

Pensions and Trusts Committee Remit – Proposed Change

The City of Edinburgh Council

25 August 2011

1 Purpose of report

- 1.1 The purpose of this report is to recommend that the remit of the Pensions and Trusts Committee be extended to reflect the statutory requirement for separation of the pension fund accounts from those of the administering authority.

2 Main report

- 2.1 As noted by the Pensions and Trusts Committee on 21 March 2011, the Scottish Government introduced new statutory guidance on accounting for local authority pension funds in January 2011. This requires the preparation of separate pension fund accounts and for those accounts to be subject to a separate audit. Detailed pension fund account information would no longer be included in the administering authority's own financial statements.
- 2.2 Until now Audit Scotland, the appointed external auditor, has reported to the Council's Audit Committee on all matters related to its work at the Council including the pension funds. In order to streamline governance, the most important practical implication of the new audit arrangements is that it would be more appropriate for Audit Scotland now to report directly to the Pensions and Trusts Committee on its findings in respect of pension funds.
- 2.3 The Pensions and Trusts Committee already has delegated legal responsibilities for the prudent and effective stewardship of the Local Government Pension Scheme funds for Lothian Pension Funds (the main Lothian Pension Fund as well as the Lothian Buses Pension Fund and the Scottish Homes Fund). It is considered appropriate, therefore, to fully align the remit of the Pensions and Trusts Committee with these responsibilities, concurrent with the change in audit reporting.

- 2.4 Standing Orders of the Council include the remit of Committees at Schedule 1. To effect the requisite enhancements to the governance of the Lothian Pension Funds, whilst retaining clarity and administrative simplicity, it is proposed that the remit of the Pensions and Trusts Committee be extended to encompass all matters relating to the Lothian Pensions Funds and Trust Funds which are currently undertaken by the Finance and Resources Committee and Audit Committees. In addition, it is proposed that the remit of the Pensions and Trusts Committee should also include, for Lothian Pension Funds and Trust Fund matters, the following:
- To approve responses to consultation papers issued by government and other authorities.
 - To approve the allocation of resources in the Revenue Budget and the Capital Investment Programme.
 - To monitor overall performance in the delivery of services and financial performance.
- 2.5 Pension policy matters relating to the City of Edinburgh Council in its employer role, rather than as administering authority of the Lothian Pension Funds, are unaffected by these proposals.
- 2.6 A revised illustrative remit for the Pensions and Trusts Committee is included in the appendix to this report. The only changes are the inclusion of the specific additional points detailed in para 2.4 above (shown as paras (7), (8) and (9) in the attached appendix) and the additional point (10) of the proposed Pensions and Trusts Committee remit: that is “To consider all matters in respect of the Lothian Pension Funds and Trust Funds pertinent to the remit of the Finance and Resources Committee and Audit Committee”.
- 2.7 Further changes to the Pensions and Trusts Committee’s remit might be required once the full implications of the Independent Public Sector Pensions Commission, led by Lord Hutton, are known and the outcome of the Pensions Pathfinder project’s work on governance arrangements. These will be reported on separately.

3 Financial Implications

- 3.1 None

4 Equalities Impact

- 4.1 There is no direct equalities impact arising from this report.

5 Environmental Impact

- 5.1 None.

6 Recommendations

6.1 It is recommended that the Council:

- (a) approves the revised remit of the Pensions and Trusts Committee as detailed in the appendix to this report.
- (b) refers the report to the Pensions and Trusts Committee.

David Jack
Acting Director of Corporate Services

Appendices	Proposed remit of Pensions & Trusts Committee and extracts from Standing Orders, Schedule 1
Contact/tel/Email	John Burns, Pensions & Accounting Manager; 0131 469 3711; john.burns@edinburgh.gov.uk Rhona Sinclair, Committee Services; ☎ 0131 529 4238; rhona.sinclair@edinburgh.gov.uk
Wards affected	All
Single Outcome Agreement	National Outcome 15 - Our public services are high quality, continually improving, efficient and responsive to local people's needs
Background Papers	Minutes of the Pensions and Trusts Committee 21 March and 28 June 2011

**Proposed Revised Remit of Pensions and Trusts Committee and
Relevant Schedule 1 Extracts**

**STANDING ORDERS
OF THE
CITY OF EDINBURGH COUNCIL**

SCHEDULE 1

COMMITTEE FUNCTIONS AND ILLUSTRATIVE REMITS

PENSIONS AND TRUSTS COMMITTEE

- (1) To determine the overall policy objectives of the Pension Fund in accordance with the best interests of Fund members and with relevant legislation.
- (2) To determine the strategy for the investment of Pension Fund monies including the variety and suitability of investments and to monitor investment performance.
- (3) To ensure appropriate investment management arrangements are in place for the Fund monies and to review investment manager performance.
- (4) To establish and maintain arrangements for the effective management and administration of the Pension Fund, including staffing and budgetary arrangements.
- (5) To undertake the functions of the Council as Governors and Administrators of Trinity Hospital and as Trustees of other Trust Funds vested in the Council, except where the Council has expressly made other arrangements.
- (6) To ensure proper arrangements are made for the financial administration and investment of educational and other trusts vested in the Council.
- (7) To approve the allocation of resources to the Investment and Pensions Division in the Revenue Budget and the Capital Investment Programme.
- (8) To approve responses to consultation papers issued by government and other authorities.
- (9) To monitor overall performance in the delivery of services and financial performance.

- (10) To consider all matters in respect of the Lothian Pension Funds and Trust Funds pertinent to the remit of the Finance and Resources Committee and Audit Committee, namely:
- (i) To determine policies for the management and regulation of the Investment and Pensions Division within the strategic policy framework approved by the Council or the Policy and Strategy Committee.
 - (ii) To approve strategies, programmes and projects and work with officers and partners to implement them.
 - (iii) To set standards for service delivery.
 - (iv) To secure best value in the provision of services.
 - (v) To take all executive decisions which are not reserved to the Council or delegated to another committee of the Council or officers.
 - (vi) To monitor performance in the delivery of services and financial performance.
 - (vii) To ensure systematic appraisal of the control environment and framework of internal controls in respect of the Investment and Pensions Division to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations.
 - (viii) To promote the development of an appropriate risk management strategy and risk management procedures.
 - (ix) To encourage an anti-fraud culture within the Investment and Pensions Division to ensure highest standards of probity and public accountability.
 - (x) To ensure sound financial procedures are in place for authorising and monitoring expenditure through standing orders and financial regulations.
 - (xi) To agree internal audit plans and to ensure internal audit work is properly planned with due regard to risk, materiality and coverage.
 - (xii) To oversee and review action taken on Internal Audit recommendations.
 - (xiii) To review all matters relating to external audit, including audit plan, action points and reports, and to monitor implementation of external audit recommendations.
 - (xiv) To promote, monitor and develop continuous improvement.