

## APPENDIX I

### REPORT FOR: **COUNCIL**

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<b>Date of Meeting:</b>	13 November 2014
<b>Subject:</b>	Pension Board – Draft Terms of Reference
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Pension Board – Draft Terms of Reference

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### Section 1 – Summary and Recommendations

This report sets out draft Terms of Reference for the Pension Board which must be established by 1 April 2015.

**Recommendations:**

Council is asked to:

- agree to the terms of reference
- delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to make any changes to the terms of reference required following the latest DCLG consultation
- delegate to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the Constitution if changes are made to the terms of reference as a result of the DCLG's current consultation exercise

## **Section 2 – Report**

### **Background**

1. Under the Public Service Pensions Act 2013 the Council is required to set up a Pension Board with responsibility for assisting it in relation to the following:
  - securing compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS;
  - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
  - such other matters as the LGPS regulations may specify.
2. A key aim of the reform is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.
3. Draft regulations on the establishment of the Pension Board were issued by the Department for Communities and Local Government (DCLG) with a consultation deadline of 15 August. On 10 October, DCLG issued a second consultation document, the closing date for which is 21 November 2014. This includes consultation on the right of elected Councillors to be members of the Pension Board, providing that they are not members of the Pension Fund Committee.
4. It is still unclear whether the Pension Board will be a committee of the Council under section 101 Local Government Act 1972 or not.
5. The attached terms of reference have taken into account the proposals within both the consultation documents. However, there is a strong possibility that the final regulations and the requirements of the Pensions Regulator will necessitate changes.
6. The Public Services Pension Act 2013 requires that the Board comprises an equal number of employer and member representatives. It is proposed that these be drawn from the local authority and the scheduled and admitted bodies on the employer side and from active and retired members on the member side.
7. Given the current requirement for the Pension Board to become operational by 1 April 2015 and the potential lengthy appointment process to the Board, Council is asked to approve the terms of reference and to make appropriate delegations to officers.
8. Council is asked to delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to amend the terms of reference in light of any changes made to the statutory regulations as a result of the second consultation.

9. Council is also asked to delegate authority to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the constitution, if required.

### **Financial Implications**

10. The additional direct costs arising from the establishment of the Pension Board are unlikely to exceed £10,000 pa and will be met from the Pension Fund.

### **Risk Management Implications**

11. Risk in connection with the Pension Fund is included on Directorate risk register.
12. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

### **Legal Implications**

13. Section 5 Public Services Pension Act 2013 requires the local authority to establish a pension board to assist the Administering Authority ie the Council as set out in paragraph 1 of this report.

### **Equalities Implications**

14. Was an Equality Impact Assessment carried out? No
15. The report concerns the establishment of the Pension Board and any person with the relevant qualifications can seek to be a member. Therefore there is no potential impact on the Protected Characteristics.

### **Council Priorities**

16. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn affects the resources available for the Council's priorities there are no impacts arising directly from this report.

### **Section 3 - Statutory Officer Clearance**

Name: Simon George Date: 3 November 2014	<input checked="" type="checkbox"/> Director of Finance and Assurance
Name: Linda Cohen Date: 3 November 2014	<input checked="" type="checkbox"/> on behalf of the Monitoring Officer

<b>Ward Councillors notified:</b>	<b>NO</b>
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### **Section 4 - Contact Details and Background Papers**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager,  
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