

AUDIT AND GOVERNANCE COMMITTEE – 20 SEPTEMBER 2023

CHANGES TO CONSTITUTION OF PENSION FUND COMMITTEE

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to endorse the proposed changes to its Constitution agreed by the Pension Fund Committee as set out below and RECOMMEND them to Council.**
 - (a) The addition of two voting members, appointed by the County Council in accordance with the rules of political proportionality.**
 - (b) The deletion of the two non-voting positions representing the Academy sector.**

Introduction

2. The current Constitution of the Pension Fund Committee was agreed by Council at its meeting on 23 March 2021. The changes followed an independent review of the governance arrangements of the Pension Fund undertaken by Hymans Robertson.
3. The main changes agreed were a reduction in voting members to 5. All voting members were to be appointed by the County Council, reflecting the fact that the Council as the Administering Authority of the Oxfordshire Pension Fund, bore the ultimate responsibility for the management of the Fund and the associated financial risk. A further 5 non-voting members were added to the Constitution to enable better representation of the various scheme employers within the Pension Fund, as well as a scheme member representative.
4. At its meeting on 8 September 2023, the Pension Fund Committee reviewed the effectiveness of the changes over the first two years of the new look Committee. A copy of the full report considered by the Pension Fund Committee is attached as Annex 1.

Key points from the discussion at the Pension Fund Committee

5. The Committee highlighted two major concerns in respect of the current constitution, both in respect of the reduced number of voting members. The first of these as outlined in the report was the risk of the loss of skills and knowledge following the next County Council elections. Under the Committee's constitution, all members have to complete an induction training programme, and then a minimum of 2 additional days training each year. All members

complete a knowledge assessment exercise each year to ensure they have the necessary skills and knowledge to serve on the Committee. Given the age profile of the current Committee membership and the vagaries of the political system, the Committee expressed significant concerns about the loss of skills and knowledge in 2025.

6. The second concern related to the current size of the Committee and the risk of the Committee becoming inquorate.
7. The Committee accepted that there were no obvious changes they could propose that would mitigate against the risks associated with the vagaries of the political system. They did though feel that on balance, the introduction of a further two voting members would increase the level of skills and knowledge within those members elected to serve following the 2025 elections. It was also clear that two additional members would reduce the risk of future Committee meetings being inquorate.
8. The Committee then considered the impact of the addition of two new voting members on the overall effectiveness of the Committee and expressed concern that the increased size made the Committee more unwieldy.
9. The Committee report also included the feedback from the effectiveness survey completed by Members following the June Committee meeting. This had highlighted concerns about the level of contribution from the 2 new academy representatives to the work of the Committee. It was noted that there had been minimal contribution from the two representatives over the course of the two years they had sat on the Committee – neither was present for the discussion at the September meeting.
10. The contribution from the two academy representatives was in stark contrast to the representatives from Oxford Brookes University and the City/District Councils who regularly contributed on a variety of items, and the scheme member representative who had made several contributions reflecting the interests of scheme members.
11. The Committee accepted that the changes to the Constitution had been designed to increase representation but felt that the lack of contribution meant that this objective had not been achieved. It was though considered that the requirements of the Academy sector in respect of the management of the Fund did not differ significantly from those of other scheme employers.
12. The Committee was also made aware of the two current vacancies on the Local Pension Board for scheme employer representatives. It was suggested that this provided a better forum to gain the views from the Academy sector and they should be encouraged to put forward at least one representative to serve on the Pension Board.
13. Following the discussion, the Committee determined that the balance of risk to the effective governance of the Pension Fund was best served by increasing the number of voting members appointed by the County Council by two,

retaining the overall number of members of the Committee at ten by removing the two academy sector representatives and encouraging the Academy sector to put forward representatives to serve on the Local Pension Board.

Financial Implications

14. There are no financial implications arising from the matters set out above.

These comments have been checked by:

Lorna Baxter, Director of Finance, lorna.baxter@oxfordshire.gov.uk

Legal Implications

15. There are no legal implications arising directly from the proposed changes as set out above. The implementation of the proposed changes if agreed will need to be in accordance with the requirements for political balance as set out in the Local Government and Housing Act 1989.

These comments have been checked by:

Anita Bradley, Monitoring Officer, anita.bradley@oxfordshire.gov.uk

LORNA BAXTER
Director of Finance

Contact Officer: Sean Collins, Service Manager (Pensions)
sean.collins@oxfordshire.gov.uk

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