

By: Peter Sass, Head of Democratic Services  
To: Selection & Member Services Committee– 22 May 2015  
Subject: **LOCAL PENSION BOARD**  
Classification: Unrestricted

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Summary: To appoint two Elected Members to serve on the Local Pension Board

### **FOR DECISION**

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1. The County Council at its meeting on 26 March 2015 established a Local Pension Board as required under the Public Services Pension Act 2013, and associated Regulation. A copy of the report to County Council setting out the background to the establishment of the Board and the proposal under which it will operate, as amended at County Council, is attached as **Appendix A**.

2. A Pension Board must include an equal number of employer and scheme member representatives with a minimum requirement of no less than four in total.

3. The Membership of the Pension Board is as follows:

Scheme employer (4):

KCC- 2 representatives (including Chair)-not members of the Superannuation Fund Committee

District Councils /Medway Council- 1 representative

Police/Fire- 1 representative

Scheme member representation (4):

Staff- 2 representatives; 1 KCC and 1 non KCC.

Kent Active Retirement Fellowship- 1 representative.

Trade unions- 1 representative

**Total membership 8**

The Chairman of the Pension Board must be one of the Elected Member representatives .

**RECOMMENDATION**

4. The Committee is requested to appoint two Elected Members to serve on the Local Pension Board as KCC employer representatives, one of these Members to be the Chairman of the Board.

Peter Sass

Head of Democratic Services

03000 416647

Background documents - None

## APPENDIX A

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance & Procurement

To: Council– 26 March 2015

Subject: **LOCAL PENSION BOARD**

Classification: Unrestricted

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Summary: To receive the recommendations of the Superannuation Fund Committee on the establishment of a Pension Board.

### **FOR DECISION**

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### **INTRODUCTION**

1. As part of the reforms of public sector pension schemes following Lord Hutton's 2010 review, major changes were proposed in the Public Services Pension Act 2013. The Act included a requirement for the Department for Communities and Local Government (DCLG) to make regulations establishing a National Scheme Advisory Board and requiring each Local Government Pension Scheme (LGPS) administering authority to establish a Local Pension Board. The Regulations were laid before Parliament on 28 January.
2. The committee has responded to a number of consultations from the DCLG in August and November 2014. Its responses have been fairly typical of those of administering authorities who have questioned the purpose and role of the new boards. In fact the consensus view would seem to be that for a locally administered scheme such as the LGPS they are wholly unnecessary and reflect fundamental misunderstandings about how the LGPS is currently governed. Notwithstanding this view the Council has to comply with the regulatory requirement.
3. The Superannuation Fund Committee received a report on 6 February which was approved with amendments and it then undertook a consultation with the 500 scheme employers. The results of this consultation were fed back to the Superannuation Fund Committee on 20 March. Given the need to progress setting up the Board it was necessary to bring the issue to this meeting of Council-an update will be given for

any changes in the recommendations from the 20 March Superannuation Fund Committee meeting.

### **SECTION 101 COMMITTEE**

4. Each administering authority is responsible for administering and managing the LGPS and is now referred to as the scheme manager. Under the Local Government Act 1972 decisions about pensions are delegated in accordance with Section 101 to “committees or sub committees made up of councillors from all of the political groups and will be politically balanced”. In Kent the Constitution delegates this responsibility to the Superannuation Fund Committee.
5. There are no proposals to change the remit of the committee. It is still the body responsible for the management of the Fund.

### **PENSIONS REGULATOR**

6. The regulatory powers of the Regulator were extended under the 2013 Act to cover some aspects of public service pension schemes, including the LGPS. The Regulator is an existing body corporate established by the Pensions Act 2004 Act. Prior to 1 April 2015, the Regulator regulated occupational and personal pension schemes provided primarily through private sector employers.
7. The Regulator has a number of statutory objectives including to:
  - 1) Protect the benefits of pension scheme members,
  - 2) Promote, and improve understanding of, the good administration of work-based pension schemes; and
  - 3) Maximise compliance with the duties and safeguards of the Pensions Act 2008.

The 2013 Act introduces a framework for the regulatory oversight of aspects of the governance and administration of public service pension schemes by the Regulator from 1 April 2015, through expanding its current role.

8. To be absolutely clear the powers of the Regulator were not extended to cover areas such as the funding and investment of Funds.

### **CONSTITUTION AND MEMBERSHIP OF A LOCAL PENSION BOARD**

9. Regulation 106 (1) states that the Pension Board will be responsible for assisting the administering authority:
  - (a) To secure compliance with:
    - (i) These Regulations,

- (ii) Any other legislation relating to the governance and administration of the Scheme and any connected scheme, and
- (iii) Any requirements imposed by the Pensions Regulator in relation to the Scheme.

(b) To ensure the effective and efficient governance and administration of the Scheme.

10. Local Pension Boards must be established no later than 1 April 2015. Established in this context means that the administering authority must have approved the establishment of the Local Pension Board and the Local Pension Board's composition and also the terms of reference, in accordance with its constitution. It does not necessarily mean that the Local Pension Board has to be fully operational by this date. However it is anticipated that a Local Pension Board should be operational within a reasonably practicable period after 1 April 2015 (being no longer than 4 months).
11. The responsibility for establishing a Pension Board rests with the administering authority of each Fund. This is something the administering authority must do, it is not optional.
12. A Pension Board must include an equal number of employer and scheme member representatives with a minimum requirement of no less than four in total.
13. No officer or councillor of an administering authority who is responsible for the discharge of any function under the Regulations (apart from any function relating to Local Pension Boards or the Scheme Advisory Board) may be a member of a Local Pension Board.
14. The proposals for the Kent Fund Pension Board as recommended by the Superannuation Fund Committee are set out in Appendix 1.

### **RECOMMENDATION**

15. The County Council is requested to establish a Local Pension Board with effect from 1 April 2015 based on the proposal set out in Appendix 1 to this report.

Nick Vickers  
Head of Financial Services  
03000 416797

## **SUPPLEMENTARY INFORMATION**

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance & Procurement

To: Council– 26 March 2015

Subject: **LOCAL PENSION BOARD**

Classification: Unrestricted

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Summary: To receive the recommendation of the Superannuation Fund Committee meeting on 20 March 2015 on the establishment of a Pension Board.

### **FOR DECISION**

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(1) As stated in the report circulated with the County Council agenda scheme employers and the bodies represented on the Superannuation Fund Committee were consulted on the draft proposal to established Local Pension Board.

(2) The outcome of the consultation was considered by the Superannuation Fund Committee at their meeting on 20 March 2015 the only amendment to the proposal related to allowing for the Kent Active Retirement and Unison Members to each have a named substitute.

(3) It is therefore necessary to revise the recommendation contained in the original report to take account of the recommendation of the Superannuation Fund Committee.

### **REVISED RECOMMENDATION**

(4) The County Council is requested to establish a Local Pension Board with effect from 1 April 2015 based on the proposal set out in Appendix 1 to this report with paragraph 10 (page 76 of the County Council book) amended as follows ;

“10. Substitutes

Substitutes will be allowed for the Kent Active Retirement and Unison members of the Board but they must be a named individual who will undertake the necessary training and development.”

## **PENSION BOARD PROPOSAL**

### **1. Membership**

#### **Scheme member representation (4):**

Staff- 2 representatives; 1 KCC and 1 non KCC.

Kent Active Retirement Fellowship- 1 representative.

Trade unions- 1 representative

#### **Scheme employer (4):**

KCC- 2 representatives (including Chair)-not members of the Superannuation Fund Committee

District Councils /Medway Council- 1 representative

Police/Fire- 1 representative

#### **Total membership 8**

Note:

Chairman- KCC county councillor NOT currently on the Superannuation Fund Committee.

Vice Chairman- to be agreed by board.

### **2. Selection of members**

This will vary by the type of member:

Employee representatives will be asked to nominate themselves and a panel of Finance and HR officers from employers will advise the Board Chairman.

Pensioner- nominated by Kent Active Retirement Fellowship.

Trade unions- nominated by Unison.

Employer representatives- will be nominated by those employers and the Board Chairman will select.

### **3. Relevant Knowledge and Understanding of Representative Members**

The Regulations require that individuals appointed have relevant knowledge and understanding.

Individuals must not have a conflict of interest but membership of the LGPS or the Fund will not constitute a conflict of interest.

#### **4. Term of Office**

Membership will be for 4 year renewable periods with a maximum of 8 years..

#### **5. Termination**

A member should cease their office where:

A member has a conflict of interest which cannot be managed in accordance with the Board's conflicts policy;

A member dies or becomes incapable of acting;

A member who is a councillor of the Administering Authority is appointed to a Superannuation Fund Committee;

A member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations;

A member resigns.

A representative member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers; and

A member fails to attend 2 consecutive meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training.

#### **6. Terms of Reference**

The board will assist the Superannuation Fund Committee to secure compliance with the requirements of the LGPS Regulations and of the Pensions Regulator.

The board will receive regular reports on governance and compliance issues.

#### **7. Officer Support**

The KCC Corporate Director of Finance and Procurement will be responsible for providing professional advice to the board.

Meeting agendas will be prepared and published by KCC Democratic Services, papers will be available on the KCC website and KCC Democratic Services will minute meetings and publish the minutes on the KCC website.



**8. Number of Meetings**

The board will meet twice a year in Sessions House, Maidstone. Additional meetings will be called if the volume of business makes it necessary.

**9. Quorum**

A minimum of 4 members will need to be present for the board to be quorate.

**10. Substitutes**

Substitutes will be allowed for the Kent Active Retirement and Unison members of the Board but they must be a named individual who will undertake the necessary training and development.

**11. Expenses**

Members of the board will be paid travel expenses for attending the meeting.

Any expenditure the board proposes to incur will need to be agreed in advance by KCC's Head of Financial Services.

**12. Data Protection**

All members of the board will be required to comply with KCC's data protection and information security policies.

## **PENSION BOARD PROPOSAL**

### **1. Membership**

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Staff- 2 representatives; 1 KCC and 1 non KCC.

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A member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations;

A member resigns.

A representative member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers; and

A member fails to attend 2 consecutive meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training.

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The KCC Corporate Director of Finance and Procurement will be responsible for providing professional advice to the board.

Meeting agendas will be prepared and published by KCC Democratic Services, papers will be available on the KCC website and KCC Democratic Services will minute meetings and publish the minutes on the KCC website.

**8. Number of Meetings**

The board will meet twice a year in Sessions House, Maidstone. Additional meetings will be called if the volume of business makes it necessary.

**9. Quorum**

A minimum of 4 members will need to be present for the board to be quorate.

**10. Substitutes**

Substitutes will not be allowed given the highly technical nature of the work undertaken.

**11. Expenses**

Members of the board will be paid travel expenses for attending the meeting.

Any expenditure the board proposes to incur will need to be agreed in advance by KCC's Head of Financial Services.

**12. Data Protection**

All members of the board will be required to comply with KCC's data protection and information security policies.