

Pension Fund Governance

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Cabinet Member: Not applicable

Division and Local Member: Not applicable

1. Summary

- 1.1.** Under the SCC constitution all responsibility for the running of the Somerset County Council Pension Fund is delegated to the Pensions Committee, which is supported by the Pension Board as required by the LGPS regulations laid by the UK parliament.

To clarify the functions and operation of the Pensions Committee and Pension Board Terms of Reference for each were produced and agreed in 2015. As part of the process of moving to a Unitary Council now is an opportune time to review and refresh these documents. Some elements of the Terms of Reference are also replicated in the full Constitution.

2. Issues for consideration / Recommendations

- 2.1.** The Committee is asked to review the Terms of Reference of the new Somerset Council's Pensions Fund Committee (attached as appendix A) and the Pension Fund Board (attached as appendix B) and recommend that they are adopted by the new Unitary Council, with or without amendment.

3. Background

- 3.1.** The Local Government Pension Scheme (LGPS) is governed by the Superannuation Act 1972, under which Somerset County Council is the Administering Authority for the LGPS in the area of the County Council. The fund covers all local government employees (both County and District) as well as civilian employees of Avon & Somerset police and must be offered to these staff. The LGPS can be offered to Parish and Town Council staff and to commercial employers, principally as part of the TUPE transfer of staff from local government. Post vesting the Administering Authority role within Somerset will pass to the new Unitary Council.

- 3.2.** As part of the creation of the Pension Board in 2015 Terms of Reference were agreed for the set up and operation of both the Pensions Committee and Pension Board. With the move to the new Unitary Council these documents need reviewing, and in some areas amending, to ensure they remain fit for purpose
- 3.3.** Each of the Pensions Committee and Pension Board has reviewed their own Terms of Reference and many of the changes made in the attached drafts specifically reflect their recommendations.
- 3.4.** Each set of Terms of Reference have been amended to reflect the change in Administering Authority name from Somerset County Council to Somerset Council and associated tidying up.
- 3.5.** It may be necessary to amend each set of Terms of Reference further to ensure that references to other documents, specifically the Somerset Council Constitution, remain accurate.

3.6. Key changes to new Pensions Fund Committee terms of Reference

- i) The Current Terms of Reference make provision for the make up of the Committee to be 8 representing the following stakeholders.
- 4x County Councillors
 - 1x District Councillor
 - 1x Representative of the Police and Crime Commissioner
 - 1x Representative of the remaining employers
 - 1x Representative of the scheme members

The new Terms of Reference for the Pensions Fund Committee propose that its membership includes 7 Councillors of the new Unitary Council to replace the 4 County Councillors and 1 District Councillor. The Pensions Committee were ambivalent about an increase in overall membership but this would be more consistent with the make-up of other recent similar Unitary Council's Pension Fund Committees with which we have benchmarked.

- ii) The quoracy of the Committee currently requires 3 elected members, which excludes the 3 non-elected Committee members from counting towards the quoracy. The Pensions Committee's view is that this disenfranchises the non-elected members of the Committee and reduced the ability of the Committee to hold quorate meetings. The new Terms of Reference propose a quoracy of 3 members to include the Chair or Vice Chair.

3.7. Key Changes to the new Pension Fund Board Terms of Reference

- i) The quoracy of the Board currently requires the presence of the Chair of the Board. However, since the Board appoints the Chair themselves and

there is provision for the Chair to be rotated amongst the Board members it is suggested that this stipulation be removed to improve the ability of the Board to hold quorate meetings.

- ii) The Board requested that its duties as listed in section 3.4 specifically make separate reference to the investments of the fund and the administration of the membership and employers.
- iii) Addition of paragraph 4.3 to ensure we have a full membership of the Board of 6.

4. Consultations undertaken

- 4.1.** Each of the Pensions Committee and Pension Board were consulted on their own terms of Reference and once adopted by Somerset Council will formally adopt them themselves.

5. Implications

- 5.1.** None beyond meeting the Council's legal obligations as an administering authority of the LGPS.

6. Background papers

- 6.1.** Somerset County Council Constitution

Note For sight of individual background papers please contact the report author