

By: Chairman Superannuation Fund Committee  
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 29 August 2014

Subject: **LOCAL GOVERNMENT PENSION SCHEME-DRAFT  
REGULATIONS ON SCHEME GOVERNANCE**

Classification: Unrestricted

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Summary: To report the response to the draft consultation document

## **FOR INFORMATION**

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### **INTRODUCTION**

1. On 23 June the Department for Communities and Local Government issued a consultation document on new scheme governance arrangements. These were emailed to members of the Committee, along with a draft response for the 15 August deadline.
2. The requirements that the consultation document seek to address are a consequence of the Public Services Pensions Act 2013. The legislation brings a much greater scrutiny of public sector pension scheme by the Pensions Regulator. The reasons for doing this have never been clear and the consequences are particularly unfortunate for the Local Government Pension Scheme. All the other public sector pension schemes are national schemes which are run nationally, the LGPS is of course locally administered so the CLG has to attempt to meld the Pensions Act requirements with the existing legislation relating to the LGPS, and that leads to the highly flawed proposal which we are asked to comment upon.
3. A Hymans Robertson briefing note giving their perspective on the proposals is attached in Appendix 1.

### **SECTION 101 COMMITTEE**

4. This Committee is established under the Local Government Act 1972 and is referred to by CLG as the Section 101 Committee. There is no change at all under these regulations to the role of this Committee. So it is still responsible for the management of the Superannuation Fund Committee.
5. The Committee may wish to review its membership in light of establishing a Pension Board and this issue will be brought to a future meeting of the Committee.

### **NEW REQUIREMENTS**

6. The new requirements are in summary:

- (1) A Pension Board must be established by 1 April 2015.
  - (2) The role of the Pension Board is:  
*“to assist the administering authority in securing compliance with (i) the Principal 2013 Regulations, (ii) any other legislation, and (iii) requirements imposed by the Pensions Regulator in relation to the Scheme. The role is further extended by Regulation 106(1)(b) to assist the administering authority in ensuring the effective and efficient governance and administration of the Scheme. These provisions mirror those set out in section 5(2) and (3) of the Public Service Pensions Act 2013”.*
  - (3) The cost of the Pension Board is to be charged to the Fund.
  - (4) Members must include employer and member representatives in equal numbers, with a minimum membership of four.
  - (5) Councillor members can be appointed but must not exceed in total the employer and members.
  - (6) Requirements on relevant experience and needs for knowledge and understanding.
  - (7) The administering authority must be satisfied that no member of the board has a conflict of interest.
  - (8) A Scheme Advisory Board is also to be established which administering authorities have to pay for.
  - (9) Comments are also requested on the options for establishing the Pension Board, whether Annual General Meetings should be compulsory and whether the public sector equality duty should be an explicit part of their role.
7. When regulations are published the proposals for a Pension Board in Kent will be brought to the Committee.

### **PROPOSED RESPONSE**

8. The proposed response is attached in the Appendix 2.

### **RECOMMENDATION**

9. Members are asked to note the response.

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