

Lancashire Local Pension Board

Meeting to be held on Tuesday, 16 January 2018

Electoral Division affected: None;

Membership of the Lancashire Local Pension Board (Appendix 'A' refers)

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Executive Summary

This report relates to the processes for identifying and appointing replacement Employer and Deferred member representatives to fill the existing two vacancies on the Lancashire Local Pension Board.

Recommendation

The Board is asked to

1. Note the process for appointing an Employer representative for Lancashire County Council as set out in the report.
2. Agree a process for the appointment of a Deferred Member representative.

Background and Advice

A copy of the current Terms of Reference for the Board, as approved by the full County Council in October 2017, are set out at Appendix 'A'.

The Terms of Reference state that the Board shall consist of 9 members, on the basis of 4 employer representatives, 4 scheme member representatives and a single independent member.

There are currently two vacancies on the Board. The first is for an employer representative from Lancashire County Council as Mr S Browne has retired since the last meeting of the Board. The second vacancy is for a scheme member representative for Deferred Members following the resignation of Mr J Hall, as reported to the Board in October 2017.

Appointment of a new employer representative from Lancashire County Council.

Category 2a i) in the Terms of Reference state that the employer representative will be nominated by Lancashire County Council, where the councillors or officers meet

the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority;

Due to recent changes to the senior management structure at the County Council, and the imminent arrival of a new interim Chief Executive it has not been possible to identify a suitable senior officer to fill the vacancy. However, it is anticipated that it will be possible to identify a suitable candidate early in the New Year with a view to their appointment to the Board being presented to the full County Council in February 2018 for approval.

Appointment of a new scheme representative drawn from deferred members of the Lancashire County Pension Fund.

The Terms of Reference state that the representative drawn from Deferred Members (Category 2b iii) shall only be appointed after all employers or members of the Fund in those categories have been invited to put forward nominations. Where there is more than one nomination in any category then any nominee who meets the relevant knowledge and skills requirement will be included on a ballot of all members or employers in the relevant category. The winner in such a ballot will be the candidate with the greatest number of votes under the "first past the post" method.

Both of the appointments specified above will be subject to a maximum term of 8 years, subject to the employer ceasing to be employed by the employing authority or the scheme member ceasing to be a deferred member.

The process for appointing Employer and Member representatives.

The Local Government Pension Scheme (LGPS) Guidance on the creation and operation of Local Pension Boards in England and Wales states that the methodology for appointing employer and member representatives is not prescribed by the Regulations. Therefore, it will be for individual Administering Authorities to establish an appropriate process. Options may include (but are not limited to):

Direct Appointment Process

- a) Selecting employer representatives through existing employer forums, for example nominations and voting at employer AGMs.
- b) Selecting member representatives through existing representative organisations for example recognised trade unions, staff committees, member representative committees, pensioner organisations or nominations and voting at member AGMs (this could include active, deferred and pensioner members of the scheme).

Two Stage Nomination and Selection Process

- a) Administering authorities may wish to consider methodologies used by private sector trust based schemes to appoint member-nominated trustees ("MNTs"). MNTs must be:

- nominated as the result of a process which includes at least all the active and pensioner members of the scheme (or an organisation which adequately represents them); and
 - selected as a result of a process which involves some or all of the members of the scheme.
- b) Seeking nominations by advertising in local newspapers and on websites (including employer and member representative bodies' websites).
- c) Encouraging partner organisations or admission bodies to nominate members.

When selecting members, proper regard must be given to the obligations of the Administering Authority with regard to equal opportunities in any recruitment process. In practice, this means having an open and transparent process, with a role specification.

Depending on the appointment process used by the Administering Authority, it may also be necessary to have a formal interview process before appointments are made (if for example more nominations are received than available places on the Board). The interview process should assess the ability of the individual to meet the requirements of the role and make appointment on merit.

Once the nominated representative for Deferred Members has been identified they will need to be formally appointed to the Board by the full County Council.

The process used last time

The Lancashire Local Pension Board carried out a ballot process for the recruitment of all three types of pensioner representatives. This process was both time consuming and extremely costly due to having to ballot over 115 thousand members, consisting of 56K active, 46k pensioner and 65k deferred respectively.

Despite sending ballot papers to all 115k of eligible members only 10k (9%) were returned.

Options

1. No change – carry out another ballot for the current vacancies. LPP have advised that a similar process would cost approximately £50k primarily due to the mailing costs;
2. Adopt either a 'direct appointment' or a 'two staged nomination and selection' process. Either of these would be much more cost effective compared to a ballot process;
3. Review the current membership of the Board all together. Potential options here would be:
 - a) Reduced Membership;

- b) Generic pensioner representatives rather than the current active, deferred and pensioner.

Consultations

The Head of Fund and the Governance & Risk Officer for the Lancashire County Pension Fund and the Head of Member Services at LPP.

Implications:

This item has the following implications, as indicated:

Risk management

In accordance with section 5(4) (c)6 of the Public Service Pensions Act 2013 the Pension Board is required to include employer representatives and member representatives in equal numbers, thus ensuring that it can undertake its role in assisting the Administering Authority with the governance and administration of the LCPF.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
The Local Government Pension Scheme (LGPS) Guidance on the creation and operation of Local Pension Boards in England and Wales	February 2015	M Neville 01772 533431
Reason for inclusion in Part II, if appropriate		
N/A		