

Mr R Ellis
LGPS Governance Regulations 2014
Department for Communities and Local Government
Workforce Pay & Pensions
2nd Floor
South East Quarter
Fry Building
2 Marsham Street
LONDON SW1P 4DF

XX November 2014

Dear Robert

SHADOW SCHEME ADVISORY BOARD ('THE BOARD') – Response to consultation '*Better Governance and Improved Accountability in the Local Government Pension Scheme*'

I write in response to the DCLG consultation *Better Governance and Improved Accountability in the Local Government Pension Scheme* which commenced on 10th October 2014.

Following recent Shadow Advisory Board discussions, we would like to draw attention to two considerations in respect of the new governance arrangements:

- In respect of local pension boards (LPBs), the regulations, as drafted, allow for the theoretic possibility that an administering authority could appoint a total number of 'other' members to their LPB which exceed the total number of member and employer representatives that sit on the LPB. We feel that such a possibility would not be in the spirit of the Public Service Pensions Act 2013 and that any administering authority which did choose to appoint a higher number of 'other' members would not be demonstrating a reasonable approach to representation on their local board.

The Board note that the previous consultation on draft governance regulations which commenced on 23rd June 2014 contained draft regulation 107(3) which stated "The number of members appointed under paragraph (2) must exceed the number of members otherwise appointed to a local pension board". To address this issue, the Board propose that an appropriate place is found for this paragraph to be re-inserted into the regulations.

- In respect of the Scheme Advisory Board (SAB), the Board are mindful that there are a number of practical considerations which remain outstanding in respect of the establishment of the SAB. Whilst these won't necessarily be matters that would be addressed in regulations, these practical issues are critical, in particular in respect of funding, as administering authorities will now be budgeting for the 2015/16 financial year when the SAB 'levy' will first become payable. I understand that the Board Secretariat have commenced

discussions with the Department in order to take these matters forward and we hope to receive early clarification of these issues as we seek a smooth transition from the Shadow Scheme Advisory Board to the statutory Scheme Advisory Board in early 2015.

I note also that DCLG are still to comment formally on many of the connected policy issues raised in the June 2014 consultation and the Board look forward to hearing the Department's thoughts in respect of these matters in due course.

Finally, you will be aware that the Board recently commenced its own consultation on draft governance guidance and we look forward to working with the Department in the coming weeks and months as we seek to finalise a piece of guidance which will be of most assistance to administering authorities as they look to establish effective and efficient local pension boards.

Yours sincerely

Jeff Houston
Secretary to the Shadow Scheme Advisory Board