

**COUNCIL: 21 JUNE 2018**

---

## **REPORT OF CORPORATE DIRECTOR RESOURCES**

---

### **CARDIFF & VALE OF GLAMORGAN PENSION FUND - AMENDMENT OF TERMS OF REFERENCE FOR THE LOCAL PENSIONS BOARD**

#### **Reason for this report**

1. This report seeks Council approval for amendments to the Terms of Reference for the Local Pensions Board.

#### **Background**

2. Cardiff Council is the administering authority for the Cardiff & Vale of Glamorgan Pension Fund which is part of the Local Government Pension Scheme (LGPS) for England and Wales. The Council's functions relating to Pensions are discharged through the Pensions Committee and delegations to the Corporate Director Resources. The Fund is the statutory Pension Fund for employees of Cardiff & Vale of Glamorgan Councils and also provides pensions for employees of 36 other employing bodies. There are currently approximately 40,000 active, pensioner and deferred members of the Fund.
3. In 2015 the Council established the Local Pension Board for the Pension Fund in compliance with the Public Service Pensions Act 2013 and the LGPS Regulations. The role of the Board is to assist the Council:
  - to secure compliance with the LGPS Regulations and other relevant legislation
  - to secure compliance with the requirements of the Pensions Regulator
  - to ensure effective and efficient governance and administration of the Fund
4. The Board comprises 3 employer representatives, 3 scheme member representatives and a non-voting independent chair. The first members were appointed to the Board for a three year term of office commencing 1 July 2015.
5. The term of office of the Board members originally appointed in 2015 is due to end on 30 June 2018. It is therefore an appropriate time to review the operation of the Board's Terms of Reference.

## Issues

6. The ToR were drawn up before the establishment of the Pensions Committee in June 2016 and so make no reference to the Committee. Council is asked to note that to comply with statutory guidance and to enable the Board to fulfil its role of assisting the Council as Administering Authority, it retains formal responsibility for the Board and for approving any significant changes to its operation. It is proposed however that references in the ToR to the Investment Advisory Panel are amended to refer to the Pensions Committee.
7. Board members are expected to acquire and maintain knowledge of LGPS governance and administration. This requires a commitment to long term membership of the Board. The initial term of office of Board members was set at three years with the option of extension. In order to make best use of this knowledge and experience it is proposed that the term of office be amended to four years with the option to reappoint for a second term.
8. The original ToR stated that Board members attending meetings in their own time will be entitled to an allowance in accordance with the Council's scheme of allowances for co-opted committee members. The Council's scheme of allowances includes arrangements for the remuneration of co-opted chairs of committees and it is proposed that the ToR is amended to clarify that the remuneration of the Chair of the Board will be in accordance with these arrangements.
9. It is proposed that the administration of the Board including management of the appointments process and approval of minor amendments to the ToR be included in the operational matters delegated to the Corporate Director Resources, subject, as appropriate, to consultation with the Chair of the Pensions Committee and the Chair of the Board. This is because the Board has been operational since 2015 and these are matters deemed appropriate to be delegated to the Corporate Director Resources in order to ensure expedient processes.
10. The proposed revised Terms of Reference are attached as Appendix 1.

## Legal Implications

- (i) In accordance with the requirements of The Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 2013 ('2013 Regulations') (as amended ) the Council is required to establish a body known as the Local Pension Board, to assist the Council (as Administering Authority) in its role as the Scheme Manager of its Fund.
- (ii) The authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Guidance on Pensions Boards, was published in February 2015: (Local Government Pension Scheme (LGPS) Guidance on the creation and operation of Local Pension Boards in England and Wales). In preparing the

amended terms of reference for the Board regard should be had to the guidance.

- (iii) Regulation 105 of the 2013 Regulations provides that Administering Authorities may delegate functions under the Regulations. The delegation of pension functions varies from Administering Authority to Administering Authority depending on local circumstances. The report, in the recommendations, seeks to clarify the extent of the delegations to the Corporate Director Resources, as set out in the Council's Scheme of Delegations. In particular, it seeks confirmation that such delegation includes all matters relating to administration of the Board and appointments to the Board.

Whilst such delegation is legally permissible it is noted that the guidance provides

*5.3 For many Administering Authorities, all existing pension functions are likely to be delegated to a Pension Committee or an officer. However, it is open to an Administering Authority to exercise directly any function which it has delegated.*

*5.4 In light of the fact that the role of the Local Pension Board is to assist the Administering Authority, the Administering Authority will need to carefully consider the establishment of the Local Pension Board and the appointment of its members. It should therefore be a function undertaken by the Administering Authority (for example full council) rather than by the delegated Pension Committee or officer*

As stated in paragraph (ii) of the advice regard must be had to the Guidance when considering this matter.

## **Financial Implications**

11. All costs associated with the running of the Local Pension Board, including any allowances or expenses paid to Board members and costs of training and external advice, are chargeable to the Pension Fund.

## **RECOMMENDATIONS**

That Council

12. notes that as Administering Authority for the Pension Fund it has formal responsibility for the Local Pension Board and that all but minor amendments to the Board's Terms of Reference will be presented for approval by Full Council and (b) agrees that delegated authority be granted to the Corporate Director Resources to make any minor amendments that may be required to the Board's Terms of Reference, from time to time
13. approve the proposed amended Terms of Reference attached as Appendix 1 to this report

14. confirms that administration of the Board, (including appointments to the Board) falls within the operational pension's matters delegated to the Corporate Director Resources in the Council's Scheme of Delegations, subject to consultation, as appropriate with the Chair of the Pensions Committee and the Chair of the Board.
15. approves the appointment of Board members to extended terms of office as detailed in Appendix 2.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1	Proposed Amended Terms of Reference
Appendix 2	Current Board members and extended terms of office

Background papers  
Report to Full Council 29 January 2015