

# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Board

Date: 4<sup>th</sup> October 2019

Report by: Democratic Services Officer

<b>Subject:</b>	<b>REVIEW OF BOARD SIZE</b>
<b>Purpose of the Report</b>	<b>To address the request to review how Scheme Member representatives are appointed to the Board and whether the Board should be increased in size.</b>
<b>Recommendations</b>	<b>The Pension Fund Board is asked to approve the approach set out in Paragraph 3.1</b>
<b>Enquiries to:</b>	<b>Name – Rob Sanderson – Democratic Services Officer E-mail – <a href="mailto:rob.sanderson@cambridgeshire.gov.uk">rob.sanderson@cambridgeshire.gov.uk</a></b>

## 1. BACKGROUND

- 1.1 Appointments to this Board are for a period of four years. When setting up the original Board in 2015, the Scheme Member representatives were selected after placing advertisements on the Council's website and Pension Fund website pages. Following interviews by a panel, including the Monitoring Officer, Barry O'Sullivan and John Stokes were appointed until July 2019, and David Brooks was appointed until October 2019. At the May 2019 Board meeting, it was agreed that the three employee representatives who had all indicated that they were content to serve for another four years were recommended to be re-appointed until 2023. This was subsequently endorsed by the Council's Monitoring Officer.
- 1.2 At the May Board meeting, it was suggested that officers needed to consider future succession arrangements as there could not be an expectation the three current Scheme Members would wish to serve for a further four year term. Arrangements therefore needed to be undertaken in good time to ensure full membership was achieved in the future. It was suggested officers might wish to consider whether it was possible to appoint by thirds. As a result there was an action for Democratic Services to consider this further.
- 1.3 At the July meeting, it was noted that maintaining the level of expertise on Local Pension Boards was raised as an issue at a recent conference that a number of members had attended, where Board members from across the Country had expressed similar concerns about succession arrangements. "Ghost" members had been discussed, but Democratic Services had responded that given that it was difficult to find six committed Board members, this was unlikely to be a viable solution. The other suggestion raised at the conference was having an increased membership e.g. four rather than three member scheme representatives, so that meetings were still quorate when someone was absent. It was noted that membership of more than six overall members on the Board was permissible, if proportionality was maintained. The Vice Chairman suggested that members could

have different lengths terms of office, or staggered terms of office, to ensure continuity. It was agreed that options could be reviewed as part of the review of Terms of Reference, along with ideas on recruitment. It was pointed out that meetings were open to the public and members interested in joining the Board could attend meetings to get a better understanding of how the Local Pension Board worked.

## **2. REPORT DETAIL**

- 2.1 The original recruitment exercise was undertaken in 2015 attracting limited interest. The Local Government Pension Scheme guidance on the creation and operation of Local Pensions Boards is set out as appendix 1 to this report. While the size of the Board could be increased (the minimum size for a Board is 4 with this Board currently having six members - three scheme representatives representing employees and three employer representatives). It should also be noted that the quorum requirements would also increase (one third of membership). Any increase of Scheme representatives would require the same increase in Employer representatives. Democratic Services is not confident that there would be sufficient interest to justify an increase at the current time. Any change in the size of the Board would require reports to go through the Council's Constitution and Ethics Committee and full Council.
- 2.2 Whilst it would be possible to carry out a rolling programme of appointments, as all three Scheme Member representatives have been re-appointed to 2023, it would not be appropriate to now ask any of them to step down early. The priority has to be to maintain the level of expertise currently available to the Board. This has been obtained as a result of an extensive training programme and attendance at relevant seminars and conferences, in order to obtain the background knowledge regarding Pensions' regulations and Pension Fund investments. This training has a cost to the Pension Fund that would increase if the Board was enlarged, especially as any new members would require extensive training to get them up to speed.
- 2.3. There was a suggestion that ghost members could be appointed, but again from past experience, there is likely to be very limited, if any interest, especially if the people recruited were not able to start almost immediately.

## **3. PROPOSALS**

- 3.1 For the reasons set out above, it is proposed to ask the current members a year before their current term of office comes to an end to indicate if they wish to continue. Based on this, an advance recruitment exercise could be undertaken with a timescale that could be as follows:
- eight months before the end of the term of office undertaking a recruitment exercise utilising both a targeted advertisement and the pensions member mailshot email distribution with a timescale of seeking nominations in a two month window.
  - a further two months to undertake the relevant interviews and other issues relating to recruitment.
  - an offer to advance training four months before existing members are due to step down.
  - Offering interested candidates the opportunity to sit in on one or more board meetings as an observer to enable them to get a feel of the Board's business without the pressure of being a member.

## **4. Relevant Fund Objectives**

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

## **5. Finance & Resources Implications**

5.1 Not applicable.

## **6. Risk Implications**

6.1 Not applicable.

## **7. Communication Implications**

7.1 Not applicable.

## **8. Legal Implications**

8.1 Not applicable

## **9. Consultation with Key Advisers**

9.1 Consultation with the Fund's advisers was not required for this report.

## **10. Alternative Options Considered**

10.1 Not applicable

## **11. Background Papers**

a) Agenda and Minutes of Local Pension Fund Board meetings May and July 2019.

[https://cambridgeshire.cmis.uk.com/ccclive/Committees/tabid/62/ctl/ViewCMIS\\_CommitteeDetails/mid/381/id/18/Default.aspx](https://cambridgeshire.cmis.uk.com/ccclive/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/18/Default.aspx)

b) The Local Government Pension Scheme Guidance on the creation and operation of Local Pensions Boards in England and Wales (Copy kept in Democratic Services Room 117 Shire Hall, Cambridge)

## **12. Appendices**

12.1 Appendix 1 Extract from Pension Fund Regulations

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Not applicable

Has this Report been checked by the Monitoring Officer	Not applicable
Has this report been cleared by Head of Pensions?	Not applicable
Has this report been cleared by Democratic Services Manager?	Yes

**The regulations that apply to the Board membership are as follows:**

**Local pension boards: membership**

**107.**—(1) Subject to this regulation each administering authority shall determine—

- (a) the membership of the local pension board;
- (b) the manner in which members of the local pension board may be appointed and removed;
- (c) the terms of appointment of members of the local pension board.

(2) An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

- (a) a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and
- (b) a person to be appointed to the local pension board as a member representative has the capacity to represent members.

(3) Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)—

- (a) no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and
- (b) any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.

(4) Where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board) the administering authority must designate an equal number which is no less than 4 in total of the members of that committee as employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

- (a) a person to be designated as an employer representative has the capacity to represent employers; and
- (b) a person to be designated as a member representative has the capacity to represent members.