

Decision Maker: **GENERAL PURPOSES AND LICENSING COMMITTEE COUNCIL**

Date: **Tuesday 20 March 2018**
Monday 9 April 2018

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: (All Wards);

1. Reason for report

- 1.1 This report seeks the required approval for the appointment of new Employer Representatives to the Local Pension Board following the resignation of the two previous members.
- 1.2 This report also seeks agreement for 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 Brian Toms and Jane Harding have resigned as Employer Representatives on the Local Pension Board;
- (ii) nominate the two Employer Representatives to be recommended to Council for appointment (paragraph 3.8);
- (iii) formally approve changes to the Local Pension Board Terms of Reference (paragraph 3.13).
- (iv) approve the revised terms of reference (appendix 1)

Recommend that Council

- (i) subject to recommendation (ii) formally appoint the two Employer Representatives to the Local Pension Board.

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:
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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: £38.3m expenditure (pensions, lump sums, etc); £41.9m income (contributions, investment income, etc); £998.0m total fund market value at 31st December 2017)
 5. Source of funding: Contributions to Pension Fund
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Personnel

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

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

1. Summary of Procurement Implications: n/a
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Estimated number of users/beneficiaries (current and projected): 6,089 current employees; 5,181 pensioners; 5,453 deferred pensioners as at 31st December 2017
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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) (Glenn Kelly and Lesley Rickards). Following the resignation of Glenn Kelly from the Board, the Committee appointed a replacement Member Representative (Tony Conboy) at its meeting on 14th September 2016. Mr Conboy then resigned from the Board and Geoffrey Wright was appointed as a replacement by the Committee at its meeting on 28th November 2017.
- 3.2 At the meeting of the General Purposes and Licensing Committee on 27th May 2015, it was agreed to recommend to Council the appointment of Brian Toms and Jane Harding as the two Employer Representatives to the LPB for a period of three years from 1st July 2015. Council subsequently approved their appointment at its meeting on 29th June 2015.
- 3.3 In November 2017 the two appointed Employer Representatives (Brian Toms and Jane Harding) resigned from the LPB. Two new Employer Representatives are therefore required to be appointed.
- 3.4 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. Currently the Board has only two Member Representatives.
- 3.5 In line with the current Terms of Reference the process for appointing new members to the LPB is as follows:
- **Member Representatives** - expressions of interest are sought from the Departmental Representatives and relevant Trade Unions with further nominations 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 are 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 consists of the Chief Accountant, the Pensions Manager and an officer from Human Resources.
 - **Employer Representatives** - nominations are sought from all fund employers including the London Borough of Bromley. Formal appointments are then made by full Council on the recommendation of the General Purposes and Licensing Committee. Employer Representatives must be nominated by a Scheme Employer within the Bromley Fund. Should the Employer they are representing wish to withdraw their nomination, they will no longer be eligible to sit on the Board.
- 3.6 Following the resignation of the two Employer Representatives in November 2017, expressions of interest were sought for new Board members the following month. The window during which expressions of interest could be made remained open until 7th January 2018. Unfortunately, no expressions of interest were received. Subsequently, a further invitation for expressions of interest was extended in February 2018 and closed on 4th March 2018.

3.7 The response was again disappointing, but two expressions of interest were received from the following individuals:

- Pinny Borg (currently employed by LBB in the role of Senior Accountant)
- Josepha Reynolds (currently employed by LBB in the role of Strategic Commissioner)

The expression of interest forms are included elsewhere on the agenda as a confidential appendix to this report (appendix 2).

3.8 Both candidates appear keen on the role and have expressed an interest in the LGPS. Although the Regulations do not specify that Employer Representatives be employed by a scheme employer, both applicants are currently employed by the London Borough of Bromley. No nominations were received from other scheme employers. The General Purposes and Licensing Committee is therefore requested to nominate both applicants to act in the capacity of Employer Representatives and recommend that Council formally appoint.

3.9 Subject to Members approving the appointment of the two Employer Representatives, as detailed in paragraph 3.7 a meeting of the Local Pension Board is provisionally arranged for 10th April 2018.

3.10 The approved LPB Terms of Reference require that the term of office for all Board members is ordinarily a period of three years. However, where members leave the LPB mid-term, replacement members are appointed to serve the balance of the remaining 3 year period. The current term of office is due to expire on 30th June 2018.

3.11 As the appointments will not be confirmed until April 2018 the two new Board members would only serve for a period of three months before their term of office expires and the recently appointed new Member Representative would only serve for a period of seven months. In order to allow these newly appointed members a reasonable period to establish themselves on the Board it would seem reasonable to extend the term of office by one year to 30th June 2019. This would allow time for them to determine whether they wish to be considered for reselection and continue as Board members before the Council is required to advertise for expressions of interest for the second term of office. It will also allow a meeting of the Local Pension Board to take place this municipal year, following the postponement of the meeting scheduled in November 2017. This change requires an amendment to the current terms of reference.

3.12 Following informal feedback received from current and previous LPB members, it is felt that the provision for the Local Pension Board to only hold a single annual meeting may not always be sufficient. Although this is supported by an invitation to attend meetings of the Pension Investment Sub-Committee as observers, there are sometimes occasions when it is felt a further meeting of the LPB would be beneficial. It is therefore proposed that the Board be given a degree of flexibility allowing them to determine the frequency of meetings, up to a maximum of four in any one year. As a consequence, it is proposed that the LPB terms of reference be amended to enable this flexibility.

3.13 The required amendments identified in paragraphs 3.11 and 3.12 will necessitate the following changes to the LPB Terms of Reference:

- Current terms of reference – paragraph 7

The Local Pension Board shall meet on an annual basis to discharge its duties and responsibilities. Members of the Board are invited to attend the meetings of both the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee as observers, to aid them in fulfilling their role.

- Amended terms of reference – paragraph 7

The Local Pension Board shall, at its discretion, meet up to a maximum of four times per annum, but no less than once per annum to discharge its duties and responsibilities. Members of the Board are invited to attend the meetings of both the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee as observers, to aid them in fulfilling their role.

- Current terms of reference – paragraph 13

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.

- Amended terms of reference – paragraph 13

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

3.14 A revised Terms of Reference reflecting the changes set out in this report is attached at Appendix 1.

3.15 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.

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. PERSONNEL IMPLICATIONS

- 6.1 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.

7. LEGAL IMPLICATIONS

- 7.1 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.
- 7.2 The LGPS (Amendment) (Governance) Regulations 2015 – were laid before Parliament on 28th January 2015 and came into force on 1st April 2015.

Non-Applicable Sections:	Personnel Implications, Impact on Vulnerable Adults and Children, Procurement Implications
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme Regulations 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Pension Board – Appointment of Board Members, General Purposes and Licensing Committee and Council 27 th May and 29 th June 2015; Local Pension Board – Appointment of Board Members, General Purposes and Licensing Committee 14 th September 2016; Local Pension Board – Appointment of Board Member, General Purposes and Licensing Committee 28 th November 2017;