



10 November 2016

Agenda Item:5

**REPORT OF THE SERVICE DIRECTOR – HR AND CUSTOMER SERVICE
LOCAL GOVERNMENT PENSION SCHEME**

Update on The Local Government Pension Scheme Advisory Board

Purpose of the Report

1. The purpose of this report is to provide the Pensions Sub Committee with an update on the activities of the National Local Government Scheme Advisory Board.

Information and Advice

Background

2. The Local Government Scheme Advisory Board is a body set up under section 7 of the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations.
3. In 2013 the Board was set up in 'Shadow' or pilot form in order to test the format, terms of reference, membership and committees prior to the formalisation of these items in the LGPS Regulations. On 1st April 2015 the board was established as a statutory body, and the formal membership was confirmed early in 2016 with non-voting members and advisors added in the summer of the same year.
4. The purpose of the board is to be both reactive and proactive, and seeks to encourage best practice, increase transparency and co-ordinate technical and standards issues. It will consider items passed to it from the Department of Communities and Local Government ("DCLG"), the board's sub-committees and other stakeholders as well as items formulated within the board. Recommendations may be passed to the DCLG or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards.
5. The board will from time to time be asked by the local government minister to develop options for scheme developments for example in 2013 it was asked to assist with the process of reform which led to proposals on investment pooling.
6. As well as responding to requests from government the board can also develop options and recommendations of its own in order to improve the efficiency and effectiveness of

the scheme. This has included recommendations to clarify regulations and initiatives outside of the regulations such as investment cost transparency.

7. Finally the board can play a vital role in providing a route for ideas for development from the various stakeholders in the LGPS and a conduit for feedback from government to those ideas. In doing so it seeks to work closely with existing LGPS forums such as CIPFA Pensions Panel, the LGPS Technical Group and the Local Authority Pension Fund Forum.

Work of the Board

8. The board is currently working on a number of development areas :

- Investment Pooling
- Investment fees – Code of Transparency
- Cost management
- Academies and the impact on the LGPS

The board issue updates and I have attached the August update in Appendix 1 of this report.

The Scheme Advisory Board Website is: www.lgpsboard.org/

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

10. That the report is noted for information

MARJORIE TOWARD
SERVICE DIRECTOR – HR AND CUSTOMER SERVICE

For any enquiries about this report please contact:

Jonathan Clewes, Payroll and Pensions Manager on 0115 9773434 or
Jon.Clewes@nottsc.gov.uk

Constitutional Comments (GR 25.10.2016)

As the recommendations of this report are for noting, the contents of this report are within the remit of the board.

Financial Comments (KP 25.10.2016)

No Financial implications

Background Papers

Electoral Division(s) and Member(s) Affected

All

Appendix 1

Latest Board Update - August 2016

Update from the Chair of the Statutory Board

To: All members of Scheme Fund Committees and Boards

Dear Colleagues

The Local Government Pension Scheme Advisory Board (SAB) met on 1 August 2016.

The Board, as you may recall, is a statutory body established to advise the Minister who is responsible for the Scheme and to oversee and support the development of the administration and performance of the eighty-nine funds.

The Board considered and agreed its proposed terms of reference. These will now be sent to the Minister for approval. The Minister will also receive the Board's suggested budget (£384,375) and work plan for 2016/17. The budget will be submitted along with a suggestion that the Board's secretariat, through an additional post, provide support to the DCLG. The purpose of the post would be to ensure the Board's recommendations are given the degree of consideration and research necessary for the effective development of the Scheme.

The Board constituted the Cost Management, Benefit Design and Administration Committee and the Investment, Governance and Engagement Committee - agreeing their **membership** and terms of reference.

A report was considered by the Board on the issues of asset pooling in the Local Government Pension Scheme (LGPS). The Board agreed that the Chair write to the Minister expressing concern over the delay in approving submitted asset pool investment proposals and reinforcing the case for consistency and equality in assessment against the 4 criteria with a degree of pragmatism. It further agreed that the Chair write to the Secretary of State (copy to the Minister) requesting a meeting to discuss the Government's latest approach to infrastructure investment, particularly the issue of cost and/or risk sharing.

A Task Group (Chair, Vice-Chair and Board Secretary) was established by the Board to identify ways of better liaising with and being advised by the investment pools.

In that respect, the Board was pleased that the Chair would be meeting with the officer led Cross Pool Collaboration Group (CPCG) and encouraged closer ties with that group.

The Board also agreed that, following discussions with the CPCG, the Chair write to Chairs of Administering Authority Pension Committees proposing the formation of a Cross Pool Advisory Group at the political level consisting of representatives from each pool. This group would both advise the Board on pooling issues and potentially provide a forum to liaise with members of the Government at the political level.

The Board noted and approved the continuing actions being taken to support LGPS funds to produce transparent and consistent investment fee information that accords with a revised CIPFA accounting standard. A draft template had been produced and was available on the Board's web site.

The Board considered details of the bids received to undertake work on the impact of academy status for all schools. It agreed that the Chair and Vice-Chair be delegated authority to determine the award of a contract. .

Yours sincerely

Cllr Roger Phillips Chairman of LGPS Advisory Board

