

LBTH Pension Fund

Roles, Responsibilities and Statutory Documents

Presentation


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There are many different roles involved in the management of an LGPS fund

These include:


- the investments or pensions committee
- the fund administrator
- the administering authority
- employers
- investment managers
- custodians
- the actuary
- professional advisers




2008-2010
Pension Management of older people
2008-2010
Investing and tackling child poverty
2008-2010
Pension of 2 pension
Investment



POSITIVE ABOUT PEOPLE



INVESTOR IN PEOPLE




TOWER HAMLETS


Investments or Pensions Committee

The responsibility of an investments or pensions committee may include:


- ensuring all investment activity complies with the requirements of current regulations and best practise
- approving the statement of investment principles, funding strategy statement, communications strategy and governance policy
- appointing investment managers, a fund actuary, custodian(s) and professional advisors
- reviewing and taking action on actuarial valuations




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Investments or Pensions Committee (2)


- agreeing a rebalancing strategy between different portfolios when asset allocations change due to different market movements of different sectors
- regularly reviewing investment managers' performance and expertise against agreed benchmarks and determining any action required
- ensuring that the fund investments are sufficiently diversified and that the fund is investing in suitable investments




2008-2010
Proactive management of water services
2009-2010
Investing and building social prosperity
2010-2012
Member of 2 partners



POSITIVE ACTION
SUSTAINABLE VALUE



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Investments or Pensions Committee (3)

The responsibility of an investments or pensions committee may include:


- monitoring budgets for the fund ensuring there is adequate budgetary control
- promoting the fund within the authority
- ensuring the administration of the fund is appropriately resourced, is effective and meets performance standards.




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Fund Administrator


An officer (usually the chief finance officer) is responsible as fund administrator for:

- ensuring compliance with the statutory rules governing the investment of LGPS assets, including the various policy documents and statements required under the regulations
- acting as a professional advisor to the fund
- ensuring effective audit and governance arrangements



Fund Administrator (2)


- as Section 151 officer alerting the investments or pensions committee or the council to any problems with the funding level or the administration of the fund in accordance with Section 151 responsibilities
- ensuring the effective administration and preparation of the accounts including the annual statement of accounts.




Administering Authority (1)

The responsibilities of the administering authority include:


- collecting and accounting for employer/employee contributions and transfer values
- investing monies not required for payment benefits, transfers and administration costs
- paying pension benefits, transfer values and ensuring cash is available to meet the funds future liabilities
- maintaining an accurate data base
- managing the fund valuation process
- preparing and maintaining the statutory statements




2009-2010
Financial management of public pension
2009-2010
Financial and technical support
2009-2010
Financial and technical support
2009-2010
Financial and technical support



ACTIVE AGEING
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Administering Authority (2)

The responsibilities of the administering authority include:

- monitoring and managing all aspects of the fund's performance
- managing communications with employers, members and pensioners
- setting up and maintaining individual member records
- administering and managing records and member decisions
- appointing a person for the scheme's IDRPs
- appointing an additional voluntary contribution provider
- providing assistance to employers on the pension implications of outsourcing services and on dealing with bulk transfers of pension rights




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Employers

Employers fall into three categories:


- Scheduled
- Designated (resolution) bodies
- Admitted bodies




2008-2010
Pension management of other pension
2010-2012
2012-2015
2015-2017
2017-2020



ROYAL ARMS
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Employers

Responsibilities of employers include:


- providing scheme information and determining employee eligibility
- deducting pension contributions and together with employer contributions, remitting to the administering authority in accordance with the required timescale
- exercising benefit discretions in accordance with the agreed policy and keeping the administering authority informed
- notifying the administering authority of all relevant membership changes (e.g. retirement) and other required issues
- securing an independent medical officer to determine ill-health retirement
- complying with the valuation timetable and administering authority information requests.




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ROYAL ARMS
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Investment Managers

Investment manager responsibilities include:


- investment of pension fund assets in compliance with current LGPS legislation, any constraints set by the investments or pensions committee in the statement of investment principles and investment management agreement
- asset allocation if a balanced manager, otherwise as directed by the investments or pensions committee
- selection of securities within asset classes
- attending meetings and presenting reports to the investments or pensions committee as required, including regular reports on performance, voting and transactions
- active management of any cash balances (unless this responsibility is delegated to the custodian)
- engaging with companies and taking shareholder action in accordance with the fund's policy




2009-2010
Proactive management of older people



2009-2010
Proactive and leading united priority



2009-2009
Investor in People




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Custodian(1)


The custodian(s) is responsible for the safekeeping of the fund's securities. This function may be carried out by a custodian appointed directly by the fund, or via appointed fund managers. Current best practice is for funds to appoint their own custodian(s).

Responsibilities may include:


- settlement of purchases and sales
- advising managers of cash available for investment
- safe custody of securities and cash
- acting as banker to the fund




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2009-2009
Investor in People




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Custodian(2)

Responsibilities may include:

- cash reconciliations
- collection of dividends, income and overseas tax reclaims
- ensuring correct actions including rights issues, bonus issues and acquisitions are correctly dealt with
- ensuring the necessary approvals are in place to invest in certain overseas markets
- providing (monthly) valuations of scheme assets, details of all transactions and accounting reports.



Actuary

The scheme actuary is an independent and appropriately qualified adviser who carries out statutorily required fund valuations and other valuations as required and who will also provide general actuarial advice.

The actuary will:


- prepare fund valuations, including setting employers contribution rates, after agreeing valuation assumptions with the administering authority
- agree a timetable for the valuation with the administering authority
- prepare timely advise and calculations in connection with transfers to other funds and schemes and advise on benefit matters
- undertake new employer contribution calculations and cessation valuations for employers leaving the scheme.



Professional Advisors


Advisors may be needed for advice on:

- asset allocation strategies
- the selection of new managers and custodians
- the preparation of the various strategy documents required under LGPS regulations
- to assist in reviewing and monitoring managers' performance
- Legal advice will need to be available to the fund, which might involve the appointment of specialist legal advisers for particular aspects of fund management, i.e. appointing a private equity manager



Statutory Documents

- **Funding Strategy Statement**
 - Responsibility/solvency/target funding levels
 - Risk/control
 - Approach to employer contribution rates/employer risk
- **Communication Policy**
 - Information/publicity/promotion
 - Format/frequency/distribution



Statutory Documents(2)

- **Governance Compliance Statement**
 - Delegation arrangements
 - Frequency of meetings/membership
 - Compliance with CLG guidance
- **Statement of Investment Principles**
 - Investment types, balance, risk and return
 - Social, environmental and ethical considerations
 - Voting rights, stock lending

