

Kent County Council Superannuation Fund

Response to CLG Consultation on Scheme Governance

INTRODUCTION

The Kent Fund has long recognised the importance of good scheme governance. This is reflected in:

- The County Council delegates the responsibility to a full committee of the Council.
- Membership includes the Medway Council, District Councils, staff, trade unions and pensioners.
- A strong commitment to transparency and good communication with scheme employers and members.

In this context we see no case for setting up local pension boards.

Furthermore, whilst we could understand arguments for a more formal and comprehensive representation by scheme employers we do not for scheme employees. Scheme employee benefits are guaranteed in statute and all the financial risk falls on scheme employers. If a board is to be established we can understand some employee representation but not equal numbers with employers.

QUESTIONS

Q1. What period after new governance regulations are on the statute book, should be given for scheme managers/administering authorities to set up and implement local pension boards?

We do not support the establishment of local pension boards.

Q2. How long after new governance regulations are on the statute book should the national scheme advisory board become operational?

We do not support the establishment of the national scheme advisory board. This is a piece of unnecessary bureaucracy.

Q3. Please give details of any such “connected” scheme that you are aware of.

None

Q4. Are there any schemes connected to the main Local Government Pension Scheme, other than an injury or compensation scheme, that the new Scheme regulations will need to refer to in setting out the responsibilities of scheme managers?

None

Q5. What “other matters”, if any, should we include in Scheme regulations to add to the role of local pension boards?

None

Q6. Should Scheme regulations make it clear that nobody with a conflict of interest, as defined, may be appointed to or sit on a pension board?

If a local pension board is established our undertaking is that it would be advisory with decision making powers residing with the committee set up under section 101 of the Local Government Act 1972.

We therefore do not understand what relevance so called conflicts of interest have.

Q7. Should Scheme regulations prescribe the type of information that may be “reasonably required”?

No comment.

Q8. Although not required by the Act, should Scheme regulations prescribe a minimum number of employer and employee representative’s?

Any local pension board should have a majority of employer representatives. There should also be employee, trade union and pensioner representatives.

Q9. Should the new Scheme regulations require local pension boards to be a body separate from the statutory committee or for it to be combined as a single body?

If local pension boards are to be established they must be separate from the statutory committee. The Section 101 committee must remain the decision making body otherwise the role of the administering authority is totally undermined.

Q10. Apart from what is required under the Act, what other elements of local pension boards should be set out in the new Scheme regulations?

We believe that these other matters should be left for local decisions to be taken. The LGPS is a national scheme which is locally administered and the boards need to reflect this.

Q11. Apart from what is required under the Act, what other elements of local pension boards should be left to local determination?

As above.

Q12. Should the new Scheme regulations prevent any incumbent scheme member representative being moved from a statutory committee to the local

pension board (if the committee and the board are not one and the same body)?

Again it is entirely appropriate for this to be stipulated in regulation and it should be a matter for local decision making.

Q13. Should the new Scheme regulations include a requirement for each local pension board to publish an annual statement of its work and for this to be sent to the relevant scheme manager, all scheme employers, the scheme advisory board and Pensions Regulator?

The administering authority is already required to produce an annual report which is subject to external audit. Given the advisory role of the local pension board we could understand it scrutinising the annual report but not itself producing an annual report. Again the role seems to be confused with the role of the administering authority.

Q14. Apart from the training and qualification criteria that may be covered by the Pension Regulator in a code of practice, are there any specific issues that we should aim to cover in the new Scheme regulations as well?

Again such prescription would be inappropriate.

Q15. Should Scheme regulations simply replicate the wording of the Act? If not, what specific areas of work should the new Scheme regulations prescribe?

We do not support establishing such a board. If it is established it should be a high level consultative forum and as such it does not need to be specified in the regulations.

Q16. Should Scheme regulations include a general provision enabling the scheme advisory board to advise the Secretary of State on the desirability of changes to the Scheme as and when deemed necessary?

This question reinforces that the national board is a forum without any real role. If it is to be established then it must be allowed to raise issues with the Secretary of State.

Q17. Are there any specific areas of advice that Scheme regulations should prohibit the scheme advisory board from giving?

No

Q18. What options (if any other, please describe) would be your preference for establishing membership of the scheme advisory board?

We believe that membership should be a majority of administering authority representatives.

Q19. Should Scheme regulations require the Secretary of State to approve any recommendation made for the position of Chair?

Q20. Should Scheme regulations prescribe tenure of office? If so, what should the maximum period of office be and should this also apply to the Chair of the board?

Q21. Should Scheme regulations make provision for board members, including the Chair, to be removed in prescribed circumstances, for example, for failing to attend a minimum number of meetings per annum? If so, who should be responsible for removing members and in what circumstances (other than where a conflict of interest has arisen) should removal be sought?

Q22. Should Scheme regulations prescribe a minimum number of meetings in each year? If so, how many?

Q23. Should Scheme regulations prescribe the number of attendees for the board to be quorate? If so, how many or what percentage of the board's membership should be required to be in attendance?

Q24. Rather than make specific provision in Scheme regulations, should the matters discussed at Q19 to Q23 be left as matters for the scheme advisory board itself to consider and determine?

These matters should be left to the board.

Q25. Should the scheme advisory board be funded by a voluntary subscription or mandatory levy on all Scheme pension fund authorities?

As an advisory group costs should be minimal. To be funded by CLG.

Q26. What would be your preferred manner of legal constitution of the scheme advisory board and how should Scheme regulations deal with the issue of personal liability protection for board members?

Again as an advisory group the issue of personal liability protection is irrelevant.