

Croydon Council

REPORT TO:	Local Pension Board 26 March 2019
SUBJECT:	LGPS Governance Updates
LEAD OFFICER:	Nigel Cook, Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: The Pension Board assists with ensuring the effective administration of the Local Government Pension. This report highlights various issues that impact on that administration.	
FINANCIAL SUMMARY: There are no direct financial consequences to these issues.	

1. RECOMMENDATIONS

- 1.1 The Board is asked to note the contents of this report.

2. EXECUTIVE SUMMARY

- 2.1 This report deals with various issues being considered by the LGPS Scheme Advisory Board, including the cost cap mechanism; the pensions regulator; and managing conflicts of interests effectively.

3. DETAIL

- 3.1 The LGPS Scheme Advisory Board (SAB) exists to guide the administration of the LGPS by considering various issues of interest to LGPS members. It publishes guidance, conducts surveys and undertakes detailed work that individual schemes cannot resource. It reports directly to the Secretary of State on these matters and consideration of the overall affordability of the Scheme. The SAB provides a valuable source of information for all stakeholders.
- 3.2 The most significant issue that the Board is focussing its resources on relates to the cost cap mechanism and the McCloud case. This is detailed in another report on the Board agenda.
- 3.3 At its meeting of 10th January, 2019 this local Pension Board received a report describing how the Chair of the Scheme Advisory Board (SAB) had written to the Chief Executive at the Pensions Regulator, expressing concerns about the burdens being imposed by the Regulator on individual administering authorities.

Lesley Titcomb, Chief Executive at the Pensions Regulator, replied to the letter and her reply is appended to this report.

- 3.4 This response highlights the Public Service Pension Scheme (PSPS) Code of Practice 14 that confirms what is expected of all PSPS scheme managers in order to be compliant with the legislative requirements of the Public Service Pensions Act 2013 and related legislation. This is addressed by a report drafted by AON Hewitt also on this agenda. The letter considers options for enforcement action and implies that the LGPS could do better in meeting required legislative standards. The letter concludes by saying that the Regulator's office will continue to work with a cohort of LGPS schemes under their new approach to regulation.
- 3.5 Hymans Robertson have been appointed by the Board to conduct a survey on governance of the LGPS and potential conflicts of interest between the pensions function of administering authorities and their host local authority. The purpose of this exercise is to consider how best to accommodate LGPS functions within the democratically accountable local authority framework in a way that ensures that conflicts of interest are addressed and managed appropriately and that the LGPS remains appropriately resourced and able to deliver its statutory functions. This project aims to identify the real issues and potential options for change to the current arrangements which are proportionate, pragmatic and would improve LGPS governance in these areas.
- 3.6 Through the consultation process, the Board will be seeking the views of as many stakeholders, representing all elements of the LGPS, as possible. Scheme stakeholders will be invited to complete a short online questionnaire which will ask for examples of actual conflicts that can arise, stakeholders views on the effectiveness of current LGPS governance arrangements and their suggestions for improvement. Further stages of the consultation will include interviews and workshops with key stakeholders. This will allow the SAB to consult on a series of options that reflect the reality of LGPS governance as experienced by those who experience it first-hand. This work will begin immediately, with reports coming to the SAB in April and July 2019.

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BACKGROUND DOCUMENTS:

None

Appendices

Appendix A: Letter from Lesley Titcomb, Chief Executive at the Pensions Regulator, in reply to the letter sent by Councillor Roger Phillips, Chair of the Scheme Advisory Board, about the burdens being imposed by the Regulator on individual administering authorities.