

The Highland Council

19 December 2013

Agenda Item	23(ii)
Report No	HC/62/13

Scheme of Delegation – Pension and Investment Sub-Committee

Report by Director of Finance

Summary

The report sets out the remit of a Pension and Investment Sub-Committee following the decision of the Council on 24 October to integrate the business of the former Pensions Committee with that of the current Investment Sub-Committee.

1. Pension and Investment Sub Committee

- 1.1 Members will be aware that, at the Highland Council meeting on 24 October 2013, it was agreed that the business of the Pensions Committee should be integrated with that of the Investment Sub Committee with effect from 1 January 2014.
- 1.2 It is therefore now proposed to amend the title of the current Sub-Committee to that of 'Pension and Investment Sub Committee' in order to fulfil this new role.
- 1.3 To meet governance and regulatory requirements for the Pension Fund, which requires that Pension Fund matters are kept separate from Pension Employer issues to avoid conflicts of interest, the Sub-Committee will now report directly to the full Council.
- 1.4 Highland Council employer-side matters will continue to be considered by the Finance, Housing and Resources Committee. It is further proposed that for the governance requirements set out above, in future, the Chair of the Sub-Committee should not be the same person as the holder of the Finance, Housing and Resources Chair.
- 1.5 Recognising the nature of business which the Sub-Committee will consider, and with the majority of this business likely to be focused on investment and performance matters, it is proposed that membership of the Sub-Committee should remain as at present, subject to the addition of one further non-voting member to represent the scheme membership (e.g. staff/pensioner representative).

Membership of the Sub-Committee would therefore be:

Voting (7)

Highland Council members:

Cllr Colin Macaulay, Cllr John Ford, Cllr Helen Carmichael, Cllr Kenneth MacLeod, Cllr Alister MacKinnon, Cllr Richard Laird, Cllr Carolyn Wilson.

Non-Voting (3)

Comhairle nan Eilean Siar employer representative 1

A further employer representative 1 (a nomination will be sought from scheme employers)

Scheme member representative 1* (a nomination will be sought from trade unions)

*new member, the only proposed change from existing Investment Sub-Committee membership

- 1.6 It is expected that the Sub-Committee will continue to meet on a quarterly basis and that meetings will be arranged to tie in with investment performance reporting requirements. The next meeting would be anticipated for February 2014.
- 1.7 Members are advised that further review of arrangements for the Sub Committee might be necessary during 2013 – 2014 in order to take account of any governance requirements emerging from LGPS Reform in Scotland and the Public Service Pensions Act.
- 1.8 It is proposed that the revised remit for the Pension and Investment Sub-Committee should be as follows:-

Remit

To exercise on behalf of the Council all the powers and duties of the Council in relation to its functions as Administering Authority of The Highland Council Pension Fund (the Fund) except where they have been specifically delegated by the Council to another Committee or to an officer(s).

This will include the following specific functions:

General

1. Ensuring that the Fund complies with best practice.
2. Ensuring that the Fund complies with the relevant Local Government Pension Scheme Regulations and all other legislation governing the administration of the Fund.
3. To set the Fund's objectives and ensure appropriate strategies, policies and procedures are put in place and kept up to date with a view to achieving these objectives.

Funding and Investment

4. To set the Investments Strategy (including strategic asset allocation) and associated policies for the Pension Fund, Inverness Common Good Fund, and all other Common Good, Charitable, Education and other Trust Funds for which the Council is trustee.
5. To set the Funding Strategy and associated policies, and to set the policy on funding matters for employers joining and leaving the Fund.
6. To ensure consistency between the Fund's Investment Strategy and Funding Strategy and the implementation of those strategies.
7. To ensure the delivery of the Funding Strategy, ensuring the ongoing monitoring and management of the liabilities as appropriate.
8. To appoint, dismiss and assess the performance of investment managers and advisors to the Fund including investment advisers and actuaries.
9. To review the results of the Triennial Actuarial Valuation of the Fund.

Scheme benefits and administration

10. To set the Administration Strategy ensuring appropriate arrangements for the administration of benefits are in place and demonstrate the operational efficiency of the administration of benefits through the use of key performance indicators
11. To exercise Pension Fund discretions on behalf of the Administering Authority (with the exception of Council employer policies, e.g. redundancy/compensation policy, which is an employer policy matter).
12. Ensuring appropriate Additional Voluntary Contribution (AVC) arrangements are in place and review investment performance on such contributions.

Governance

13. To set the strategy for communicating with Scheme employers and employees in the Fund.
14. To agree the Fund's Governance Policy.
15. To review, as appropriate, the Governance Structure of the Pension Scheme to set out the responsibilities of Elected Members, officers, investment managers, advisors, custodians and the actuary to the Scheme, including delegated powers and make recommendations to the Council for changes where necessary.
16. To set and monitor progress against annual business plans for the Fund.
17. To develop and maintain a trustee training policy.
18. To develop and maintain a risk management strategy.
19. To agree, where appropriate, the Administering Authority responses to consultations by Central Government, professional and other bodies in relation to key consultations.
20. To review the Annual Report and Statement of Accounts of the Fund.
21. To consider internal and external audit reports in relation to the Fund.

- 1.9 Implications – there are no Resource, Legal, Equalities, Climate Change/Carbon Clever or Risk implications to highlight.

Recommendation

Members are asked to consider this report and agree the remit of the Pension and Investment Sub-Committee, and amend the scheme of delegation accordingly.

Designation: Director of Finance

Date: 4 December 2013

Author: Brian Porter, Finance Manager