

# Governance and Standards Sub-Committee

## Actions and Agreements 15<sup>th</sup> September 2014, Local Government House

### Item

#### 1. **Present**

##### **Members**

Colin Meech, UNISON (Member representative)  
Robert Lynch, Unite (Member representative)  
Phil McEvoy, GMB (Member representative)  
Emelda Conroy, UCEA (Employer representative)  
David Anthony, (Practitioner representative)  
Bob Summers, CIPFA (Chair)  
Nigel Keogh, CIPFA (*substituting for Geoff Dobson*)  
Robert Plumb, The Pensions Regulator

##### **Observers**

Bob Holloway, DCLG  
Neil Bhan, APL  
Kirsty Bartlett, APL  
Karen McWilliam, Aon Hewitt  
Pete Riedel, Hymans Robertson (*substituting for Barry Mack*)  
Annemarie Allen, Barnett Waddingham  
Nigel Thomas, Mercer

##### **Secretariat**

Jeff Houston, LGA  
Mary Lambe, LGA  
Con Hargrave, LGA

##### **Apologies**

Cllr Doug McMurdo, LGA (Employer representative)  
Geoff Reader, (Practitioner representative)  
Nick Buckland, ALATS (Treasurer representative)  
Paul Finbow, ALATS (Treasurer representative)  
Geoff Dobson, CIPFA  
Barry Mack, Hymans Robertson

#### 2. **Actions & Agreements from 20<sup>th</sup> August 2014**

- Mary Lambe (ML) confirmed that an email was issued to the LGPS practitioner community with respect of the forthcoming consultation on draft local pension board (LPB) guidance on 28<sup>th</sup> August.

# Governance and Standards Sub-Committee

Identified that a subsequent email will also be required to clarify current position (see action below).

- **Action** - Colin Meech (CM) to share the UNISON response to the governance consultation with the sub-committee.
- Neil Bhan (NB) provided the sub-committee with an outline of his views of the impacts of the EU IORP Directive and local government legislation on the local pension board regulations.
- **Action** - Secretariat to contact LPFA to check they are content to share their conflicts policy with the sub-committee for information, as discussed on August 20th.
- DCLG confirmed that the requirement for knowledge and understanding of LPBs is an individual requirement rather than a collective requirement.
- Actions & agreements from 20<sup>th</sup> August agreed by sub-committee.

## 3. Update on draft Governance Regulations (DCLG)

- Bob Holloway (BH) provided an update in respect of the expected forthcoming consultation on part 3 of the LGPS 2013 Regulations which will include updated draft governance and draft cost control regulations. It was also confirmed that DCLG received over 100 responses to the consultation on draft governance regulations undertaken earlier this Summer.
- The consultation document is currently with the Minister for his consideration and the consultation period is currently planned to be of six weeks in length.
- The sub-committee raised its concerns as to the possible time pressures on administering authorities in the establishment of LPBs given the delays to the governance regulations.
- Jeff Houston (JH) confirmed that, following the earlier meeting of the Shadow Scheme Advisory Board (SSAB), the SSAB plan to write a letter to the Minister setting out its concerns regarding the delays to the consultation on draft governance regulations.
- BH also confirmed that the forthcoming consultation on draft regulations was a further opportunity to address some of the matters raised in the covering document of the earlier consultation, such as on joint LPBs.
- Robert Plumb (RP) of the Pensions Regulator (tPR) confirmed that it is still the plan that their code of practice be laid before Parliament at the end of November. RP confirmed that aside from some minor matters the draft LPB guidance was broadly consistent with their views and Secretariat to work with tPR to ensure that the most up to date information is being referred to in guidance.

## 4. Creation and operation of Local Pension Board (LPB) Guidance

# Governance and Standards Sub-Committee

## Process

- ML confirmed that following a review of the guidance by the Governance Working Group (GWG) that the Secretariat met with Eversheds and DCLG to discuss the draft guidance in early September.
- BH confirmed that the draft guidance is a very good starting point and that DCLG's preference is for the consultation process to be undertaken by the SSAB.
- Depending on the content of the final guidance and on available timescales, governance guidance would then either be issued as SSAB guidance, as delegated by DCLG, or as full statutory guidance from the Department.
- JH confirmed that the SSAB agreed in its earlier meeting that, where possible, draft guidance should be issued for consultation at the same time as the forthcoming consultation on updated draft governance regulations commences.
- **Agreed** - SSAB LPB guidance consultation period to run at same time, and for same period, as DCLG's forthcoming consultation on draft governance regulations.
- **Action** - Secretariat to agree wording with DCLG for inclusion in the guidance consultation document.
- ML set out the Secretariat's aim to ensure as relevant a consultation distribution list as possible, in particular to reach local authority monitoring officers. **Action** - Karen McWilliam (KMc) to provide contact for Lawyers in Local Government.
- **Action** - Secretariat to send email to fund practitioners as soon as possible to update all on the expected timescales for the commencement of the consultation on draft LPB guidance.

## Content

- ML outlined the discussions that have been held within the GWG and in particular that it was felt that a Q&A document would be a useful addition to the guidance to:
  - a. Tackle matters that would not otherwise fit within the guidance structure
  - b. Address misconceptions as to the role, establishment and purpose of LPBs.
- **Action** - SSAB consultation document to request suggestions for topics to be covered in the Board Q&A document.
- Phil McEvoy (PMc) and CM set out concerns that there is no reference within the current draft LPB guidance to paid time off for member representatives. ML confirmed that this had been discussed, but it was felt that the LPB guidance wouldn't be the right vehicle as it is aimed at administering authorities not employers and the right to paid time off would sit with individual employers (rather than the administering authority). **Agreed** - LPB guidance and Q&A document

# Governance and Standards Sub-Committee

to make reference to paid time off and one option to be listed as a consideration would be that it would be reasonable for administering authorities to charge any employer costs in respect of paid time off back to the fund as a LPB expense.

- It was confirmed by DCLG that they are still awaiting clarification from HM Treasury as to the formal legal entities LPBs will constitute once created. However, DCLG have received legal advice that Freedom of Information (FOI) requirements would apply to LPBs in the same way as it would to any other body part of a local authority given that LPBs are a body constituted by a local authority. **Agreed** - Secretariat to agree form of wording with DCLG for inclusion in the LPB guidance to clarify application of FOI to LPBs.
- **Action** - It was agreed that reference within para 5.1 of the draft LPB guidance that a LPB should be operational 'as soon as reasonably practical after 1 April 2015' should be strengthened to ensure that all local pension boards have met at least once by a specified date. It was also **agreed** that both the LPB guidance and the Q&A document should make suggestions as to timescales in setting up the Board, frequency of meetings, etc to ensure that there is consistency and good practice in the operations of LPBs across the Scheme.
- **Action** - Chair asked that the Secretariat ensure that the matters covered in the UNISON proposed model constitution (which was shared with the sub-committee via email) are also addressed within the draft LPB guidance.
- **Agreed** - Comments on content of draft guidance and on topics for inclusion in Q&A document to be feedback to the Secretariat by the end of Monday 22<sup>nd</sup> September.

## 5. Separation of scheme manager function from lead authority

- Some concerns were raised that this was a potentially extensive piece of work and that this may be best deferred until a later date when the Board has statutory funding in place.
- **Agreed** - An initial piece of work be undertaken within a working group to determine 5 or 6 possible options for reform to be presented to sub-committee at November meeting. Sub-committee to then make recommendations to Board for consideration at their 8<sup>th</sup> December meeting. **Action** - Chair asked for volunteers to join working group to notify sub-committee.
- **Action** - Secretariat to attempt to locate a paper previously prepared by Terry Edwards on this topic and distribute to sub-committee.

## 6. AOB

No other matters were raised.

# Governance and Standards Sub-Committee

## **Dates of next meeting**

- Next meeting to take place at 11am on **Wednesday 26<sup>th</sup> November 2014.**
- Location: Rooms A & B, Layden House, London, EC1M 5LG.