

Croydon Council

REPORT TO:	Pension Committee 19 September 2017
AGENDA ITEM:	7
SUBJECT:	Scheme Advisory Board Consultations
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report considers proposals relating to an important component group of scheme employers.	
FINANCIAL SUMMARY: Academies represent a large group of scheme employers and are important stakeholders within the Croydon Scheme.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

This report recommends that the Committee:

- 1.1 Agrees that the objectives set out in paragraph 3.4 should be those adopted by the project that the Board will undertake;
- 1.2 Agrees the arrangements relating to the forum set out in paragraph 3.8 and
- 1.3 Agrees that a session, such as set out in paragraph 3.9, would be helpful.

2. EXECUTIVE SUMMARY

- 2.1 The Local Government Pension Scheme Advisory Board is consulting on objectives for a project to develop options to address issues relating to the Government's policy to convert all schools to academies.

3 DETAIL

- 3.1 The Local Government Pension Scheme Advisory Board (SAB) is part of the governance apparatus for the Local Government Pension Scheme (the Scheme).

It is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. The purpose of the Board is to encourage best practice, increase transparency and coordinate technical and standards issues. It considers items passed to it from the Department of Communities and Local Government ("DCLG"), the Board's sub-committees and other stakeholders as well as items formulated within the Board. Its recommendations may be passed to the DCLG or other bodies.

- 3.2 On 17 July the Board launched two consultations of particular interest and relevance to this Committee.
- 3.3 The first consultation relates to Academies. The Board acknowledges that the Government's policy is for all schools to convert to academies and has stated that it is interested in developing a better understanding of what this means for LGPS Pension Funds and their host authorities. To achieve this understanding the Board intends to investigate the issues associated with this policy and develop options to address those issues.
- 3.4 The Board is consulting on the objectives that these options should aim to meet. These are the draft objectives:
- Protect the benefits of scheme members through continued access to the LGPS;
 - Ring fence local tax payers and other scheme employers from the liabilities of the academy trust sector;
 - Improve the efficiency and effectiveness of administrative practices; and
 - Increase the accuracy and reliability of data.

Furthermore, in achieving these objectives any option for change should not:

- Significantly alter cash flows at the fund level; nor
 - Significantly alter assets at the pool level.
- 3.5 The consultation simply asks whether the Committee agrees that these should be the Board's objectives for this academies project, or not. This consultation is addressed to LGPS managers and Pension Committees.
- 3.6 Whilst broadly agreeing with these objectives it is worth noting that these objectives effectively exclude the option to ring-fence part of the Pension Fund for academies which might be a way of reflecting their different maturity profile, risk appetite or funding period guarantee. It also marks a sea-change in the approach to under-writing academies; at present the Council has been asked to rely upon certain central government assurances. This approach would represent a significant shift in that approach.
- 3.7 The second consultation relates to the establishment of an elected member led Cross Pool Information Forum and is addressed to Chairs of LGPS pension committees. The consultation is in two parts.
- 3.8 The first part considers the establishment of an elected member led Cross Pool Information Forum, designed to share and disseminate information on the pooling of LGPS assets. The consultation asks whether this should be the remit for the forum and proposes that each pool nominate three elected members to join the

forum. These members could be elected members or others, including direct representation of scheme members. Finally the consultation proposes that the forum should meet at least quarterly. The consultation also addresses questions of governance and administration, suggesting that the forum's chair should be selected from amongst the forum's membership; that there does not need to be any arrangement for voting as the forum is not a decision-making body; and that the Board's secretariat should support the administration of the forum.

3.9 The second part of the consultation proposes a session for chairs of Pensions Committees and Local Pensions Boards on the progress achieved towards pooling.

3.10 The deadline for responses to these consultations is 29th September 2017.

4 FINANCIAL CONSIDERATIONS

4.1 There are no further financial considerations flowing from this report.

5. OTHER CONSIDERATIONS

5.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

6. COMMENTS OF THE SOLICITOR TO THE COUNCIL

6.1 The Solicitor to the Council comments that there are no legal considerations arising from the recommendations within this report.

6.2 (Approved for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Resources department, ext. 62552.

BACKGROUND DOCUMENTS:

Consultations issued by the Local Government Pension Scheme Advisory Board, July 2017.