

The City of Westminster Superannuation Fund

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28 November 2012

Introduction

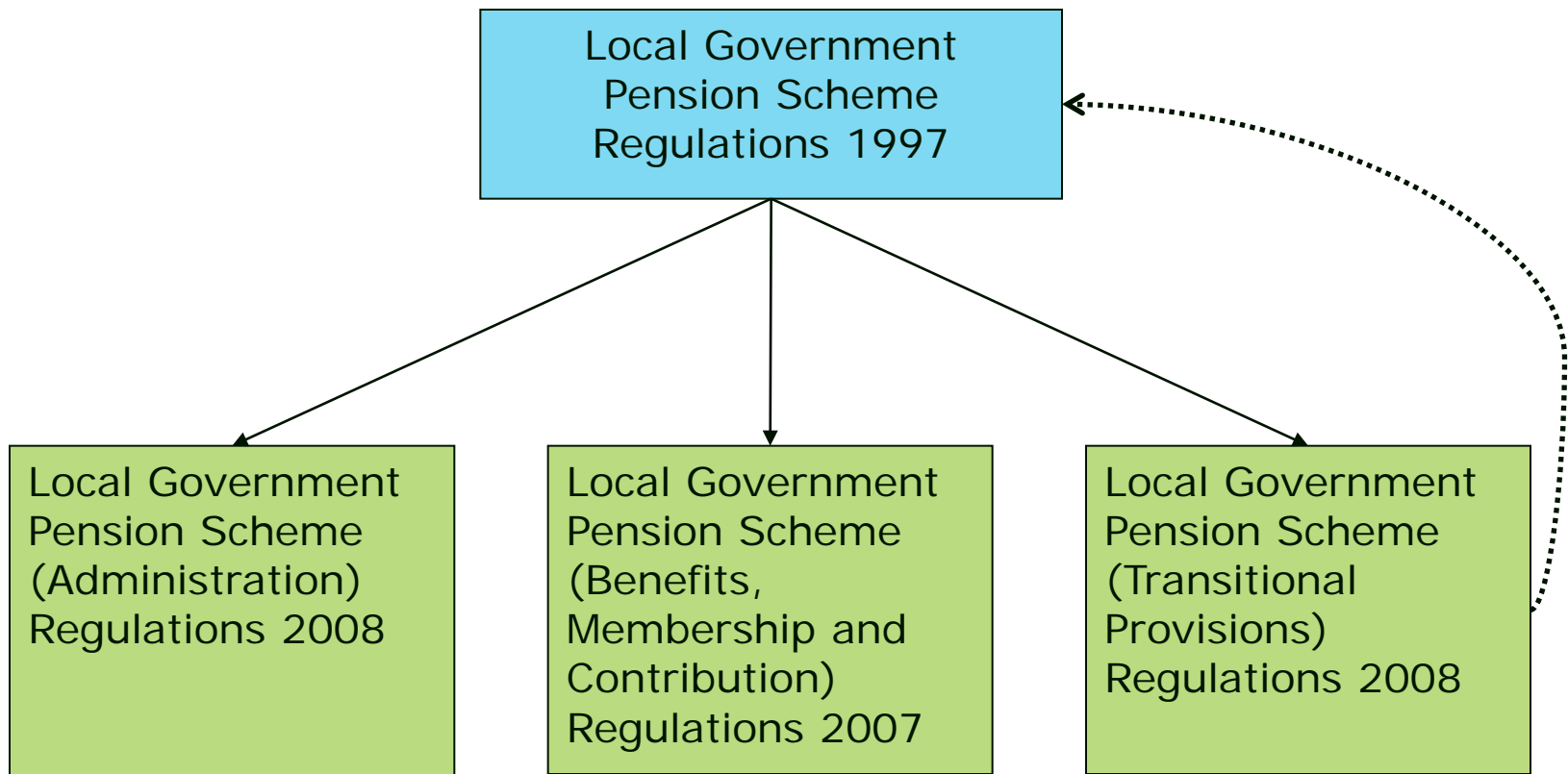
- The legal structure of the LGPS
- Governance
- Hutton Report
- New LGPS
- Public Service Pensions Bill



Legal Structure of the LGPS

- Single national scheme
- Administered and invested at Fund level (89)
- All Funds governed by same legislation
- Funds given autonomy to decide own governance

Legal Structure of the LGPS

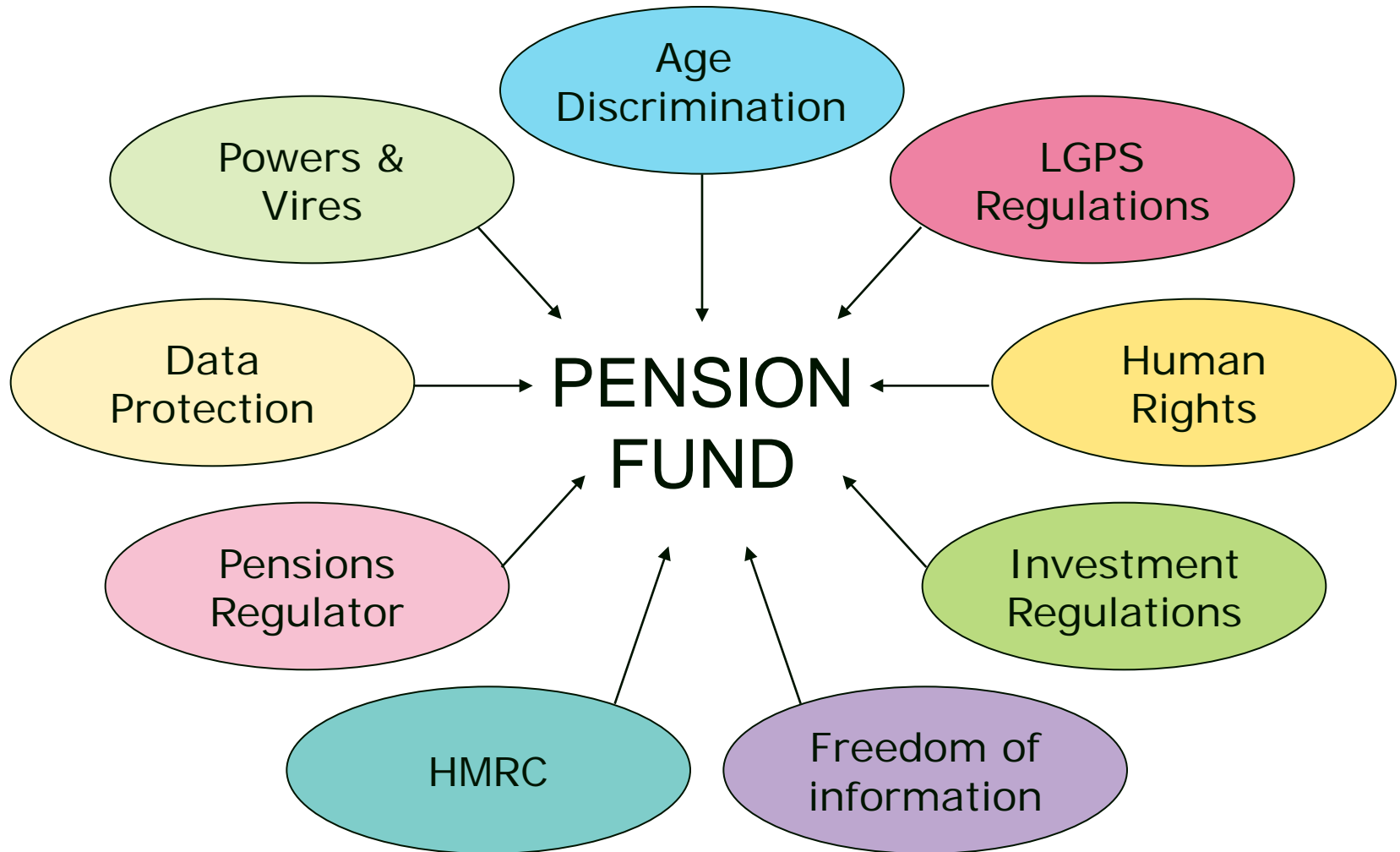


Role of the Administering Authority

- To maintain, administer and invest the Fund
- Council = administering authority
- Status as 'corporation'
- Distinct from Elected Members
- 'Quasi trustee'



Your duties and responsibilities



Act Within Your Powers

- Express powers
- Implied powers
- Incidental powers - Section 111 Local Government Act 1972
- New general power of competence under Localism Act 2011
- Important to act within powers
- Open to challenge



Governance

- *"The system by which pension funds are directed and controlled"* Cadbury Report
- Power to Delegate
 - Committee
 - Sub-Committee
 - Officer
- No right answer
- DCLG Statutory Guidance
- Important to know where you fit in



Governance Policy Statement

- Extent of delegation – single committee covering investment and management
- Frequency of meetings – quarterly
- Terms of reference, structure and operational procedures



Governance Policy Statement

- Degree of representation – None
- Voting rights of representatives – None
- Extent to delegation (or otherwise) complies with Statutory Guidance and if not reasons why



Governance Structures

- Power to Delegate
 - Committee
 - Sub-Committee
 - Officer

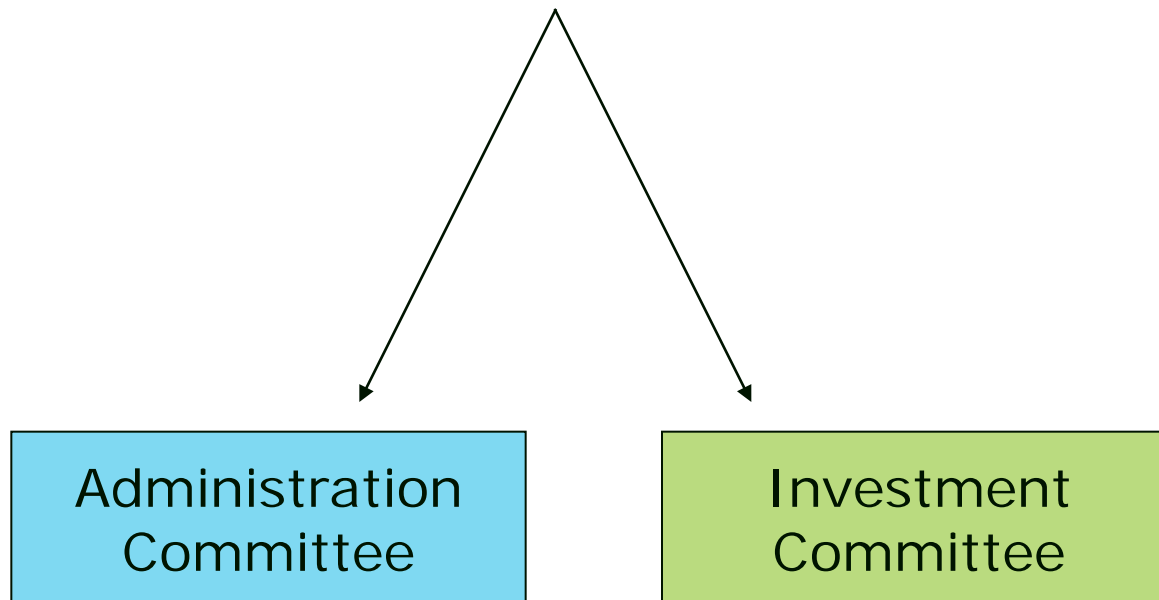


ADMINISTERING AUTHORITY

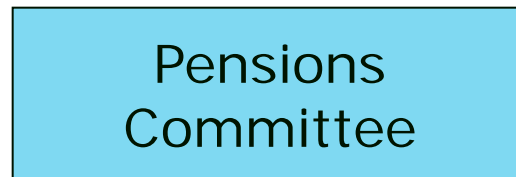


Pensions
Committee

ADMINISTERING AUTHORITY



ADMINISTERING AUTHORITY



Pensions
Advisory Group

Changes to the LGPS

- October 2010 – Hutton Interim Report
- March 2011 - Hutton Final Report
- 2012- New Public Service Pensions Bill
- 2013 – Auto enrolment
- 2013 – Draft LGPS Regulations
- 31 March 2013 – LGPS valuations
- April 2014 – New LGPS
- April 2015 – Rest of schemes

Hutton Report – key themes

- Transparency
 - member data
 - investment performance
 - administrative efficiency
- External scrutiny
 - Pensions Regulator(?)
- Separation of duties
 - policy
 - governance
 - administration

Hutton Report – key themes

- Sustainability
 - cost control/ceiling
 - investment performance
 - deferral of unfunded liabilities
- Rationalisation
 - economies of scale
 - merging assets
 - joint working on administration

LGPS – new scheme from April 2014

- CARE – 1/49th accrual with CPI revaluation
- Tiered contributions 5.5 – 12.5%
- NRD = SPA
- CPI indexed pension
- Spouse/nominated partner and children's pensions
- Generous early retirement benefits – redundancy and 3 tier ill health

Public Service Pensions Bill

- Issued 13 September 2012
- Implementation 2013
- Closure of current schemes
- Creation of new schemes

Public Service Pensions Bill - LGPS

- Responsible authority = CLG
- Scheme manager = Administering Authority (no 'national' LGPS body).
- Pension Board – Assist scheme manager
- Council committee can discharge Scheme Manager function and be established as the Board

Public Service Pensions Bill - LGPS

- Increased regulation and Codes of Practice (TPR)
- Scheme manager – deal with conflicts
- New 'TKU' obligations on Board members
- Internal controls established by scheme manager