

LOCAL PENSION BOARD OF MIDDLESBROUGH COUNCIL
KEY FUNCTIONS OF THE BOARD

Introduction

1. This document sets out the four key functions of the Local Pension Board of Middlesbrough Council (the 'Administering Authority'). These key functions will form the core responsibilities of the Local Pension Board (hereafter referred to as "the Board") but the Scheme Manager may also request that the Pension Board review other areas as necessary.
2. The purpose of the Board is to assist the Scheme Manager. Such assistance will include, but not be restricted to, providing an overview on:
 - a. Policies and Procedures
 - b. Performance
 - c. Governance
 - d. Risk
3. This report provides guidance on best practice on undertaking each function.

Policies and Procedures

4. The Board will need to ensure the Scheme Manager is complying with Scheme Regulations, any other legislation relating to the governance and administration of the Scheme, and any requirements imposed by the Pension Regulator.
5. In order to undertake this function the Board will require knowledge of any discretions that are in place, and ensure that these comply with legislation. The Board will also need to ensure that where legislation calls for a policy/discretion to be in place, it is so and is being actioned.
6. The Board will require understanding of employer discretions under the Local Government Pension Scheme Regulations 2013 (as amended), and previous regulations relating to the Scheme.
7. The Board also requires knowledge of the policies agreed by the Teesside Pension Fund & Investment Panel, and any delegations made to the Pension Fund administrators.
8. The Board will review any Codes of Practice issued by the Pensions Regulator and, where applicable, assure the Scheme Manager that they are in being complied with.

Performance

9. The Board will undertake the review of performance of the Fund on not only a contractual basis but also how the Fund compares to its peers in Local Government.

10. The Board will review the administrators' performance against the Service Level Agreement and investigate any failures. Findings will be made available to the Scheme Manager.
11. Each year the Department for Communities and Local Government undertakes a statistical analysis of all the individual LGPS funds and publishes the input data and results into the public domain. This survey is called SF3. It is the most widely available benchmarking survey for the LGPS. A key measurement used across the industry is the cost of administration per scheme member.
12. To undertake a national comparison of the Teesside Pension Fund to the other Local Government Pension Funds, it is proposed that the Board reviews the SF3 Data Comparisons, as supplied by Department for Communities and Local Government.
13. The Board will also review historic results to track trends and identify any issues that may require further investigation.

Governance

14. Good Governance means ensuring:
 - a. that the right decisions and actions are taken at the right time
 - b. the right people make those decisions and take those actions
 - c. the right information and advice is available to feed into the process, and
 - d. that all of the above is focused on getting the right results in line with the long-term objective (e.g. paying the correct benefits to members).
15. The Board will therefore ensure it effectively and efficiently complies with the Pensions Regulator's Code of Practice 14, and any associated compliance and enforcement policies.
16. The Board will establish and maintain a policy on acquiring and retaining knowledge and understanding. However, it still remains to each individual Board member to ensure that they have the appropriate degree of knowledge to exercise their functions on the Board. Each Board member has personal responsibility for being aware of all Pensions Regulator's communications and e-learning modules.
17. The Board will undertake regular reviews to identify training needs.
18. The Board will create, and maintain:
 - a. a register of interests and potential conflicts,
 - b. a register of training undertaken by each individual Board member, and
 - c. a rolling twelve month schedule of work for the Board.
19. Where poor standards of governance and administration exist the Pension Board will, if guided to do so by the Scheme Manager, develop and implement an improvement plan.

Risk Management

20. The Pension Regulator's Code of Practice 14 states that the Scheme Manager must establish and operate internal controls for the purpose of ensuring the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of law.
21. These internal controls cover the arrangements and procedures to be followed in the administration and management of the scheme, the systems and arrangements for monitoring this, and any arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.
22. The Board will undertake a risk assessment to identify potential internal and external risks to the Fund and members. Once identified, all risks will be recorded on a risk register which will be reviewed regularly.
23. The risk register will hold details of the risk, its likelihood and impact, and any controls that are in place to mitigate it. This register will then be reviewed to assess whether the risk "score" has changed or if the control is still adequate.
24. The Board will review all Pensions Regulator communications and ensure that the Teesside Pension Fund has suitable policies in place to mitigate any key risks raised.