

Essex Pension Fund Board	EPB/11/14
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**Local Government Pension Scheme (LGPS) Reform
Draft Regulations on Scheme Governance**

Report by the Director for Essex Pension Fund and the Independent Governance & Administration Adviser

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1. Purpose of the Report

To allow the Board to:

- 1.1 be updated on the draft Regulations on Scheme Governance

2. Recommendations

It is recommended that the Board consider its approach to:

- 2.1 responding to the Consultation on the draft Regulations; and
- 2.2 planning the implementation of a Local Pension Board.

3. Draft Regulations on Scheme Governance

- 3.1 These draft Regulations were issued shortly before the agenda papers for the 9 July Board were to be finalised. As such it has not been possible for officers and advisers to produce a full paper on this matter. Instead a presentation will be given at the Board meeting on the major features of the consultation, the issues raised and areas for consideration.
- 3.2 The 2013 Public Sector Pension Act included provision for the establishment of:
- at a national level, of a Scheme Advisory Board with responsibility to provide advice to DCLG; and
 - at a local scheme level, of a Local Pension Board (LPB) to assist administering authorities with effective management of the scheme
- 3.3 A shadow national Scheme Advisory Board was established in the summer of 2013
- 3.4 Under the terms of the 2013 Public Sector Pension Act, a Local Pension Board will be required to be established by 1 April 2015.
- 3.5 The draft Regulations and associated consultation is set out in Annex A to this report. The deadline for responses is 15 August 2014.

4. Link to Essex Pension Fund Objectives

- 4.1 Maintaining awareness of current issues with regard to LGPS reform will assist the Board in achieving the following Fund objectives:
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
 - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
 - To ensure the Fund is properly managed

5. Risk Implications

- 5.1 Failure to maintain an awareness of current issues with regard to LGPS reform and respond to consultations would mean that the Fund's views were not taken into account when changes are proposed.
- 5.2 Failure to administer the scheme in line with Regulations.

6. Communication Implications

- 6.1 When consultations on structural reform and revised governance requirements commence, responses will be produced for the Board to consider.

7. Finance and Resources Implications

- 7.1 Large scale changes to the investment structures of the LGPS will come at significant cost.

8. Background Papers

- 8.1 Fund response to Local Government Pension Scheme (England & Wales) new governance arrangements – discussion paper, September 2013 (annex b)
- 8.2 Training session on Governance by Independent Governance & Administration Adviser 22 January 2014.