

<b>Committees</b>	<b>Date:</b>
Policy and Resources Court of Common Council	24 September 2015 15 October 2015
<b>Subject:</b> Public Sector Pensions Board and Police Pensions Sub-Committee – Revision to appointment process	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>

### Summary

This report requests that the Policy and Resources Committee agrees to amend the process by which Scheme Member representatives are appointed to the Public Sector Pensions Board, such that they are appointed through an application and appointment process, rather than through an election involving all Scheme Members. The positions would still be open to all Scheme Members.

At present, the Terms of Reference state that the Scheme Member representatives would be “selected by election by Scheme Members.” Amending this to appoint Scheme Member representatives through an application and appointment process through an open and transparent appointment process against an agreed set of criteria would be the most effective way to ensure that appropriate candidates are selected. That process would also be significantly more cost effective than staging an election, and would also be in line with the approach being taken by many London Borough Councils.

### Recommendation

Members are asked to recommend that the Court of Common Council approves an amendment to the Terms of Reference of the Public Sector Pensions Board such that the reference to the appointment of Scheme Members within the Board’s Terms of Reference is amended to read “Three Scheme Member representatives, appointed by a process determined by the Town Clerk and Chief Executive.”

### Main Report

#### Background

1. In April 2015 the Court of Common Council approved the creation of the Public Section Pensions Board to comply with the requirements of the Public Services Pensions Act 2013. The purpose of this Board is to scrutinise the adequacy of arrangements in place to meet the requirements of scheme regulations and the extent to which local policy and guidance is fit for purpose.

2. The Court of Common Council agreed that the Public Sector Pensions Board should comprise three Scheme Manager representatives and three Scheme Member representatives, appointed as follows:

Scheme Manager Representatives

- Two Elected Members elected by Court of Common Council.
- One senior officer, appointed by the Town Clerk.

Scheme Member Representatives

- Three Scheme Member representatives appointed by election by all Scheme Members

3. These arrangements are set out within the Terms of Reference of the Board which were approved by the Court of Common Council. Therefore, a change to the process by which Members or Officers are appointed to the Board requires an amendment to the Terms of Reference (and therefore approval by Court of Common Council).

## **Current Position**

4. The vacancies for two Elected Members to be appointed as Scheme Manager representatives to the Public Sector Pensions Board were advertised to the Court of Common Council. On 25 June 2015, the Court of Common Council appointed Alderman Ian Luder and James Tumbridge to be the Court's Scheme Manager Representatives to the Pensions Board for terms of four years.
5. The vacancy for a senior officer to be appointed by the Town Clerk has also been filled. Jon Averbs, Port Health and Public Protection Director, has agreed to take this position.
6. The Terms of Reference of the Public Sector Pensions Board which were approved by Court of Common Council on 29 April 2015 stated that the Scheme Member representatives would be "selected by election by Scheme Members."
7. This approach was recommended to Members as it was thought at that time that an election would be required to ensure that the Scheme Member representatives were truly representative of the Scheme Members.
8. However, consultation with other London Boroughs had revealed that this is not a requirement. Of 19 London Boroughs who have responded to questions, 18 have decided to appoint Scheme Member representatives through an application appointment process.
9. There are two main benefits to this approach. Firstly, there is a significant financial benefit. It is estimated that an election would involve an electorate of around 12,000 people and cost approximately £15,000, in addition to being administratively burdensome. It is estimated that an application and appointment process would cost approximately £3,000, including officer time for review of applications review and the selection process, including

interviews, if required. This is likely to be a significant overestimate of the cost, as it is unlikely that two full days would be required for the selection process. However, it is financially prudent to assume the highest possible cost.

10. Secondly, appointment based on an application and appointment process, with assessment against clear and open criteria, (which would include areas such as knowledge of pensions schemes and the role of the Local Government Pensions Board or openness to learning about the schemes) would be the most effective way to ensure that appropriate Board Members are selected. It will also mean that consideration can be given to striking a balance between active Scheme Members (current employees), deferred Scheme Members (past employees not yet claiming a pension) and current pensioners, as these groups would have different priorities and concerns. This would obviously be dependent upon the applications received.
11. In order to implement this change, it will be necessary to amend the Terms of Reference of the Local Government Pensions Board. To offer the greatest degree of flexibility in future years, it is suggested that the process of appointing Scheme Member representatives be determined by the Town Clerk. The Town Clerk may consult with recognised unions as part of this process.
12. Therefore, it is recommended that the Terms of Reference are amended to read “Three Scheme Member representatives, appointed by a process determined by the Town Clerk and Chief Executive.”
13. Revised Terms of Reference are set out at Appendix A.
14. Members should note that the Public Sector Pensions Act 2013 also sets out a requirement for a Police Pensions Board to be created. This was created through a similar process to the Local Government Pensions Board, but as a Sub-Committee of the Police Committee. However, the appointment process for the Police Pensions Board is set out within the guidance, and is different from the Public Sector Board. The guidance requires that the Pensions Authority (in this case the Police Committee) appoints a Chairman, and the Chairman is then responsible for appointing the other Scheme Manager and Scheme Member representatives. Therefore, no amendment will required to the Police Pensions Sub (Police) Committee and no similar report will be submitted to the Police Committee.

## **Proposal**

15. As stated above, amending the process by which Members are appointed to the Local Government Pensions Board requires an amendment to the Terms of Reference, and therefore approval by the Court of Common Council. The Committee is asked to recommend that the Court approves the amendment to the Terms of Reference to amend the reference to how Scheme Member representatives are appointed to the Committee.

**Appendix**

- Local Government Pensions Board – Proposed revised terms of reference

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