

## Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>
MEETING DATE:	<b>22 March 2019</b>
TITLE:	<b>Review of Governance Arrangements</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> <b>Appendix 1 Summary Responses to Consultation</b> <b>Appendix 2 Response from Pension Board</b> <b>Appendix 3 Election process for Academies representative</b> <b>Appendix 4 Proposed Terms of Reference of Avon Pension Board</b> <b>Appendix 5 Proposed Terms of Reference of Avon Pension Fund Committee</b>	

### **1 THE ISSUE**

1.1 The Committee received a report in December 2018 recommending a number of changes to the governance arrangements of the Committee, reflecting changes which had taken place in the Funds membership and operational arrangements and in a bid to improve the overall efficiency and effectiveness of Fund governance. This report updates the committee following consultation on proposed changes and recommends changes to be taken forward to the May Council meeting.

### **2 RECOMMENDATION**

The Avon Pension Fund Committee is asked to:

2.1 Recommend to Council the following changes to the Avon Pension Fund Governance arrangements namely;

- a) **Reduction in Bath and North East Somerset Council representation from 5 to 3 members**
- b) **Addition of a further Independent Member to the Committee**
- c) **Addition of an Academy Representative to the Committee**
- d) **Agree to the establishment Brunel Working Group as a sub group of the Committee**
- e) **Agree to the proposed changes to Terms of Reference of:**
  - i. **The Avon Pension Fund Committee**
  - ii. **The Avon Pension Fund Board**

2.2 **Agree to the proposed election process for the new Academies representative and Independent member if agreed by Council**

### **2.3 Determine whether to recommend an extension of the voting rights to the Parishes representative**

## **3 FINANCIAL IMPLICATIONS**

3.1 There will be a small impact on costs to fund an additional independent advisor in the region of £14,000 per annum and one off cost of recruitment in the region of £20,000.

## **4 BACKGROUND**

4.1 The Committee received a report on proposed changes to the governance arrangements in December 2018 which included changes to the Committee representation, changes to the responsibilities of Investment Panel, Pensions Board and Officer responsibilities and establishment of a Brunel working party.

4.2 Changes to the Committee representation were consulted across all employers and proposals to change the responsibilities of the Pension Board were put to the Pension Board. The responses are attached as appendices 1 and 2 respectively.

## **5 Matters arising from the Employer consultations**

5.1 In all, the consultation received 15 responses all supporting the proposed changes to Committee representation and in addition suggesting

- a) proposals for the election of the Academies representative
- b) recommendation that the non-voting Parish representative be granted voting rights
- c) some confusion over trade union representation

5.2 The proposed selection process for the academies representative is contained in appendix 3 along with the draft timetable and the views of the Councils monitoring officer were sought in producing this. If the Committee wishes to extend the voting arrangements to the Parishes Representative then this will be an additional recommendation to the Council.

5.3 The Trade Union representation on the Committee was reduced from four to three representatives following the merger of T&G and Amicus to form Unite in 2007. Voting rights are rotated annually between the three union representatives. Unite have not taken up their seat on the Committee since 2017, and the Fund has written to Unite reminding them of this.

## **6 Matters arising from Consultation with the Avon Pension Board**

6.1 The Pensions Board have formally responded on the proposed changes and this has been discussed at length at the formal Board meeting on 7<sup>th</sup> March 2019 where each of the points raised were addressed by officers. This is contained in Appendix 2. Following this debate the Board agreed the following statement to be submitted to the Avon Pension Fund Committee.

“The Avon Pension Board broadly supports the proposed changes to APF governance arrangements and recognise that this will continue to be reviewed periodically.

However given the extent of change and scrutiny faced by the LGPS and the proposed Governance Review to be conducted by the Scheme Advisory Board in

2019, it is recommended that a formal independent review is conducted of the Avon Funds Governance arrangements. This would helpfully be undertaken once any changes to the membership of both the Committee and Board have had time to absorb their roles and SAB has reported on its review

The Board would also like to reiterate its role in securing compliance and assisting the Administering Authority in delivering effective governance of the Fund and that any changes to the role of the Board should not prejudice this position.

The Board also recognises that the Council as Administering Authority for the Fund has wide discretion to establish necessary governance arrangements for Fund but is also concerned that a reduction in Admin Authority representation could create a democratic deficit in the governance arrangements give their overriding responsibilities for the Fund”

## **7 RISK MANAGEMENT**

7.1 The proposals contained in this report are intended to strengthen the Governance arrangements of the Committee particularly in relation to increased compliance requirements and the developing relationship with Brunel Pension Partnership Limited.

## **8 EQUALITIES**

8.1 An Equality Impact Assessment has not been completed.

## **9 CONSULTATION**

9.1 Discussed in report.

## **10 ISSUES TO CONSIDER IN REACHING THE DECISION**

10.1 The issues to consider are contained in the report.

## **11 ADVICE SOUGHT**

11.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Tony Bartlett (Tel: 01225 477302)
<b>Background papers</b>	Governance Report December 2018
<b>Please contact the report author if you need to access this report in an alternative format</b>	