

Governance and Standards

Sub-Committee

Item 5 - Separation of scheme manager function from lead authority

Update

1. Workplan 2014/15

The Governance and Standards sub-committee have been asked to consider the level of separation between the scheme manager function from that of the lead authority, the desirability of increasing the separation, and to make recommendations to the Board on ways in which greater separation could be achieved.

2. Actions from last Governance and Standards Meeting (15 September 2014)

At the last meeting of the Governance and Standards sub-committee it was agreed that:

- A working group is created and that volunteers are sought to play an active role in the work of this group
- That working group should undertake a piece of work to determine 5 or 6 possible options for reform to be presented to the sub-committee for consideration
- The working group to report back to the sub-committee for consideration and then agreed recommendations to be sent up to the SSAB as requested.

3. Creation of a working group

Volunteers were sought to take part in a working group. The group now consists of:

- Colin Meech - UNISON
- Nicola Mark - Norfolk Pension Fund
- Nigel Keogh - CIPFA
- Kevin McDonald/ Sara Maxey - Essex Pension Fund
- Jeff Houston - LGA

4. Possible options for reform

The following 5 potential options for reform have been identified including:

- a. Stronger role for Section 151 Officer
- b. Distinct entity within host authority
- c. Joint Committee
- d. Dedicated Authority
- e. Dedicated Public Body (not local authority)

5. Work of the group to date

The 'Separation Working Group' have been tasked with delivering a paper to the sub-committee to agree (which will then be issued to the Shadow Scheme

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Advisory Board). The paper will contain recommendations on ways in which greater separation could be achieved in line with the 5 options outlined above.

The group are each working on the 5 topics noted above. They are considering each of the 5 options against a set of 10 criteria including:

- i. Stronger ring-fencing of fund
- ii. Minimising conflict of interest
- iii. Dedicated resources
- iv. Legislative ease (in respect of implementation)
- v. Implementation costs
- vi. Ongoing costs
- vii. Political accountability
- viii. Unqualified compliance with IORP
- ix. Dedicated budget
- x. Financial transparency

In providing details for each option it would be beneficial if a summary of the option was included alongside a brief description of how it meets each of these objectives. In measuring against these objectives it would be useful if a score could be added (out of 10) where a higher mark is given where that option would most closely achieve that objective. Scoring system as follows:

- 0-4 - worse than existing position
- 5 - no change from existing position
- 6-10 - better than existing position

6. What's next?

Group members to provide Secretariat with a copy of their short paper relating to their option by close of play on Wednesday 26th November that will allow the secretariat to pull together all information into a set of papers for our first meeting.

First meeting of the working group to take place on Monday 8th December at 2pm in Rooms A & B Layden House. A paper to be developed following this meeting and sent to Governance and Standards sub-committee who will need to consider the content of the paper at their next meeting.

Set of recommendations to be made from the sub-committee to the Board on ways in which greater separation could be achieved in time for SSAB's first meeting of 2015 (*February 2015*).

Board Secretariat
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Shadow Advisory Board Secretariat

Local Government House, Smith Square, London SW1P 3HZ T 020 7187 7344 E Elaine.english@local.gov.uk www.local.gov.uk