

Decision Maker: General Purposes & Licensing Committee

Date: 14th September 2016

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **LOCAL PENSION BOARD – APPOINTMENT OF BOARD MEMBERS**

Contact Officer: David Kellond, Pensions Manager
Tel: 020 8461 7503 E-mail: david.kellond@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 This report seeks the required approval for the appointment of a new Member Representative to the Local Pension Board, following the resignation of one of the previous members.
- 1.2 This report also seeks agreement to a number of minor amendments to the Local Pension Board Terms of Reference.

2. **RECOMMENDATION(S)**

- 2.1 The General Purposes and Licensing Committee is requested to:
 - (i) note that Mr Glenn Kelly is no longer an employee of the Council and has resigned from the Local Pension Board;
 - (ii) formally appoint Mr Tony Conboy as a replacement Member Representative to the Board, with immediate effect (paragraph 3.9);
 - (iii) to formally approve changes to the Local Pension Board Terms of Reference (paragraphs 3.4, 3.5 and 3.10).

Corporate Policy

1. Policy Status: Existing Policy: The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority Excellent Council
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund
 4. Total current budget for this head: £34.7m expenditure (pensions, lump sums, etc); £40.7m income (contributions, investment income, etc); £745.8m total fund market value at 31st March 2016)
 5. Source of funding: Contributions to Pension Fund
-

Staff

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
 2. If from existing staff resources, number of staff hours: n/a
-

Legal

1. Legal Requirement: Statutory Requirement The Local Government Pension Scheme Regulations 2013 (as amended)
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,234 current employees; 5,084 pensioners; 5,287 deferred pensioners as at 31st March 2016
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 At its meeting on 27th May 2015 the General Purposes and Licensing Committee formally appointed two Member Representatives to the Local Pension Board (LPB) for a period of three years from 1st July 2015. The Committee also nominated two Employer Representatives whose appointment was subsequently approved by Council on 29th June 2015.
- 3.2 One of the appointed Member Representatives, Glenn Kelly, has since left the employment of the London Borough of Bromley and has given official notice of his resignation from the LPB. A new Member Representative is therefore required to be appointed to the Board.
- 3.3 In accordance with Regulation 107 of the Local Government Pension Scheme (LGPS) Regulations 2013, the Board must consist of an equal number of Employer and Scheme Member Representatives with a minimum number of four in total. In line with the Council's approved composition and, as set out in the Terms of Reference, Bromley's LPB is made up of two Employer and two Member representatives.
- 3.4 The approved process for nominations and appointments, as set out in the Terms of Reference, requires that nominations for Member representatives be requested via the Corporate Departmental Representatives and Trade Union Forum as well as through open advertisement on the Council's website and by letter to scheduled and admitted bodies. Pursuant to the decision of the General Purposes and Licencing Committee decision in March 2015, a new departmental staff arrangement is now in place with a new membership and different focus and terms of reference. It means that the process of canvassing for Member representatives for the LPB will require separate communications with the departmental representatives and the trade union representatives. Hence, the following slight amendment to the terms of reference is being proposed.

- Current terms of reference

For the purpose of appointing member representatives to the Board, nominations will be requested through the Departmental Representatives and Trade Union Forum with further nominations being sought via an advert placed on the Council's website and by way of a written appeal to all scheduled and admitted bodies. Where more than two nominations are received candidates will be considered, shortlisted and interviewed by an appointments panel who will then make recommendations to the General Purposes and Licensing Committee to formally appoint.

- Amended terms of reference

For the purpose of appointing member representatives to the Board, expressions of interest will be sought from the Departmental Representatives of the London Borough of Bromley and from the relevant Trade Unions (GMB, Unite and Unison). With further nominations being sought via an advert placed on the Council's website and by way of a written appeal to all scheduled and admitted bodies. Where the number of Expressions of Interest exceed the number of vacant roles on the Board, candidates will be considered, shortlisted and interviewed by an appointments panel who will then make recommendations to the General Purposes and Licensing Committee to formally appoint. The appointments panel will consist of the Chief Accountant, the Pensions Manager and an officer from Human Resources.

3.5 The current Terms of Reference provide that the term of office for all Board Members is a period of three years. However, it is proposed that where a Board Member leaves mid-term, the replacement Member would complete the balance of that three year period whilst retaining the right to express a wish for reselection at the end of the period. This will create a more consistent approach and reduce the need and frequency for further recruitment exercises for individual Board members at different times. It is therefore recommended that a further amendment be made to reflect the term of office for new LPB Members following a mid-term appointment as follows:

- Current terms of reference

The term of office for all members of the Board is three years. Members may, at the end of their term, express the wish to be considered for reselection.

- Amended terms of reference

The term of office for all members of the Board is ordinarily a period of three years. However, where members leave mid-term, a replacement will be sought to complete the balance of that three year period. Members may, at the end of their term, express the wish to be considered for reselection.

3.6 Having sought expressions of interest as set out in paragraph 3.4, the number of responses received was a little disappointing, albeit consistent with our experience when initially establishing the Board, with only two responses being received. The expression of interest forms are included elsewhere on the agenda as a confidential appendix to this report (Appendix 2).

3.7 As is required by the approved appointments process, those that expressed an interest in the role were interviewed by an appointments panel consisting of the Pensions Manager, an officer from Human Resources and a Senior Accountant (deputising for the Chief Accountant who was unavailable).

3.8 Both candidates appeared to be very keen on the role and expressed great interest in public sector pensions. Following interview, the panel unanimously agreed that Mr Tony Conboy be recommended for appointment to the Board. Mr Conboy is an active member of the Local Government Pension Scheme and, as such, can offer a different perspective to that of a pensioner member (a section of the membership for whom there is already representation on the Board).

3.9 Members of the General Purposes and Licensing Committee are therefore requested to formally appoint Mr Tony Conboy to the LPB to act in the capacity of Member Representative.

3.10 Following the establishment of the LPB, as the role developed, there has been some discussion about confidential information such as Part 2 Reports being made available to Board Members. In consultation with colleagues in Democratic Services and following advice from the Director of Corporate Services, it has been agreed that Board Members are permitted to view all papers considered by the Pension Investment Sub-Committee and where relevant, the General Purposes & Licensing Committee (including papers considered to be confidential). However, there may be exceptional circumstances where this is not considered to be appropriate and, in such cases, Members of the Board will be provided with a full explanation. This takes account of the fact that Board Members are signed up to the Members Code of Conduct and attention is drawn to the disclosure of confidential information. To clarify this position, a further amendment to the Terms of Reference is required:

- Addition to terms of reference

To ensure that the Local Pension Board can effectively undertake its role, it would be expected that all papers considered by the Pensions Investment Sub-Committee and, where relevant, the General Purposes & Licensing Committee (including papers considered to be confidential) are made available to the Local Pension Board. If in exceptional circumstances, those Committees considered that this was not possible or not appropriate then the Local Pension Board will be provided with an explanation why this is the case.

- 3.11 Authority to agree changes to the Terms of Reference has previously been delegated to the Director of Finance in consultation with the Chairman of General Purposes and Licensing Committee and the Chairman of Pensions Investment Sub-Committee. The Director of Finance and the Chairman of both Committees have confirmed their agreement to the proposed amendments, subject to consideration by this Committee.
- 3.12 A revised Terms of Reference reflecting the changes set out in this report is attached at Appendix 1.

4. POLICY IMPLICATIONS

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

- 5.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members will be limited to a refund of actual expenses incurred in attending meetings and training.
- 5.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 5.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.

6. LEGAL IMPLICATIONS

- 6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards. Details on the prescribed membership requirements (as set out in secondary legislation) can be found at paragraph 3.3
- 6.2 The LGPS (Amendment) (Governance) Regulations 2015 – were laid before Parliament on 28th January 2015 and came into force on 1st April 2015.

7. PERSONNEL IMPLICATIONS

All Local Government Pension Scheme employers and members must have an equal opportunity to be nominated to become Board members through an open and transparent process.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015; Local Pension Board – Appointment of Board Members, General Purposes and Licensing Committee and Council 27 th May and 29 th June 2015.