

<b>Essex Pension Fund Board</b>	<b>EPB/01/15</b>
<b>date: 4 March 2015</b>	

### **Implementing the requirement for a new Local Pension Board**

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

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#### **1. Purpose of the Report**

- 1.1 To highlight the decision by Essex County Council to agree the Board's proposal to establish a new Local Pension Board.
- 1.2 To highlight the matters subsequently discussed by the Governance Working Group on 13 February 2015 for the Board to consider. .

#### **2. Recommendations**

- 2.1 That the Board provides its comments on the Governance Working Group's progress regarding the appointment of employer and scheme member representatives to the EPFSB (Essex Pension Fund Strategy Board) and PAB (Pension Advisory Board).
- 2.2 That the board considers the draft timetable for next steps to be tabled at the meeting...

### **3. Background**

- 3.1 At its meeting on 9 July 2014, the Board agreed to the formation of a Governance Working Group (GWG) to explore options relating to the revised governance arrangements stemming from the Public Service Pension Act 2013 (PSPA13) and subsequent draft Regulations. The GWG's membership was agreed to be Cllr Barker, Cllr Whitehouse and Jenny Moore.
- 3.2 At its meeting on 17 September 2014, the Board agreed an outline timetable to ensure creation of a new LPB (Local Pension Board) was in place by 1 April 2015.
- 3.3 The GWG met on Wednesday 19th November 2014 to agree a set of principles which were referred to the board for agreement. This included the naming convention of the various bodies. The Board agreed these proposals at 10 December 2014 meeting.
- 3.4 An additional meeting was held by the Board on 19 January 2015, to finalise the work of the GWG and agreed the proposal to be submitted to Council on 10 February 2015.

### **4. Council: 10 February 2015**

- 4.1 Council agreed to the proposal and also to the terms of reference. This report is attached at Annex A.

### **5. Governance Working Group: 13 February 2015**

- 5.1 The GWG met on 13 February 2015 to discuss the appointment process for representatives on both the Pensions Strategy Board (PSB) and the Pensions Advisory Board (PAB).
- 5.2 The draft note of the discussion held by the GWG on the 13 February is attached at Annex B. In the time available GWG Members have not had the opportunity to comment on this draft prior to the dispatch of the Board's agenda.

### **6. Trade Unions**

- 6.1 An update will be given at the meeting on correspondence with Trade Unions.

## 7. Timetable

- 7.1 A draft timetable detailing steps leading up to the first meeting of the new PAB will be tabled at the meeting.

## 8. Link to Essex Pension Fund Objectives

- 8.1 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
- understand and monitor risk and compliance
- to ensure the Fund is properly managed
- compliance with Fund's governance arrangements.

- 8.2 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.

## 9. Risk Implications

- 9.1 The Fund's risk register includes the following risk (Ref G1): *"Failure of governance arrangements to match up to recommended best practice leads to loss of reputation and employer confidence and /or need to make major changes at short notice"*.

- 9.2 The current rating for this risk is as follows:

	<b>Residual Impact</b>	<b>Residual Probability</b>	<b>Residual Risk score</b>	<b>Above key risk threshold (residual risk score of 6)</b>
Current rating	3	3	9	Yes

## **10. Communication Implications**

- 10.1 Communication with employers/stakeholders will take place at the appropriate stage of the process of forming the new Local Pension Board.

## **11. Finance and Resources Implications**

- 11.1 The expenses of the new LPB will be met from the Fund.

## **12. Background Papers**

- 12.1 Fund response to Local Government Pension Scheme (England & Wales) new governance arrangements – discussion paper, September 2013
- 12.2 Training session on Governance by Independent Governance & Administration Adviser 22 January 2014.
- 12.3 Item 6C (Draft Regulations on Scheme Governance) from Pension Board agenda 9 July 2014.
- 12.4 Fund response to DCLG consultation: Draft Regulations on Scheme Governance, August 2014
- 12.5 Item 5B (LGP) Reform Scheme Governance from Pension Board agenda 17 September 2014
- 12.6 Item 5B Governance Working Group from pension Board agenda 10 December 2014
- 12.7 Item 5 Essex Pension fund Governance structure incorporating the formation of a new Local Pension Board agenda 19 January 2015.