

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

Response from Lancashire County Pension Fund

Lancashire County Pension Fund welcomes the opportunity to respond to the Government's consultation on better governance and improved accountability in the Local Government Pension Scheme.

Local pension boards and the Scheme Advisory Board

The Fund has previously responded to the consultation on scheme governance of 23 June 2014 and our response to that consultation is attached for completeness.

In our previous response we expressed our concerns on the exclusion of councillors from the membership of a local pension board and we therefore welcome the amendments to the new Regulation 107 to allow elected members to become members of a local pension board. We accept as reasonable the qualification in the new Regulation 107(3) which prevents elected members or officers of an administering authority who are responsible for the discharge of any function under the Principal 2013 Regulations from becoming a member of that authority's local pension board.

The Fund further welcomes the comprehensive draft guidance on the creation and operation of local pension boards which is set out within the consultation running parallel to this, as released by the Shadow Scheme Advisory Board.

We have no further comments on the establishment and membership of local pension boards or the establishment and membership of the Scheme Advisory Board.

Scheme Actuary

We accept the new Regulation 114 and the provision for the Secretary of State to appoint a Scheme Actuary to carry out valuations under Treasury Directions for the calculation and measure of an employer cost cap. However, we dispute the rationale set out within this consultation for the appointment of the Government Actuary's Department to fulfil this role. The need to collect data at a national level may present an issue for any appointed actuary but it should not be the deciding factor for appointment. The Fund suggests that the Secretary of State follows proper procurement procedure in order to have an open and transparent process for appointment to this role.

Employer cost cap

The employer cost cap has been the subject of a number of past consultations. The Fund is therefore comfortable with this concept and believes that the new Regulation

115 reflects the intention for the introduction a cost capping mechanism to ensure that the costs of the Scheme remain stable over time and that the cost is both sustainable and fair to the taxpayer

Scheme Advisory Board – Additional functions

The Fund accepts the additional functions of the Scheme Advisory Board, as set out at the new Regulation 116, to make recommendations to the Secretary of State about the steps to be taken to bring the overall cost of the Scheme back to the target overall cost and the proportions of that cost to be met by Scheme employers and by Scheme members. The Fund agrees the additional functions of this new national board on the basis that the board's overall remit is 'to advise the Secretary of State on the desirability of making changes to the Scheme' and on the basis that the regulatory intention is that membership of this board is equally representative of the interests of Scheme employers and Scheme members.