

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	27 JUNE 2014	AGENDA ITEM NUMBER
TITLE:	PENSION BOARD & DRAFT REGULATIONS ON SCHEME GOVERNANCE	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Draft Regulations on Scheme Governance Appendix 2 – Avon Pension Fund Response		

1 THE ISSUE

- 1.1 The Public Service Pensions Act 2013 requires LGPS funds to establish a local pension board to assist administering authorities with effective and efficient management and administration of the Scheme. The costs of establishing and supporting the the board are to be met by the local fund.
- 1.2 In addition, the Act requires that a national Scheme Advisory Board is established to advise the DCLG on changes to the scheme. The cost of this board is also to be met by local LGPS funds.
- 1.3 These costs will be provided for in the 2015/16 budget.
- 1.4 The DCLG issued draft regulations for scheme governance in June 2014. As the deadline for responses was 15 August 2014, committee members were consulted on the response before it was submitted to the DCLG. The response is included for information only.

2 RECOMMENDATION

The Committee notes:

- 2.1 That the budget for the pension board will be determined by the Committee during 2015/16 as the Board's role and workplan is confirmed by the regulations.
- 2.2 The Fund's response to the draft regulations for scheme governance.

3 FINANCIAL IMPLICATIONS

- 3.1 There will be costs in establishing and supporting the local pension board. These will be provided for in the 2015/16 budget, based on the work agenda of the Board. The levy for the Scheme Advisory Board will also be included in the 2015/16 budget.

4 LOCAL PENSION BOARD & SCHEME ADVISORY BOARD

- 4.1 The Public Service Pensions Act 2013 requires LGPS funds to establish a local pension board to assist administering authorities with effective and efficient management and administration of the Scheme.
- 4.2 The draft regulations state that the costs of establishing and supporting this board will be met by the local fund. The on-going costs of the board will be determined by the scope and size of the board and will include the officer resources required to support the board as well as advisory services. Once the regulations and guidance confirm the Board's role and scope of work, a provision will be included in the 2015/16 budget. When established, the Board will put forward a budget based on the work agenda for the Committee to agree.
- 4.3 In addition, the Act requires that a national Scheme Advisory Board (SAB) is established to advise the DCLG on changes to the scheme. The cost of this board will also be met by the local LGPS funds. However, the LGPC already levies local funds to cover the support provided to the DCLG and local funds. This expense is included in the budget. It may be that this levy will be adjusted (or even abolished) when the levy for the SAB is introduced.
- 4.4 The costs of supporting the pension board and the SAB levy will be included in the 2015/16 budget.

5 DRAFT REGULATIONS ON SCHEME GOVERNANCE

- 5.1 The DCLG issued the draft regulations in June 2014 with a deadline for responses of 15 August 2014. The response was circulated to the committee for comments and is included in Appendix 2 for information only.
- 5.2 It is anticipated that guidance (or draft guidance) on the regulations from the Shadow SAB will be issued in October. If the regulations or guidance do not materialise in October, the Fund will petition the DCLG to delay the introduction of pension boards and to confirm that there will not be any consequence for local funds that do not establish a board by 1 April 2015 due to the DCLG's failure to issue the regulations in a timely manner.

6 RISK MANAGEMENT

- 6.1 An effective governance structure, defining clear responsibilities, and ensuring that the decision making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

7 EQUALITIES

- 7.1 Not relevant.

8 CONSULTATION

- 8.1 Set out in report.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 The relevant information is set out in the report.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director – Business Support) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
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