

PENSION FUND COMMITTEE – 13 MARCH 2015

LOCAL GOVERNMENT PENSION SCHEME – LOCAL PENSION BOARD

Report by Chief Finance Officer

Introduction

1. As previously discussed by this Committee, one of the recommendations of Lord Hutton's independent Public Service Pension Commission was that every public sector pension scheme should have a properly constituted, trained and competent pension board, with member nominees. Such Boards should be responsible for meeting good standards of governance, including effective and efficient administration.
2. This was enshrined into legislation by the Public Service Pension Scheme Act 2013 ('the Act'). In order to comply with the Act, Pension Scheme Regulations are to be amended to include the establishment of Pension Boards by 1st April 2015.
3. For the Local Government Pension Scheme, the framework for the Board is set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.
4. These arrangements include the requirement for the Scheme Manager to establish a local Pension Board to assist it to:
 - Secure compliance with the Local Government Pension Scheme Regulations, and any other legislation relating to the governance and administration of the scheme and any connected scheme
 - To ensure the effective and efficient governance and administration of this and any connected scheme.

Oxfordshire LGPS Local Pension Board

5. Annex 1 contains a draft constitution for the Oxfordshire LGPS Local Pension Board. This is based on the discussion at the last meeting of this Committee and subsequent conversations with the Chairman of the Committee.
6. The key features within the draft Constitution which Members should consider before making any final determination on the Constitution are as follows:
 - Membership (paragraphs 9-11) – membership has been proposed as 3 representatives each of scheme employers and scheme members, plus an independent member who will not have any voting rights.

- In light of the knowledge and understanding requirements on Board members, no substitute members will be allowed (paragraphs 14 and 18).
- Appointment of Scheme Member representatives (paragraph 15) – all scheme members can be nominated or can self-nominate. A selection Panel to consist of the Committee Chairman and Deputy Chairman, plus one other committee member, alongside 2 representatives of the main trade unions will then interview candidates to ensure they have the capacity to undertake the role, and make appointments to ensure an appropriate level of knowledge and understanding across the candidates, and that the selected candidates provide a balanced representation of scheme members as a whole.
- Appointment of Scheme Employer representatives (paragraph 19) – elected members, office holders and senior employees can be nominated or self-nominated, with no restriction on the number of nominations from a single employer. A selection Panel comprising the Chairman and Deputy Chairman of the Committee plus one other Committee Member will then interview all candidates to ensure they have the capacity to undertake the role, and make appointments to ensure an appropriate level of knowledge and understanding across the candidates, and that the selected candidates provide a balanced representation of scheme employers as a whole. The decision will also be informed by any advice offered by the Employers Forum.
- The committee will appoint an independent chairman for the Board, subject to the selected candidate being endorsed by the majority of scheme employer and scheme member representatives. (paragraph 21).
- Terms of Office (paragraphs 24-26) – the standard term of office will be 4 years, with the opportunity for the Committee, with the agreement of the Board to grant an extension for further terms of office. The Committee can also grant an additional 2 year extension to the term of office for any of the initial Board members, to ensure that there is some continuity of membership and all knowledge and understanding is not lost at the same time.
- Meetings (paragraphs 33 – 37) – the Board shall meet a minimum of 4 times a year, with additional meetings as required, with a quorum of one scheme employer, one scheme member representative and the independent chairman.
- Expenses and allowances (paragraphs 52 and 53) – Board Members will be paid expenses by the Administering Authority,, only to cover travel, subsistence and any carers expenses at rates in line with the County Council’s Member’s Allowance Scheme. The only exception will be the independent Chairman who will be paid an allowance to undertake their duties, in line with the special responsibility allowance paid to co-opted members under the Council’s Members Allowances Scheme. The chairman will also be entitled to claim expenses when they

attend the Pension Committee to provide reports on the work of the Board.

RECOMMENDATION

7. **The Pension Fund Committee is RECOMMENDED to:**
- (a) discuss the draft constitution as presented as Annex 1 to this report and in particular the points highlighted in paragraph 6 above, and**
 - (b) agree the Constitution of the Oxfordshire LGPS Local Pension Board as presented in Annex 1, with any changes identified under (a) above.**

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Background papers: Nil

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