

**12 February 2015**

## **6. CONSTITUTIONAL REPORT – WORCESTERSHIRE COUNTY COUNCIL PENSION FUND GOVERNANCE**

### **Recommendation**

- 1. The Head of Legal and Democratic Services and Chief Financial Officer recommend that with effect from 1 April 2015:**
  - (a) a Pensions Committee, to discharge the responsibilities of the Council as Administering Authority of the Pension Scheme, be established;**
  - (b) a Chairman and Vice-Chairman of that Committee be appointed;**
  - (c) a Pensions Board, to assist the Council in ensuring the effective governance and administration of the Pension Scheme, be established;**
  - (d) the Pension Fund Governance Policy Statement as set out at Appendix 1 be adopted;**
  - (e) the arrangements including the terms of reference set out in Appendices 1 and 2 to this report for the purposes of pension fund governance be adopted; and**
  - (f) the Head of Legal and Democratic Services be authorised to finalise and implement those arrangements as necessary to reflect the legislation when finally brought into effect, including appointing members to the bodies within the Policy Statement in accordance with the wishes of the relevant political Group Leaders where politically balanced.**

### **Background Information**

- 2. The Council is the Administering Authority for the Worcestershire County Council Pension Fund which is the Local Government Pension Scheme for its own employees and those of over 140 other Scheme Employers in the administrative area of Herefordshire and Worcestershire. The Scheme has 20,000 contributing members, 14,100 pensioners and beneficiaries and a further 14,200 deferred pensioners.**

3. In May 2013, Council agreed to establish a Shadow Pension Board in anticipation of Regulations requiring this under the Public Service Pensions Act 2013.

4. The long-awaited Local Government Pension Scheme (Amendment) (Governance) Regulations were laid before Parliament on 28 January 2015. They are not yet law but are anticipated to come into force after the meeting of Council but by 1 April 2015 (subject to the Parliamentary process).

5. The Regulations require an Administering Authority to establish a local Pension Board by 1 April 2015. That Board will be responsible for:

- assisting the Council to comply with legal obligations relating to the Scheme and any requirements imposed by the Pensions Regulator
- assisting the Council to ensure the effective and efficient governance and administration of the scheme.

This is an oversight role and the new local Pension Board is **not** responsible for decision-making in relation to the management of the Scheme or the discharge of the Council's functions.

6. The Scheme decision-making and management role is currently undertaken by the Chief Financial Officer, supported by the Shadow Pension Board. Although it is not *required* as part of the imminent change in governance arrangements, it is recommended that formal decision-making is carried out by a Pensions Committee. This would be a formal committee of the Council, subject to the usual rules of political balance and access to information. The detailed arrangements are set out in the Appendices.

7. Other Regulations provide the statutory framework from which the Administering Authority is required to prepare a Fund Governance Policy Statement. The proposed Statement is set out in the Appendices for approval. Given the final legislation is not yet in force, the recommendations include retaining some flexibility in settling the final arrangements.

8. In formulating the documents for the creation and operation of the Local Pension Board the Chief Financial Officer has followed the guidance issued by the Shadow Scheme Advisory Board. This can be found at <http://www.lgpsboard.org/index.php/about-the-board/board-guidance>

## Proposals

9. The attached appendices (*both of which will be sent separately*) set out the proposed terms of reference and governance arrangements by which the Administering Authority will carry out these functions. Appendix 1 is a Governance Policy Statement. Particular reference is made in Appendix 2 to the Local Pension Board and its proposed Terms of Reference.

## Supporting Information

- Appendix 1 – Governance Policy Statement **(to follow)**.
- Appendix 2 – Local Pension Board Terms of Reference **(to follow)**.

## Contact Points

### County Council Contact Points

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### Specific Contact Points for this Report

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## Background Papers

In the opinion of the Proper Officer (in this case the Head of Legal and Democratic Services) there are no background papers relating to the subject matter of this report.