

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee - 14 November 2014

Subject: **LGPS GOVERNANCE REGULATIONS**

Classification: Unrestricted

Summary: To agree a response to the latest Governance Regulations

FOR DECISION

INTRODUCTION

1. On 10 October the Government published its latest proposals for changes to the governance of the LGPS. The Government's proposals are attached in Appendix 1.
2. Responses are required by 21 November.

PROPOSALS

3. The proposals broadly fell into two main parts; Scheme level proposals and draft regulations for the new Local Pension Board.
4. Scheme Proposals
 - (1) The Secretary of State is appointing the Government Actuary's Department to be the Scheme Actuary.
 - (2) A cap to the Scheme's employer cost will be set – this relates to the future service rate, not the deficit element. This is welcome in seeking to set a cap on employer contributions. However, it is not clear what this will mean in practice as local factors relevant to each employer are the key issues in determining the employer contribution rate. Once again it would seem that principles being applied to all public sector pension schemes do not fit easily with a locally administered scheme.
 - (3) A "target overall cost" of 19.5% is referred to, with employers meeting two thirds of the cost and employees one third. The future service rate for the Kent Scheme is currently 13.7%.
 - (4) All these additional "Scheme" costs will be recharged to individual funds.

DRAFT REGULATIONS

5. Of more interest are the draft regulations governing Local Pension Boards.

6. The most important change relates to the ability for elected members to serve on the Board (para. 2.6). However, there is the following restriction.

“No officer or elected member of an administering authority who is responsible for the discharge of any function under these regulations may be a member of a local pension board.”
7. I take this to mean that a KCC or District Council member could sit on the Pension Board, but they could not be a member of the Superannuation Fund Committee. Given the requirement for individuals to have “relevant experience and capacity” this seems a strange position to take.
8. Other than that the bare essentials are unchanged – there should be at least four members and four employer representatives and the responsibilities remain very limited.
9. A proposed response is attached in Appendix 2.
10. Proposals for the board will be brought to the meeting of the Committee on 6 February 2015.

RECOMMENDATION

11. Members are asked to agree the response

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