

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Pensions Committee
Date:	13 October 2022
Subject:	Pensions Committee Structure and Terms of Reference – proposed change

Summary:

This report proposes a change to the structure of the Pensions Committee to meet the upcoming requirements of the Scheme Advisory Board Good Governance Review. In addition, amendments are proposed to the terms of reference in the Council's constitution to better reflect the requirements of members of the Pensions Committee.

Recommendation(s):

That the Committee consider and discuss the report and

- 1) approve the proposed Committee structure change to increase the number of Committee members by one enabling a place for a representative from the Academies sector; and
- 2) approve the updates to the terms of reference in the Council's constitution.

Background

1. As the Committee are aware, the Scheme Advisory Board (SAB) has undertaken a governance review of the LGPS, which resulted in a draft Good Governance Review report ([Good Governance Final Report February 2021.pdf \(lgpsboard.org\)](#)) being published in 2021 and which was shared with the Committee. DLUHC have approved the recommendations, with some minor changes, and it is expected that there will be a consultation shortly with the requirements coming into effect from 1 April 2023.
2. One of the areas within the report is about representation on Pension Committees of scheme employers, stating "the SAB's view is that it would expect scheme managers to have the involvement of employers and member representatives on any relevant committees". The current co-opted membership to the Lincolnshire Pensions Committee is for one member representing the district councils, one member representing small scheduled bodies and one representing scheme members. The

largest area not represented is the Academy sector, which makes up 177 of the Fund's 260 active employers (as at 31 March 2022).

3. With that in mind, and to meet the in-coming requirements from SAB, it is recommended to increase the membership of the Committee from three to four co-opted members – enabling a representative from the academy sector to join the Committee. As with all the current membership of the Committee, this would be a voting position. The overall size of the Committee would increase from eleven to twelve members.
4. Employers in the Academy sector would be asked to nominate individuals to fill this position and, if there were more than one candidate, a selection process would be undertaken by the Committee Chairman, Vice Chairman and Officers. This would ensure that any co-opted member fully understood the requirements of the position and had the capacity to be an active member of the Committee.
5. In addition to reviewing the structure of the Committee, work has been undertaken to review the terms of reference set out within the Council's constitution, to better reflect the role of the Committee. As the Committee are aware, there is a very broad range of knowledge required to be a member of the Pensions Committee, so the additional detail sets out more clearly what the expectations are.
6. The current terms of reference is set out in appendix A, and the amended terms of reference is set out in Appendix B, which also includes the proposed change in the structure of the Committee membership. If approved by the Committee, this will be taken to Full Council in December to update the constitution.

Conclusion

7. The structure of the Pensions Committee has been reviewed to reflect the recommendations being made in the Good Governance Review, and it is recommended to increase the number of co-opted members by one, enabling a place for a representative from the Academies sector. This would increase the size of the Committee to twelve.
8. In addition, the wording has been updated in the terms of reference in the Council's constitution to better reflect the broad range of knowledge required to be a member of the Pensions Committee, setting out more clearly what the expectations are.
9. If the Committee approve the changes, this will be taken to Full Council in December to update the constitution.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Pensions Committee - current terms of reference
Appendix B	Pensions Committee - proposed terms of reference

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

Pensions Committee – current terms of reference

There will be a Pensions Committee having 11 members. 8 shall be Councillors representing the political balance of the Council overall in accordance with the terms of the Local Government and Housing Act 1989, together with three co-optees representing both the non-County Council employers in the Fund and individual Fund participants.

All members of the Committee including co-opted members shall be entitled to vote.

Functions:

- Drawing upon appropriate professional advice, to set investment policies for the Fund, including the establishment and maintenance of a strategic benchmark for asset allocation, and approval of the Investment Strategy Statement.
- To review the performance of Border to Coast Pensions Partnership Limited and its sub-funds, legacy fund managers and associated professional service providers.
- To approve the annual Report and Statement of accounts of the fund.
- To consider any other matters relevant to the operation and management of the fund.
- As necessary and appropriate issue instructions to the Council's representative as shareholder of Border to Coast Pensions Partnership Limited on matters affecting the exercise of the Council's rights as shareholder in the company.
- To respond to any relevant consultations impacting upon the benefit provisions of the Local Government Pension Scheme.

In fulfilling its functions the Committee shall have regard to the advice of the Lincolnshire Local Pension Board established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and shall receive and consider recommendations from the Border to Coast Pensions Partnership Joint Committee.