questions?

Useful Links (Council Website)

- Survey
http://www.southwark.gov.uk/info/200175/pensions/3667/pension_survey_and_ipad_prize_draw
- Annual pension report
https://www.southwark.gov.uk/downloads/download/2717/pension_fund_annual_report
- PAP minutes
- [http://www.southwark.gov.uk/downloads/download/4296/pensions_advisory_panel_pap -
meeting](http://www.southwark.gov.uk/downloads/download/4296/pensions_advisory_panel_pap_-_meeting)
- LPB
http://www.southwark.gov.uk/info/200175/pensions/3925/local_pension_board
- Pensions online service
- <https://pensions.southwark.gov.uk>

Overview of Pension Fund

- Southwark Pension Fund is part of the Local Government Pension Scheme (LGPS)
- LGPS is a fully funded pension scheme
- 21,828 members
 - 7,117 Active
 - 7,212 Retired
 - 7,858 Deferred
- £1.26 bn 2015-16 (2014-15 £1.25 bn)
- In 2013, 83% funded (20 year recovery period)
- Cash flow 2015-16
 - £55m – Pensions contributions in (£12m employee; £43m employer)
 - £56.9m – Benefits out



Who is a member of PAP?

Name	Title/Company
Fiona Colley	Elected Member
Eliza Mann	Elected Member
Jon Hartley	Elected Member
Duncan Whitfield	Strategic Director of Finance & Governance
Fay Hammond	Departmental Finance Manager
Malcolm Laird	SAP Payroll & Pensions Manager
Chris Cooper	Unison
Vacant	GMB
Independent Adviser	Vacant
Jo Holden	Mercer

Who is a member of LPB?

Name	Title/Company
Mike Ellsmore	Independent Chair
Sue Plain	Scheme Member Representative
Bill White	Scheme Member Representative
Jo Anson	Employer Representative
Norman Coombe	Employer Representative
Colleen Reid	Substitute Scheme Member representative
Neil Tasker	Substitute Scheme Member Representative
Mike Pinder	Substitute Employer representative
Matthew Hunt	Substitute Employer representative (2)

Investment Strategy

Asset Class	Strategy
Global equities (active and passive)	50%
Diversified growth	10%
Absolute return bonds	10%
Passive index linked gilts	10%
Active Property	20%