

**16 September 2014****Agenda Item: 6****REPORT OF THE CHIEF EXECUTIVE****LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE REGULATIONS****Purpose of the Report**

1. To update the Committee on a consultation response that has been submitted to the Department of Communities and Local Government, and to outline options for new governance arrangements for the Local Government Pension Scheme.

**Information and Advice**

2. As part of the Government's review of public sector pensions a consultation regarding governance arrangements was published in June 2014. The main proposals are for the establishment of two boards: -
  - a. Each administering authority to have local pension board to undertake an oversight role in respect of local pension committees, and
  - b. A national scheme advisory board
3. The consultation asked for views on a number of issues, most notably whether authorities should have the ability to set up joint local pension boards with other authorities, and whether a single committee could discharge the role of both local pension board and local pension committee. The Council's Section 151 Officer, in consultation with the Chairman and Vice Chairman of the Pension Fund Committee, submitted a response. A copy is attached at **Appendix A**.
4. It is expected that the draft regulations will be finalised in October 2014 and statutory guidance is also anticipated. Local authorities will have until April 2015 to put the necessary arrangements in place. A report will be taken to County Council as soon as possible after the regulations are published, but in the meantime the Committee's views are sought on options as set out in the report.
5. The Council currently has a Pension Fund Committee, this Pensions Investment Sub-Committee and a Pensions Sub-Committee. The terms of reference are attached at **Appendix B**. The Pensions Sub-Committee has a number of co-opted members; City Council Councillors, Councillors representing Nottinghamshire Local Authorities' Association, 2 Trades Unions representatives, 1 Scheduled Body representative and 2 Pensioner Representatives. Membership of the Pensions Investment Sub-Committee is the same with

the exception of the Pensioner Representatives. The Pension Fund Committee has a membership of County Councillors.

6. It is likely that the local pension board will require the following membership: -
  - a. An equal number of employer and member representatives, but no less than 4 in total (none of these members can be elected Councillors)
  - b. The total number of employer and member representatives must form the majority
7. This is best illustrated by an example. A pension board could have 2 scheme member representatives (for example an elected active member/pensioner representative and a trade union member), 2 employer representatives (for example a senior executive from a member authority and the head of HR from the administering authority), and 3 local authority members.
8. The role of the local pension board will be to assist the County Council as administering authority in securing compliance with the relevant legal requirements, and to ensure the effective and efficient governance and administration of the pension scheme. The representatives must have relevant experience and capacity to represent their stakeholders.
9. The local pension board will be a committee of Council rather than a sub-committee. Firm proposals regarding the size and composition of the board will be brought forward when the regulations are published. Committee Members' initial thoughts on the number of board members are invited however.
10. One option is to keep the current pension committee structure unchanged, and establish the local pension board as an additional body.
11. Another option is for the existing Pensions Sub-Committee to be disestablished and its responsibilities transferred to whichever is the most appropriate pensions committee under the new arrangements. The level of co-optee representation that the pension committee structure already has would be maintained by the establishment of the local pension board. The rationale for this option is that it would maintain the current number of pension-related committees rather than increasing the number of meetings, demands on officer time, and associated administration.
12. Committee Members' suggestions on any other options are invited.
13. Consideration will also need to be given to a number of other matters including the frequency of all pension committee meetings, training for committee members and officer support both for administering and advising meetings. These matters will be addressed in the report to County Council.
14. The Committee may also wish to take the opportunity to discuss the options for consultation with member bodies regarding proposed governance changes.

## **Other Options Considered**

15. The options are set out in the report.

## **Reason/s for Recommendation/s**

16. To comply with the provisions of new legislation in the most efficient and cost effective way.

## **Statutory and Policy Implications**

17. 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.

## **Financial Implications**

The costs of the local pension board are to be regarded as administration costs and charged to the pension fund.

## **RECOMMENDATION/S**

- 1) To note the consultation response submitted to the Department of Communities and Local Government on 8 September 2014 and
- 2) To note the options for revised pensions governance arrangements.

**Mick Burrows**  
**Chief Executive**

### **For any enquiries about this report please contact:**

Sue Bearman, Senior Solicitor  
0115 9773378, [susan.bearman@nottsccl.gov.uk](mailto:susan.bearman@nottsccl.gov.uk)

Nigel Stevenson, Group Manager, Chief Accountant, Financial Strategy & Compliance  
0115 9773033, [nigel.stevenson@nottsccl.gov.uk](mailto:nigel.stevenson@nottsccl.gov.uk)

## **Constitutional Comments**

18. As the report is for noting only constitutional comments are not required.

## **Financial Comments (SRC 05/09/2014)**

19. The costs of the local pension board are expected to be a legitimate charge to the Fund in accordance with governing regulations.

## **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 Pension Scheme \(Amendment\) Regulations 2014; draft regulations on scheme governance](#) (published)

## **Electoral Division(s) and Member(s) Affected**

- All