

## **PENSIONS INVESTMENT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 3 February 2015

### **Present:**

Councillor Simon Fawthrop (Chairman)  
Councillor Alan Collins (Vice-Chairman)  
Councillors Eric Bosshard, Peter Fookes, David Livett,  
Russell Mellor and Neil Reddin FCCA

### **Also Present:**

Councillor Graham Arthur

### **21 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

There were no apologies for absence.

### **22 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **23 LOCAL PENSION BOARD Report FSD15013**

The Sub-Committee considered a report outlining proposed changes to the structure and governance arrangements of Local Government Pension Schemes (LGPS) brought about by the Public Service Pensions Act 2013 and associated Regulations and seeking the required approvals for the establishment of a Local Pension Board. Final regulations and guidance had since been issued and a supplementary paper was circulated setting out the latest position, although further information was still awaited. The most fundamental change was that the regulations now allowed for a Local Pension Board to be combined with an existing Committee, subject to the approval of the Secretary of State. If Bromley were to submit an application for a Combined Board which was approved then the Local Pension Board would be disbanded. Officers advised that the criteria and associated conditions were still awaited but it might be possible to establish a Combined Board with General Purposes and Licensing Committee. However, it was likely that there would be complications involved in this approach and it might require the membership of the Committee to be reviewed to ensure that the requirements of the Regulations were met. The key was to secure approval for a Local Pension Board in line with the statutory timescales for its establishment and then consider whether a Combined Board would provide a suitable alternative arrangement once further information became available.

The Sub-Committee considered that the establishment of a Local Pension Board was completely unnecessary for an authority that already ran its pension scheme effectively, with existing good governance and in an open and transparent way, but they were advised that it was a statutory requirement. As a minimum, the Board had to comprise four people (two employer representatives and two scheme member representatives) who had to have the capacity to represent employers and members respectively. Generally, it was for the Administering Authority to determine the detailed remit and terms of reference of the Board in accordance with the Regulations. It was proposed that the Board would meet twice a year and produce an annual report, but the Sub-Committee considered that it should meet only once a year supported by attendance at Sub-Committee meetings.

Members were concerned that the costs of the proposed Local Pension Board should be minimised and were informed that any legal, financial or other advice or support would normally come from existing internal Council resources. The Sub-Committee supported the proposal that Board Members would not be paid an allowance but would be reimbursed for reasonable expenses incurred. Individual Board Members had certain personal responsibilities and legal obligations and enquiries were under way to ensure that they would be adequately covered through the Council's existing insurance arrangements, but Members noted that this could not cover reputational risk.

**RESOLVED that**

**(1) The Pensions Investment Sub-Committee having considered the report notes and agrees the recommendations subject to writing to the Secretary of State as follows:-**

**This Sub-Committee views the introduction of Pension Boards in local authorities such as Bromley Council causes duplication, both an additional layer of bureaucracy and additional unwanted extra costs, at a time of reduced budgets.**

**This is demonstrated by Bromley's**

- 1) open and transparent meetings, minutes and agenda of which are published on line;**
- 2) the ability for members of the public, concerned parties and members of the LGPS to ask questions in writing or in person at meetings;**
- 3) the inclusion of a union representative attending the Sub-Committee;**
- 4) a reporting structure that gives additional opportunities for scrutiny at both the parent Committee and at full Council.**

- 5) notes that the Pensions Fund and Sub-Committee are also independently audited as part of the Authority's good governance process.**

**We would therefore urge the Secretary of State to remove this additional burden by allowing local Authorities with a good governance scheme to opt out of the need for a Local Pensions Board.**

**(2) General Purposes and Licensing Committee recommend that Council**

- (i) approve the establishment of a Local Pension Board;**
- (ii) approve the composition of the Local Pension Board as set out in paragraph 3.17 of the report;**
- (iii) approve the draft terms of reference (appendix 2 to the report), subject to incorporating the following amendments –**
  - the Board should meet once a year;**
  - in the event of non-attendance, membership will be reviewed (amended from consistent non-attendance);**
  - clarifying the process for the replacement of Board members who die in office;**
  - Board Members will be invited to attend meetings of the Pensions Investment Sub-Committee.**
- (iv) delegate authority to the Director of Finance, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee to make any agreed changes to the draft terms of reference as set out in paragraph 3.18 of the report;**
- (v) agree the process for nominations and appointments as set out in paragraphs 3.22 and 3.23 and that:**
  - (a) appointment of the two employer representatives be made by Council;**
  - (b) appointment of the two member representatives be formally delegated to the General Purposes and Licensing Committee on the recommendation of an appointments panel as constituted in paragraph 3.23 and in the terms of reference;**
- (vi) delegate authority to the Director of Finance, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, to**

**make any changes necessary arising from the issue of final Regulations;**

- (vii) on the basis that it would provide a suitable alternative arrangement, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, authorise the Director of Finance to make an application to the Secretary of State for approval to establish a Combined Local Pension Board and Committee subject to any criteria or conditions that may be applied;**
- (viii) agree that, should such an application be successful, the Local Pension Board be disbanded and the establishment of a Combined Board be subject to a further report setting out the proposed structure and terms of reference.**

The Meeting ended at 7.57 pm

Chairman