LGPS Governance Reform - update

09 May 2014 by Barry Mack

We held our LGPS Governance reform seminar on Tuesday. The "three Bobs" (15 pence in old money!) were present - Bob Holloway from Department for Communities and Local Government (DCLG), Bob Scruton from the Pensions Regulator (tPR) and Bob Summers from CIPFA.

Bob Sc was able to share some of the themes coming out of the consultation on the code of practice (CoP) and regulatory approach. He acknowledged my view that effective governance should include funding and investment and highlighted that a recurring theme is that the CoP is light on employer duties. Bob Sc suggested that senior officers need to demand sufficient resources to do governance properly.

Whilst the governance regulations are not out yet, Bob H gave us the inside track on government thinking. Importantly, he was able to give us a very good steer about what will be in the regulations pending any legal impediments. Some highlights were:

- He's looking for the Scheme Advisory Board (SAB) to have its powers in place by December. This would allow it, for example, to advise the Secretary of State when it is asked to approve arrangements that don’t follow the normal two body (s101 committee plus Pension Board) route.

- He suggested that Pension Boards (PBs) will need to meet a minimum number of times per year, that they will be required to produce information and will need to report to the SAB, DCLG and tPR as well as internally at Scheme Manager level.

- PBs are likely to have at least 2 employer representatives and the same number of scheme member representatives. Their terms of office should be such that we don't have all of them starting and resigning at the same time as this won't help the continuity of knowledge needed. PB responsibilities will be as per the Act with flexibility being left to Scheme managers to decide what else PBs may do.
He anticipates the consultation on the governance regulations being 8 weeks rather than the normal 12 so that he has a fighting chance of getting them on the statute book by September. The jury is still out though on just how these PBs will be constituted and how officers will be able to support both a s101 committee (where the decisions will be made) and the PB without introducing the potential for a conflict of interest.

Bob Summers joined our panel question and answer session. On behalf of the Governance Sub-Committee of the Shadow Advisory Board, which he chairs, he was able to indicate that it is their intention to help LGPS funds by providing guidance where there are gaps in either the regulations or tPR’s CoP. Bob Summer’s top tip is to socialise the governance reforms with senior folk at administering authorities.

Finally, I was able to speak on the "Call to arms!" setting out a number of actions that LGPS funds could be taking now. Although we know that future desired governance arrangements cannot yet be finalised, much of the leg work can be done now to give LGPS funds a fighting chance of getting their local Pension Boards in place. It was gratifying to know that Bob H was clearly in agreement with this. My top calls to arm were:

- Set up a working party consisting of some s101 committee members and officers to look at the governance arrangements and to decide what they want to achieve;

- At a task level, look at the scheme of delegations and the activities your committee has carried out in the last 24 to 36 months to help determine what should go where;

- Speak to your monitoring officer and democratic services to work out what you need to plan for to populate the PB by April 2015.

My top tip? As far as I can see, tPR has set out in its draft CoP what is expected by way of running an LGPS fund. If you do nothing else at this stage, measure yourself up against this CoP and address any gaps or weaknesses. This will help make life easier for you once the PB is in place.