

Governance and Standards Sub-Committee

Actions and Agreements 16th February 2015, Local Government House

Item

1. **Present**

Members

Colin Meech, UNISON (Member representative)
Robert Lynch, Unite (Member representative)
Vaughan West, GMB (Member representative) (*substituting for Phil McEvoy*)
Emelda Conroy, UCEA (Employer representative)
Cllr Doug McMurdo, LGA (Employer representative)
Geoff Reader, (Practitioner representative)
David Anthony, (Practitioner representative)
Bob Summers, CIPFA (Chair)
Geoff Dobson, CIPFA
Paul Finbow, ALATS (Treasurer representative)
Nick Buckland, ALATS (Treasurer representative)

Observers

Bob Holloway, DCLG [*part meeting*]
Barry Mack, Hymans Robertson
Annemarie Allen, Barnett Waddingham
Daniel Kanaris, AON Hewitt (*substituting for Karen McWilliam*)
Kirsty Bartlett, APL

Secretariat

Mary Lambe, LGA
Con Hargrave, LGA
Liam Robson, LGA

Apologies

Phil McEvoy, GMB (Member representative)
Robert Plumb, The Pensions Regulator
Karen McWilliam, Aon Hewitt
Nigel Thomas, Mercer
Neil Bhan, APL

2. **Actions & Agreements from meeting of 26th November 2014**

There were no comments on the actions and agreements of the previous meeting.

Following the Shadow Scheme Advisory Board meeting of 6th February, Bob Summers (BS) provided a brief outline of the plans for the operation of

Governance and Standards Sub-Committee

the SSAB beyond 1st April 2015 when the available LGA support will become more limited prior to the establishment of the statutory advisory board and the development of the statutory board's access to its own funding streams.

3. **Review of recent activity**

Mary Lambe (ML) provided an overview of the accompanying paper, detailing the progress made in respect of a number of matters since the previous meeting at the end of November.

- a. Laid Governance Regulations**
- b. Issuing of the SSAB Guidance on Local Pension Boards (including consultation response document)**
- c. Issuing of the template terms of reference**

Barry Mack (BM) noted that the amendment to the local pension board guidance stating that the appointment of an independent chair should be subject to the passing of a motion confirming this by the member/ employer representatives on the local pension board could frustrate administering authorities seeking to legitimately appoint their preferred choice of chair and potentially lead to an impasse if the guidance is followed and the preferred chair is not voted in.

ML noted that this was included in the guidance following previous feedback received that, without such a motion, a minority of cases could arise where the members of the local pension board did not agree with the independent chair appointed by the administering authority possibly causing difficulties in the working relationship between the members of that local pension board and the chair.

Colin Meech (CM) stated that in his view some of the practices being adopted by administering authorities in establishing their local pension boards were not in accordance with the SSAB guidance or with the governance regulations recently laid before parliament.

Bob Holloway (BH) stated that in DCLG's view the practice of an administering authority appointing an officer from another administering authority as the independent chair of their local pension board would not be outside the law and would not be contrary to the contents of the guidance. Both guidance and regulations state this would only be inadmissible where the officer is an independent chair/ local pension board member of the same administering authority in which they have their role.

BS noted that the role of the sub-committee was not to police practices adopted by administering authorities in establishing local pension boards,

Governance and Standards Sub-Committee

but was instead to provide guidance to aid administering authorities in complying with the law.

- d. **TPR code of practice number 14**
- e. **TPR published draft compliance and enforcement policy for public service pension schemes**
- f. **TPR educational material and website**

ML confirmed the recent publication the Pensions Regulator's (TPR's) draft compliance and enforcement policy for public service pension schemes, and outlined that this was currently under review by the Secretariat to see if there would be any areas upon which the sub-committee would wish to make comment prior to the closing date for comments of 5th March.

Agreed - Secretariat to outline any areas upon which the sub-committee may wish to make comment on the draft compliance and enforcement strategy of TPR via email, in order that a collective view may be submitted to TPR prior to 5th March if agreed necessary.

4. Outstanding work of the sub-committee

a) Q&A document

Feedback was received that the current structure had some duplication with the local pension board guidance and that it wasn't clear whether the Q&As were intended to provide new information not contained in the guidance or to provide a different means via which administering authorities could access information already contained in the guidance.

Agreed - Prior to the issue of the Q&A, the Secretariat to amend the Q&As so that, where the answer to a question is already contained in the local pension board guidance, the document just points readers to its location within the guidance. The information within the Q&A document itself will focus on those areas where the answers may not be found within guidance.

Action - To aid the development of this document as a living tool, sub-committee members to provide to the Secretariat additional ideas for questions and answers which may be valuably included in the Q&As as and when these arise. This may be an area in which professional advisers may have increased exposure to ideas for inclusion in the document.

b) Information about local pension boards (once established)

ML outlined the plans for the development of a section on the SSAB website www.lgpsboard.org on local pension boards in order that this may operate as a central resource for use by administering authorities. This would be a

Governance and Standards Sub-Committee

home for the local pension board guidance as well as a location for a list of links to each administering authority's webpage containing information on their Board.

Agreed - Feedback on how this could operate and how this page could be of most value to administering authorities to be feedback to the Secretariat.

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

The advisers in attendance declared a conflict of interest in respect of the discussions held under this item due to commercial considerations.

ML confirmed the SSAB's plans for taking the separations work forward following their recent meeting on 6th February. The SSAB agreed that the five options be narrowed down to three options for further research by the working group:

- 1) Stronger role for Section 151 Officer and distinct entity within host authority (options 1 and 2 of previous five options),
- 2) Joint committee with reference to how this would need to be developed in order to give sufficient separation that this be a dedicated authority (options 3 and 4 of previous options), and
- 3) Dedicated public body (not local authority, option 5 of previous options).

Following the SSAB meeting, the Secretariat will work with the separations working group to scope the work need in respect of each of these options and feedback to the SSAB at its 12th May meeting

6. **AOB**

- It was noted that the BBC were making an edition of the Radio 4 show File on Four to be broadcast in March which would include some degree of coverage of the LGPS (although specifics not known). Sub-committees members may find that they are approached with respect of this.

- An update was provided by BS on the budget for the statutory advisory board when this becomes established. BS confirmed that the advisory board will be funded by a statutory levy payable by each administering authority and that a range of options for the budget had been presented to the Minister for his consideration. At the last meeting of the SSAB on 6th February it was agreed that a letter be sent to all funds by the Secretariat outlining the range of figures that may be payable depending on the budget level agreed by the Minister.

- In respect of the above, it was noted by the practitioners in attendance that

Governance and Standards Sub-Committee

the late notification of the Scheme Advisory Board's (SAB's) levy for 2015/16 will cause budgeting issues as most funds will have already commenced budgeting for 2015/16 and had still not received notification of the need to pay a levy to fund SAB activities.

- Nick Buckland (NB) queried how TPR was to be funded for its public service pension scheme role from April 2015 onwards. **Action** - Secretariat to confirm this with TPR and report back to the sub-committee.

Post- meeting update - Robert Plumb (RP) from the Pensions Regulator has confirmed that TPR is funded by a 'general levy' which for public service pension schemes they are credited with from central government funds and not from scheme managers (e.g. administering authorities).

Date of next meeting

To be confirmed.