

CYNGOR SIR POWYS COUNTY COUNCIL.

COUNCIL
21st January 2015

REPORT AUTHOR: Strategic Director of Resources

SUBJECT: Creation of Powys Local Pension Board

REPORT FOR: Decision

1 Summary

To provide Members with a proposal to create a local Pension Board for the Powys Pension Fund by 1st April 2015, as required by the Public Service Pensions Act 2013.

2 Proposal

To seek agreement for the Protocol of the Powys Local Pension Board with a view to it being incorporated into the Council's Constitution.

3 Background

3.1 The Powys Pension Fund is administered by Powys County Council as the administering authority which was set out in statute following Local Government Reorganisation in 1996. The County Council has previously Delegated responsibility for the management of pension issues to the Pensions & Investment Committee with day to day operational matters delegated to the Section 151 Officer.

3.2 The Public Service Pensions Act (PSPA) 2013 introduced a number of changes to public service pension schemes, including a number of key changes impacting on the governance of public service pension schemes. One of these key changes is the requirement for each Administering Authority in the Local Government Pension Scheme (LGPS) to create a local Pension Board.

3.3 The key elements of the regulations relating to local Pension Boards are outlined below:

3.4 Establishment

a) Each LGPS Administering Authority is required to establish a local Pension Board no later than 1st April 2015.

- b) The role of the Pension Board is to assist the Administering Authority to secure compliance with regulations and requirements imposed by the Pensions Regulator; and, to assist in ensuring effective and efficient governance, management and administration of the LGPS and the Powys Pension Fund. This is accepted to mean that the Pension Board has an oversight role but not a decision-making role.

3.5 Membership

- a) There must be equal numbers of scheme member representatives and Fund employer representatives.
- b) Members of the Board cannot be either Elected Members of Powys County Council serving on Pensions & Investment Committee or Officers involved with the management of the Powys Pension Fund.
- c) There must be at least two of each of these representatives (so a Pension Board must comprise of at least four individuals).
- d) However, these representatives must have "relevant experience and capacity" as well as meeting an ongoing legal requirement in relation to knowledge of pension matters.
- e) Other members can be appointed to the Pension Board in addition to the representatives but the number of these other members must be less than the total number of representatives.

3.6 Conflicts of Interest

- a) Each Administering Authority must be satisfied that appointees to a Pension Board do not have a conflict of interest (initially and on an ongoing basis).
- b) This is defined in the PSPA as a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the Pension Board (but does not include a financial or other interest arising merely by virtue of membership of the LGPS).

3.7 Procedures

- a) Each Administering Authority will be required to determine its own procedures relating to the establishment and operation of the Pension Board.

4 Considerations

- 4.1 Accordingly, Powys County Council must establish a Pension Board. It should be noted that local authority legislation, and thus the Council's Constitution, does not automatically apply to local Pension Boards as they are being established under the Public Service Pensions Act 2013. Therefore, a Protocol detailing how the Pension Board is established and operated must be developed.
- 4.2 The proposed Protocol for the Pension Board is attached to this report as Appendix 1. The key elements of the proposals are:
- a) The Chair of the Pension Board is to be an independent Chair who is a pension professional, to be appointed by the Section 151 Officer at an appropriate remuneration.
 - b) There will be two each of scheme member and Fund employer representatives. One scheme member representative will be appointed by the trade unions and the other will be from the scheme membership and appointed by the Section 151 Officer. One employer representative is to be appointed by Powys County Council (as the largest employer participating in the Powys Pension Fund), with the other being appointed by the remaining employers within the Pension Fund.
 - c) The Pension Board will meet quarterly
 - d) Minutes of all meetings will be submitted to the Pensions & Investment Committee and, therefore, will be public documents.
 - e) An annual report will be produced by the Pension Board and submitted to the County Council and Audit Committee and, as such will be a public document, which will also be reproduced in the Pension Fund's Annual Report and Accounts.
 - f) Pension Board meetings will not be open to the general public although attendees will be permitted to attend and address the Board at the discretion of the Board Chair.

5 Support Services

- 5.1 Legal Services - provided advice and support and will continue to assist with the establishment of the Pension Board in line with the Protocol.
- 5.2 Finance – an indicative budget of £60,000 for 2014/15 has been estimated. All fees, charges and costs associated with the Pension Board will be chargeable to the Pension Fund therefore, there will be no revenue cost to the County Council.

5.3 Business Services – This will impact on Pensions Section who will provide administrative support to the Pension Board. It is anticipated that this can be accommodated within existing resources. In addition, the Pensions Manager will undertake the role of Secretary to the Board.

6 Statutory Officers

6.1 The Strategic Director Resources (S151 Officer) notes the comments made by finance and confirms any cost associated with setting up the Pension Board will have to be met by the Pension Fund.

6.2 The Monitoring Officer has no comments to add to this report.

7 Members' Interests

7.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That Council approve an addition to its Constitution as outlined in Appendix 1 – i.e. to create a local Pension Board to the Powys Pension Fund.	that the Council, as Administering Authority for the Powys Pension Fund, can introduce a local Pension Board as required by the Public Service Pensions Act 2013 and LGPS Regulations to assist with ensuring compliance with regulations and to achieve efficient and effective pensions governance.

Relevant Policy (ies):	
Within Policy:	Y / N
Within Budget:	Y / N

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	Section 151 Officer
Date By When Decision To Be Implemented:	1st April 2015

Contact Officer Name:	Tel:	Fax:	Email:
Joe Rollin	08708 510264	01597 826290	joe.rollin@powys.gov.uk

Background Papers used to prepare Report:

Local Government Pension Scheme: Draft Guidance on the creation and operation of local Pension Boards in England & Wales – issued by Department for Communities and Local Government October 2014