

Item No. 7.2	Classification: Open	Date: 29 November 2017	Meeting Name: Council Assembly
Report title:		Proposed amendment to the terms of reference for the Local Pension Board and Pensions Advisory Panel	
Ward(s) or groups affected:		All	
From:		Constitutional Steering Panel	

RECOMMENDATION

1. That council assembly agree the amendment to the Terms of Reference, as Appendix 1, for the Southwark Local Pension Board, as part of the council constitution, to extend the Board membership from four members plus an independent chair to six members plus an independent chair.
2. That council assembly agree the amendment to the terms of reference, as Appendix 2, for the Southwark Pensions Advisory Panel, as part of the council constitution, for the removal of voting rights for the Strategic Director of Finance and Governance.

BACKGROUND INFORMATION

Southwark Local Pension Board

3. The London Borough of Southwark Pension Fund is part of the national Local Government Pension Scheme (LGPS) and is administered by Southwark Council. Southwark Council is the administering authority and scheme manager for Southwark LGPS.
4. The administration of the Pension Fund is delegated to the strategic director of finance and corporate services (SDFCS), who takes into account the advice of the pensions advisory panel (PAP) when performing this function.
5. The Public Services Pensions Act 2013 (PSPA 2013) sections 5(1) and (2) requires that the local government pension scheme regulations must provide for the establishment of a Local Pension Board to assist the scheme manager in relation to
 - i. securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it.
 - ii. securing compliance with requirements imposed in relation to the scheme and any connected scheme by the pensions regulator.
 - iii. such other matters that the scheme regulations may specify
6. The Regulations provide for each administering authority to determine the membership of the local pension board, with the stipulation that the Board must include an equal number of employer representatives and scheme member representatives of no less than four members all together

7. The Southwark Local Pension Board (LPB) was established in Southwark from April 2015 with the inaugural meeting held on 24 July 2015 and has met quarterly thereafter.

Southwark Pensions Advisory Panel

8. The London Borough of Southwark Pension Fund is part of the national Local Government Pension Scheme (LGPS) and is administered by Southwark Council. Southwark Council is the administering authority and scheme manager for Southwark LGPS.
9. The administration of the Pension Fund is delegated to the Strategic Director of Finance and Governance (SDFG), who takes into account the advice of the Pensions Advisory Panel (PAP) when performing this function.

KEY ISSUES FOR CONSIDERATION

Southwark Local Pension Board

10. The current terms of reference as determined for the Local Pension Board is for a total of two scheme member representatives appointed by the recognised trade unions for Southwark and two employer representatives appointed by the administering authority.
11. Scheme members are typically classified as one of three categories;
 - i. active members (employees currently contributing to the scheme)
 - ii. pensioner member (previous employee currently in receipt of pension)
 - iii. deferred members (previous active members, not currently contributing to the scheme, and not in receipt of pension).
12. The current scheme member representatives are both active members.
13. The Southwark Pension Fund includes almost 50 separate employing bodies; Southwark Council, academy schools and other admitted bodies. The employer representatives are both representatives of the council.
14. At the LPB meeting of 10 April 2017, it was agreed that the current appointees did not fully reflect the variety of scheme members and employers within the Fund. There was no suggestion that existing LPB members have not carried out their role effectively, but it was felt that the LPB would be enhanced by extending the membership.
15. The proposed changes to the LPB terms of reference, as attached as Appendix 1, would require a new scheme member representative as a pensioner member, and a new employer representative.
16. The proposed LPB terms of reference as Appendix A were agreed by the LPB at the meeting of 28 September 2017.

Southwark Pensions Advisory Panel

17. The PAP is constituted of the following voting and non voting members:

- i. three members, one of those members will chair the panel.
 - ii. three officers, including the SDFG.
 - iii. two independent advisers (non-voting).
 - iv. a representative appointed by the constituent trade unions representing beneficiaries (non-voting).
18. The role of the PAP is an advisory body, any advice from which the SDFG must consider in the taking of decisions for the Pension Fund. Any decision from PAP will be treated as advice to the SDFG. Decision making is typically through consensus within PAP and between the SDFG and PAP, such that formal voting is not commonplace.
19. The Pension Fund commissioned an independent review of Fund governance arrangements in 2016-17, the results of which were published in November 2016. One of the recommendations from this review was that, given the role of PAP as advising the SDFG, the SDFG should not be a voting member of PAP.
20. This recommendation was agreed by the SDFG and PAP at the December 2016 meeting and the SDFG elected to abstain from any subsequent vote until the change was formally recognised in the terms of reference for PAP.

Policy implications

21. None.

Community impact statement

22. None.

Resource implications

23. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

24. No advice sought.

APPENDICES

No.	Title
Appendix 1	Local Pension Board – Terms of Reference
Appendix 2	Pensions Advisory Panel – Terms of Reference

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Alex Moylan, Senior Finance Manager	
Version	Final	
Dated	30 October 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	2 November 2017	