

Croydon Council

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Proposed Constitutional Changes – Updates from previous meeting
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. RECOMMENDATIONS

- 1.1 The Committee are asked to agree that the amendments to voting rights proposed in the paper considered by the Committee at their meeting of 11 October remain unchanged in order to preserve the balance on the Committee.
- 1.2 The Committee are asked to agree changes to the Constitution to agree an annual allowance will be paid to the Members of the Pension Board and the Pension Board Chair as set out in section 3.3.

2. EXECUTIVE SUMMARY

- 2.1 This report makes recommendations to the Committee regarding amendments to the proposed constitutional changes which were presented to the Committee at their meeting on 11 October 2022 which the Committee are asked to agree.

3 DETAIL

- 3.1. A paper went to Committee on 11 October outlining proposed changes to the Constitution. Part of the report dealt with voting rights for certain members and another part dealt with allowances for Pension Board Members.

3.2 Voting rights

It was proposed that voting rights be given to the staff side member and a new external employer representative voting role be created.

The matter of enfranchisement of the second pensioner representative was raised. Officers explained that the rationale behind not awarding voting rights to the second pensioner representative was to do with the numbers of Active, Deferred and Pensioner members in the Fund. Figures at 31 March 22 were as follows:

Active members 19860 representing 32% of the total Fund membership
Deferred members 12008 representing 39% of the total Fund membership
Pensioner members 8965 representing 29% of the total Fund membership

Officers have concluded that it would not be practicable to allocate Deferred member representation therefore there is no Deferred member representative on the Committee.

The numbers for Active and Pensioner members represent roughly a third of the Fund membership.

Therefore, in order to reflect the make up of the membership, there should be equal numbers of Active and Pension voting members on the Committee.

Currently, Fund members are represented by one voting Active member co-optee who is a staff member nominated by the unions and one voting Pensioner member who is elected by the membership; the individual who secures second place in the vote is appointed as a reserve non-voting Pensioner member who is only able to vote in the absence of the voting Pensioner member.

The Committee requested officers to look at how the balance on the Committee could be retained if the second pensioner representative were to be given voting rights.

In terms of Fund membership, Active and Pensioner voting representation is currently a straight 50% split. If the additional Pensioner representative were given voting rights, the balance would change to 33% voting representation for Active members and 67% for Pensioner members. This would not then reflect the make up of the Fund membership and would actually give the greatest voting rights to the smallest Fund membership group.

Currently with the previously proposed changes, the voting member balance on the Committee is:

Councillors 8 members totalling 73% of the voting Committee membership

Employer Representatives 1 member totalling 9% of the voting Committee membership

Staff Active Member Representatives 1 member totalling 9% of the voting Committee membership

Pensioner Representatives 1 member totalling 9% of the voting Committee membership

The table below shows the effect on the balance by increasing the various categories of committee members:

	No	%		No	%		No	%		No	%		No	%
Cllrs	8	73		8	67		8	62		8	57		16	73
Voting Co-opted														
Employer	1	9		1	8		1	8		2	14		2	9
Staff (Active)	1	9		1	8		2	15		2	14		2	9
Pensioner	1	9		2	17		2	15		2	14		2	9
Totals	11	100		12	100		13	100		14	100		22	100
Non Voting Coopted														
Pensioner	1													

3.2 Recommendation

As the table shows, in order to retain the balance of enfranchised members if the second Pensioner representative were to be given voting rights, every other category of member would need to be doubled.

Therefore, officers continue to recommend that the amendments to voting rights proposed in the paper considered by the Committee at their meeting of 11 October remain unchanged in order to preserve the balance on the Committee. The Committee is asked to agree this recommendation.

3.3 Pension Board Member Allowances

The report presented to Committee on 11 October included the proposed payment of allowances for Pension Board Members. The Committee requested that values of the allowance be included in the proposed Constitutional changes.

Officers have amended Appendix B in Part 6A of the Constitution as follows:

<p>Pension Board Chair - Annual allowance of £5,000 p.a. increased on 1 April each year in line with the cost of living.</p> <p>The cost of living increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.</p>
<p>Pension Board Members not otherwise remunerated by an employer within the Fund – Annual allowance of £1,000 p.a. increased on 1 April each year in line with the cost of living.</p> <p>The cost of living increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.</p>

Officers have amended the proposed changes to the constitution in respect of 21.1 and 21.2 of Part 4M of the constitution as follows:

21.1 An annual allowance will be paid to the Members of the Pension Board who are not otherwise remunerated by an employer within the Fund, in recognition of the time commitment and knowledge and skills and training required of the role of £1000.00 pa which will be uprated annually on 1 April in line with the cost of living. The increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.

21.2 An annual allowance will be paid to the Pension Board Chair of £5000.00 which will be uprated annually on 1 April in line with the cost of living. The increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.

3.4 **Recommendation**

The Committee is asked to agree these proposed changes as detailed above to give an annual allowance to certain members of the Pension Board.

3.5 If the Committee agrees the recommendations at 3.2 and 3.4, officers will present the proposed constitution amendments to the Monitoring Officer to take forward.

4. **CONSULTATION**

4.1 No consultation is required.

5. **FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 The financial implications are set out in the report and if the constitution changes are agreed, will result in an additional cost to the Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. **LEGAL CONSIDERATIONS**

6.1 Burges Salmon LLP (a legal advisor to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report but observe that the governance arrangements for the Pension Board are part prescribed by legislation.

7. **HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer

8. EQUALITIES IMPACT

8.1 There are no equality implications in the report.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.