

## **Pension Fund Committee**

Meeting to be held on 28 November 2014

Electoral Division affected: All
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### **Transaction of Urgent Business**

(Appendices 'A' 'B' 'C' and 'D' refer)

Contact for further information:

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### **Executive Summary**

This report sets out the Committee's responses to the Government's consultations on:

- Consultation on the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014  
Better Governance and Improved Accountability in the Local Government Pension Scheme
- Local Government Pension Scheme  
Draft Guidance on the creation and operation of Local Pension Boards in England and Wales

The responses (Appendices 'A' and 'B' refer) were approved under the County Council's Urgent Business Procedure as the Government's closing dates were prior to the next scheduled meeting of the Committee.

### **Recommendation**

The Committee is asked to note the report.

### **Background and Advice**

1. Consultation on the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014  
Better Governance and Improved Accountability in the Local Government Pension Scheme

Responses to the Governments 'Draft scheme governance regulations for the Local Government Pension Scheme' were presented to the Committee at its meeting of 5 September 2014. Members were particularly concerned about increased risks caused by:

- the Government's one size fits all solution for all public sector pension schemes, which appeared to ignore the fundamental differences between the LGPS, which already had effective and inclusive governance arrangements which could be built on and the unfunded schemes which did not; and
- the potential conflict between the new Pension Board and pre-existing committees, and the exclusion of democratically elected councillors from the Board.

A further consultation has followed and responses (Appendices 'A' and 'B' refer) were approved under the County Council's Urgent Business Procedure as the Government's closing dates were prior to the next scheduled meeting of the Committee.

The consultation invites comments to further amendments to the draft regulations, which, after taking into account responses to the previous consultation, now includes the provision to allow elected members to become members of a local pension board. However, the amendment prevents elected members or officers of an administering authority who are responsible for the discharge of any function of the Pension Fund Committee from becoming a member of and authority's local pension board.

This consultation also proposes amendments to establish an employer cost cap mechanism to ensure that the risks associated with pension provision are shared more fairly between employers and scheme members.

In addition to making provision for the employer cost cap, the draft regulations also make provision for greater control over the contribution rates actually paid by employers and scheme members. The government's intention to introduce a cost capping mechanism has been the subject of a number of earlier consultations and therefore the concept is familiar and the intention is generally accepted.

## 2. Local Government Pension Scheme

Draft Guidance on the creation and operation of Local Pension Boards in England and Wales

The LGPS Shadow Scheme Advisory Board has launched a consultation on 'Draft Guidance on the creation and operation of Local Pension Boards' to run in parallel with the above consultation. The draft guidance is intended to assist Administering Authorities in establishing local pension boards by April 2015. In addition, comments and questions are invited with a view to the Shadow Scheme Advisory Board issuing a 'Questions & Answers' style document later this year.

The closing date for responses to the above consultations was 21 November 2014 and attached at Appendices 'A' and 'B' are copies of the Committee's responses which has been approved and submitted under the County Council's Urgent Business Procedure. Copies of the respective consultation documents are attached for information at Appendices 'C' and 'D'.

## Consultations

N/A

**Implications:**

N/A

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A