

Divisions: N/A

COUNCIL – 23 MARCH 2021

CHANGES TO THE CONSTITUTION OF THE PENSION FUND COMMITTEE

Report of the Director of Finance

RECOMMENDATION

Council is RECOMMENDED to agree the changes to the constitution of the Pension Fund Committee as follows:

- **5 County Council Representatives selected in accordance with the political balance of the Council. These would form the only voting members of the new Committee**
- **2 Academy School Representatives – non-voting**
- **1 Oxford Brookes University Representative – non-voting**
- **1 District Council Representative – non-voting**
- **1 Scheme Member Representative – non-voting.**

Executive Summary

2. As part of an Independent Governance Review of the Pension Fund, Hymans Robertson recommended changes to the constitution of the Pension Fund Committee. The main driver for the recommended changes were to improve the representation of Scheme Employers on the Fund, whilst maintaining the majority position of the County Council as the Administering Authority. This is consistent with best practice guidance from the LGPS Scheme Advisory Board. The changes also result in a reduction of 2 in the total membership which should facilitate ensuring all Committee members have the requisite skills and knowledge to undertake their responsibilities on the Committee and improve the effectiveness of the Committee. The Pension Fund Committee at its meeting supported the proposals and recommended that these should be in place before the formation of the new Pension Fund committee following the May elections.

Introduction

3. At its meeting on 5 March 2021, the Pension Fund Committee received a report from Hymans Robertson, advisors to a number of Local Government Pension Funds in England, Wales and Scotland, and authors of the Good Governance Report as presented to the national Scheme Advisory Board. The Committee had asked for the independent governance review to be undertaken in preparation of the outcomes from the Good Governance Report, the recommendations of which are currently with the relevant Minister for decision.

4. The report from Hymans Robertson was largely positive about the current governance arrangements in place for the Oxfordshire Pension Fund but identified 10 recommendations for further improvements. The Pension Fund Committee accepted the recommendations and asked Officers to bring a report on how to take 9 of these recommendations forward to the next meeting of the Committee.
5. There was one recommendation which the Pension Fund Committee felt was more urgent, in that it recommended changes to the Constitution of the Committee itself. It was the view of the Committee that they should determine their advice on this recommendation at their meeting and recommend Council accordingly, to enable the changes to be made in advance of the upcoming Annual Meeting in May 2021. This would enable the new Committee to be established consistent with its new constitution, rather than having to disband itself at its first meeting.

Proposed Changes to the Committee Constitution

6. Officers from Hymans Robertson were present at the Committee meeting to present their findings. One of the key issues highlighted in their report, was the best practice guidance from the Scheme Advisory Board which expected scheme employer and member representation on the Pension Fund Committee. Under the current Constitution, the Committee comprises 9 voting County Council representatives, 2 voting District Council representatives and 1 non-voting scheme member representative.
7. The scheme member representative has traditionally been non-voting to enable a County Council employee to take on the role. This reflects the fact that the County Council has the largest number of active scheme members within the Fund, and that an employee of the Council can not sit in a voting capacity on any Committee of the County Council.
8. The Hymans Robertson report highlighted that over recent years, the Fund has seen considerable change in its membership, most notably driven by the growth in Academy Schools. This has had the impact of significantly reducing the proportion of total Fund members working for the County Council to around 40%, as well as introducing a new group of scheme employers within the Fund, whose employees now make up around 30% of the active membership of the Fund. Despite this change, the Academy Schools have no representation on the current Pension Fund Committee.
9. The second largest single scheme employer within the Fund is Oxford Brookes University who employ around 10% of the active scheme membership. They too have no representation on the Committee. The District Council's who with their partner outsourced bodies also employ around 10% of the active scheme membership currently have 2 voting representatives.
10. As well as looking at the issue of representation, the Committee also considered issues associated with the legal framework in which the Committee is constituted and the growing training requirement for scheme members.

11. As a formal Committee of the County Council, the membership of the Committee must reflect the political make up of the Council. It is also the case that the majority party on the Council must form a majority of all voting members on the Committee. Extending the membership of the Committee to add further voting members to represent the wider scheme employer base, would therefore also require an increase in the number of County Council representatives.
12. The Committee also noted the growing complexity of their work, resulting from numerous changes to the scheme Regulations, the growth in scheme employers, and the increased role of the Pension Regulator. There are increasing calls for all members of the Committee to have the required skills and knowledge to undertake these increasingly complex responsibilities, in line with the requirements on members of the Local Pension Board. It was noted that a number of the current members of the Committee find it difficult to commit sufficient time to acquire and keep up to date the skills and knowledge required to effectively serve on this Committee.
13. The proposal from Hymans Robertson taking these points into consideration was a new Committee comprising:
 - 5 County Council Representatives selected in accordance with the political balance of the Council. These would form the only voting members of the new Committee
 - 2 Academy School Representatives – non-voting
 - 1 Oxford Brookes University Representative – non-voting
 - 1 District Council Representative – non-voting
 - 1 Scheme Member Representative – non-voting
14. The Committee noted that the vast majority of their business was determined through consensus, with matters rarely going to a vote, so the non-voting status of the scheme employer and member representatives should not in any way diminish their role on the Committee. Both voting and non-voting members of the Committee would need to commit to acquiring and maintaining the skills and knowledge required to undertake the responsibilities associated with the work of the Committee. All members would have the same access to papers, briefings and advice from the Committee's Officers and Advisers.
15. It was also noted that as the Administering Authority, the ultimately legal responsibility for the administration of the Fund fell to the County Council, and this further supported the proposal that only the County Council representatives would have voting rights, to enable the position of the Administering Authority to be protected.
16. The Committee have fully discussed the issues, endorsed the proposal as set out above and determined to recommend it to the County Council.

FINANCIAL IMPLICATIONS

17. There are no direct financial implications arising from this report

LEGAL IMPLICATIONS

18. There are no specific legal implications arising from this report. It is within the Council's remit to agree the Constitution of the Pension Fund Committee.

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