

APPENDIX 2

LOCAL GOVERNMENT PENSION SCHEME-DRAFT REGULATIONS ON SCHEME GOVERNANCE

KENT COUNCIL SUPERANNUATION FUND RESPONSE

This is the response of the Kent County Council Superannuation Fund Committee to the proposals.

The Committee understands the Government's wish to improve governance across public sector pension funds but whilst these proposals may have merits for part of the public sector we are puzzled to see how they will improve the governance of the LGPS.

The requirement for local boards to be established should not apply to the LGPS because it is a locally managed scheme with a publicly accountable administering authority responsible for its management.

It terms of specific comments:

The proposals that the Section 101 Committee and Board could be combined are unworkable given the stipulations on the membership i.e., a majority of scheme members and member representatives. KCC is still the administering authority and as such needs to have a majority of members on the decision making body.

If the requirement for a local Pension Board is enacted then it should be for the administering authority to determine how the Pension Board is set up. Including role, membership and frequency of meeting.

We do not agree that scheme member representatives to the level proposed is acceptable. Scheme members currently run none of the risks of the fund and their pensions are effectively guaranteed by statute. Even when employee cost sharing is implemented the financial burden will still be overwhelmingly borne by the employer. We currently have pensioner, staff and union representatives on the Superannuation Fund Committee. We agree they should be on the board but not in equal numbers to employer representatives.

We would also like to reinforce that member representation should include pension representation.

The consultation document distinguishes between employer representatives and councillor members and we would ask for clarification on this.

In local employers the normal position is that approved Council representatives on "outside bodies" are elected members not officers except in exceptional circumstances. So the existing District Council and unitary council representatives on the Committee are all elected councillors.

We would want employers to determine who should represent them-whether that's elected members or officers.

This is a very important piece of clarification.

The frequent reference to conflicts of interest is not understood. In a number of different documents there appear to be concerns over such conflicts without ever specifying what the conflicts are.

We feel that the Scheme Advisory Board is unnecessary and expensive piece of bureaucracy. There has been no effective consultation with us as a major scheme from the current shadow board.

We do not agree that the cost of this additional regulation should be met by the local Council tax payer.

Any direction on AGM's is quite unnecessary. We run frequent pensions forums and find that suffices. We will supplement for key issues most regularly in relation to the actuarial valuation.

As the public sector equality duty applies to all public bodies we have no idea why it is necessary to consider making it part of the Pension Board's scrutiny role?

14 August 2014