

REPORT OF THE LEADER OF THE COUNCIL**LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE REGULATIONS****Purpose of the Report**

1. To establish a Local Pension Board for Nottinghamshire in accordance with new Local Government Pension Scheme requirements.

Information and Advice

2. Nottinghamshire County Council is responsible for the administration of the Nottinghamshire Pension Fund, which is part of the Local Government Pension Scheme; it is the 'Scheme Manager'. Pension Fund functions are currently discharged through the Nottinghamshire Pension Fund Committee, the Pensions Investments Sub-Committee and the Pensions Sub-Committee.
3. Pension Fund arrangements have been the subject of reform in light of the provisions of the Public Service Pensions Act 2013 Act (the Act). In April 2015 the new governance structure for the Local Government Pension Scheme and other public service pension schemes comes into force. Local pension authorities such as the County Council are required to establish Local Pension Boards ('Boards') by 1 April 2015. The statutory guidance anticipates that Boards will be operational as soon as possible after 1 April.
4. Boards will be responsible for assisting scheme managers such as the County Council to secure compliance with pension legislation, and for ensuring the effective and efficient governance and administration of local pension schemes. They will be comparable to scrutiny committees, overseeing the work undertaken by the Council in its capacity as Scheme Manager. Boards will not make decisions that are the responsibility of scheme managers and it is not envisaged that there will be any changes to the core role of Pensions Committee and its Sub-Committees.
5. The County Council has flexibility to decide the procedures that apply to Boards, including voting rights, the establishment of sub-committees, and formation of joint committees and payment of expenses.
6. It is for the County Council to determine Board membership, how appointments are made and other administrative issues. However the Board must include an equal number of employer representatives (i.e. representatives of employers whose staff are eligible to become members of the Pension Fund) and member representatives (i.e. representatives of the

members of the Pension Fund). No Pensions Committee (or Sub-Committee) Member may sit on a Board and there must be a minimum of 4 Board members.

7. Detailed statutory guidance has been issued by Government to assist local authorities in deciding the size of the Board and methods of appointment and the guidance is available as a background paper to this report.
8. The Regulations also allow for the appointment of other, non-representative members, for example the Council could appoint an independent chairperson however it should be noted that these other members would not have any voting rights. Pensions Committee considered earlier draft regulations as they were in September 2014 and recommended that the Local Pensions Board should have a membership of 7 and that only employer representatives and scheme representatives be appointed but that this should be reviewed after 6 months of operation.
9. The prescribed requirements as set out in the final Regulations have however changed in a number of ways since that time and therefore the following proposals are made to ensure compliance with the Regulations whilst taking into account the earlier recommendation of Pensions Committee.
10. It is proposed that the Local Pensions Board for Nottinghamshire be established with a membership of 8 being 4 Employer and 4 scheme member Representatives. Based on statutory guidance it is recommended that to reflect the diversity of the employer organisations the following 4 employer representatives are appointed:
 - a) 1 County Council Representative
 - b) 1 City Council Representative (as nominated by the City Council)
 - c) 1 Large Employer Representative
 - d) 1 Small Employer Representative

It is also proposed that the 4 Scheme member representatives are appointed following a nomination and selection process from the following scheme members:

- a) Trades Unions
- b) Staff Groups
- c) Scheme Pensioners
- d) Other scheme members

A selection process may be required for the appointment of some of these representatives, dependent on the interest shown and it is suggested that a process similar to that adopted for lay member appointments to the Police and Crime Panel be followed.

11. It is proposed that the initial term of office for Board members is 4 years.
12. Proposed terms of reference for the Board are attached at Appendix 1. A specimen Code of Practice is also attached at Appendix 2 and it is proposed that the Monitoring Officer be authorised to finalise the Code of Practice and any other necessary constitutional documents required to bring the Board into effect in accordance with the requirements of the Regulations, as further work on these is required.

13. It is proposed for the Board to meet 2 times a year, the first meeting to be arranged as soon as practicable after appointment of the Board members. The Council's committee meeting procedure rules will apply to the Board. If further procedure rules are required by legislation the Monitoring Officer will be authorised to make such amendments as are required automatically.
14. All Board Members will be subject to the Council's Code of Conduct for Councillors and Co-Opted Members.
15. The expenses of Boards are to be regarded as part of the costs of administration of the Pension Fund. A budget for administrative support, training and professional advisory support will be required and paid for from the Fund. It is recommended that the sum of £25,000 is made available annually and drawn down as required from the Fund. Any further funding required will need appropriate authorisation.

Other Options Considered

16. The County Council is required to set up a Local Pension Board therefore the only other options would involve a different make up in terms of the proposed membership. Other options include a smaller Board with the minimum number of members (being 4) but this may cause difficulties in demonstrating appropriate representation of both employers and scheme members. It would also be possible to appoint an independent chair and additional non-voting members but as the Board is new it is suggested that this would not be advisable at this stage.

Reason/s for Recommendation/s

17. To ensure the County Council complies with the Regulations.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1. To approve the establishment of a Local Pensions Board for Nottinghamshire as set out in the report, including its membership and Terms of Reference as set out in Appendix 1.
2. To authorise the Monitoring Officer to finalise all documentation required e.g. the Code of Practice, Procedure Rules and any other documentation to ensure the Board is legally compliant and to make the necessary amendments to the Council's Constitution.
3. To bring a further report to Full Council to update members on the establishment of the Board as soon as practicable after its members have been appointed.

Councillor Alan Rhodes
Leader of the Council

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Constitutional Comments (HD – 13/3/2015)

19. Full Council is the appropriate body to consider the report and approve the recommendations set out.

Financial Comments (SRC – 11/03/2015)

20. The expected financial implications are set out in the report. Under governing regulations, the expenses of a local pension board are regarded as part of the costs of administration of the fund held by the administering authority.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The Local Government Pensions Scheme (Amendment) (Governance) Regulations 2014 are published
- Local Government Pension Scheme Guidance on the creation and operation of Local Pension Boards in England and Wales is published
- Nottinghamshire Pension Fund Committee reports dated 16 September 2014 as published

Electoral Division(s) and Member(s) Affected

- All