

FALKIRK COUNCIL

Subject: PENSION FUND – GOVERNANCE ARRANGEMENTS
Meeting: JOINT MEETING OF THE PENSIONS PANEL AND COMMITTEE
Date: 11 DECEMBER 2014
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 The purpose of this report is to provide Panel and Committee with information regarding the revised pension fund governance arrangements to be put in place by April, 2015. The report makes reference to the national and local consultations held recently on the subject.

2. CURRENT GOVERNANCE ARRANGEMENTS

- 2.1 Falkirk Council is designated as an Administering Authority within Local Government Pension Scheme legislation with responsibility for maintaining and managing the Falkirk Council Pension Fund.
- 2.2 Under current governance arrangements, Falkirk Council has delegated pension fund business to its Pensions Committee. In addition, an advisory Pensions Panel, made up of Employer, Union and Pensioner representative groups, has been established to support the Committee.
- 2.3 The Pensions Committee consists of nine members – six elected members from Falkirk Council and three members drawn from the Panel. The Committee meets on a quarterly basis with all members having voting rights and access to papers.
- 2.4 The Panel comprises 15 members with one member from each of the representative groups sitting on the Pensions Committee. The Panel normally meets on a quarterly basis approximately two weeks prior to the Committee.
- 2.5 The Panel's role is to provide advice, guidance and opinion to the Pensions Committee on all matters relating to the business of the Falkirk Council Pension Fund. The Committee remains the decision making entity.
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3. PUBLIC SERVICE PENSIONS ACT 2013

- 3.1 The current round of pension reform began in 2011 with the publication of the Hutton report. This set out proposals for the establishment of a common UK-wide framework for public sector pensions in a bid to ensure that going forward the schemes were affordable, sustainable, fair and transparent. These proposals were carried forward in the Public Service Pensions Act 2013 ("the 2013 Act") and have been amplified more recently through draft Governance regulations and associated agreements.

- 3.2 In essence, the 2013 Act requires that from April, 2015, each Fund must have:
- a Scheme Manager – the legally constituted decision making body; and
 - a Pension Board – a supporting entity
- 3.3 At a national level, the Act also requires that the Scheme is overseen by an Advisory Board, made up of Employer and Trades Union representatives.
- 3.4 For the Falkirk Fund, the “Scheme Manager” will be Falkirk Council, in its capacity as a corporate body. Pension fund business will continue to be delegated to the Pensions Committee.
- 3.5 Whilst there are differences between the existing Pensions Panel and the Pension Board, it would seem impractical to go forward with both a Board and a Panel given the overlap in roles and the skills and knowledge requirements. Consequently, this report seeks approval for the Pensions Panel to be discontinued with effect from 1st April, 2015 and alternative governance arrangements put in place.

4. SCOTTISH MINISTERS CONSULTATION

- 4.1 As mentioned above, Scottish Ministers recently issued, for consultation, draft Regulations which seek to expand on the core governance requirements set out in the 2013 Act.
- 4.2. The full Falkirk Council response on behalf of the Fund is attached at Appendix A.

5. PENSION BOARDS

- 5.1 It is important to recognise that under the 2013 Act, the Pension Board has a specific statutory role, namely:
- securing compliance with the rules relating to scheme governance and administration;
 - securing compliance with requirements imposed by the Pensions Regulator; and
 - such other matters as the may be specified.
- 5.2 This role is expanded in the draft Governance regulations so that effectively the Board has a locus over most pension fund business.
- 5.3 The Governance regulations also make provision regarding the practical operation of the Pension Board, as follows:
- the Board should have an equal number of employer and trade union representatives with a minimum of 4 members from each group;
 - the Scheme Manager must be satisfied that a person appointed to the Board does not at any time have a conflict of interest;
 - the Board should normally meet together at the same place and at the same time as the Pensions Committee and consider the same agenda, in which case the Chair of the Pensions Committee should act as chair of both meetings.

- The Chair of the Board will rotate on an annual basis between employer and trade union representatives
- The administration costs of the Pension Board shall be met by the Fund.

- 5.4 Further direction as to how a Pension Board should operate is contained in the Governance Heads of Agreement and Model Constitution authorised by the Scottish Local Government Pensions Advisory Group (SLOGPAG). A copy of the model constitution is attached at Appendix B
- 5.5 The fact that the Regulations require the Board to have its own Chair (separate from the Pensions Committee Chair) would imply that it can meet on its own.
- 5.6 The statutory role of the Board means that it is not possible for persons to be simultaneously both members of the Board and Committee.

6. FALKIRK COUNCIL PENSION FUND CONSULTATION

- 6.1 As the final Governance regulations will not be published until late January, 2015 (too late to begin the Board appointment process in time for April, 2015), the Fund has conducted its own consultation with stakeholders (Fund Employers, Trade Unions contacts, Scheme Members and Pensioners). A letter of comfort indicating that final regulations will not deviate materially from the draft regulations has been provided by the Scottish Ministers.

- 6.2 A copy of the Falkirk Governance Consultation Paper is attached at Appendix C. The key questions raised in the consultation were as follows:

- a) How many member and employer representatives do you feel should sit on the Board?
- b) Which of the following Board models would you support in relation to employer representation?
 - 4 members (e.g. one from each of the 4 largest employers in the Fund), or
 - 4 members (e.g. two “Council” reps, a scheduled body rep and an admitted body rep) or
 - 5 or more employer representatives

(As Falkirk Council will have a majority position on the Pensions Committee, a further variation would be not to have any Falkirk representation on the Board?)

- c) Should member representatives be limited to Trade Union representatives or should they potentially include other member representatives such as pensioner or deferred member representatives? (At present, the draft governance regulations only refer to Trade Union representatives).
- d) Would your organisation be prepared to nominate someone to sit on the Pension Board?
- e) Would your organisation be prepared to nominate a substitute? A substitute would have to undergo the same knowledge and understanding regime as the lead representative. Having an available substitute could help ensure that Board meetings were quorate.

- f) The proposed term of office for a Board Member is 4 years, with the option of re-appointment. How should any re-appointment request be processed?
- g) Thinking about the configuration of the Pensions Committee, do you think there should continue to be non-Falkirk Council representation (e.g. Falkirk Council elected members being supported by a Pensioner or Other Stakeholder representative).
- h) Should an independent specialist be formally invited to sit on the Committee (such a member would bring specialist skills to discussions but would require to be paid)?

7. CONSULTATION RESPONSES

7.1 Responses have been received from the following organisations:

SEPA
 SCRA
 Scottish Autism
 Stirling Enterprise (STEP)
 Falkirk Community Trust

Responses have also been received from Mr Redpath (Committee member) and a Mr Gower (Pensioner).

7.2 The response from Falkirk Community Trust indicated that they would expect their interests to be catered for through Falkirk Council representation. The response from STEP was simply to confirm they would not seek to participate in the Pension Board.

7.3 The other responses have been summarised as follows:

	Board Size	Board Composition (Employers)	Board Composition (Members)	Prepared to sit on Board	Committee to have non Falkirk representation	Independent member to sit on Committee
SCRA	6 + 6	5 Scheduled + 1 Admitted	Include Pensioner & Deferred Pensioner	Yes	Yes	Yes
Autism	6 + 6	Places to go to larger employers	Supports more than just Trade Union	Yes, subject to time commitment	Yes, but maybe less important given joint meetings	Depends on costs / value of contribution
SEPA	8 + 8	2 Council + 4 Scheduled + 2 Admitted	Supports more than just Trade Union	Yes	Yes	Yes

Mr A Redpath	5 + 5	2 Council + 2 Scheduled + 1 Admitted	Support more than just Trade Union	N/A	Depending on joint meetings and Board structure, would support Committee being Falkirk only	Not convinced this is required
Mr Gower	6 + 6	2 Council + 2 Scheduled + 2 Admitted	Support more than just Trade Union	N/A	Minimum of 3 non Falkirk members on Committee	No

7.4 One employer stressed the importance of the Code of Conduct (including confidentiality) being explicitly brought to the attention of new Board members.

7.5 Notwithstanding that the level of response was small, there appears to be support for:

- the Board to be slightly smaller than the existing Panel;
- the Committee to retain some non-Falkirk representation; and
- Board composition for members to be broader than Trade Unions.

7.6 A significant obstacle to finalising Board arrangements is the uncertainty as to whether member representatives will be limited to Trade Union appointees only or whether they will encompass some broader form of member representative, such as a pensioner representative. As this issue may not be settled until late January/early February 2015, the Committee may need to consider options for both scenarios.

8. PENSIONS COMMITTEE

8.1 The introduction of a Pension Board means a fundamental change in the Fund's Governance arrangements. Given the scale of the change, the Committee may wish to consider whether any changes should be made to the Pensions Committee itself. These could include consideration of:

- Committee size
- Committee composition
- Co-opted members

8.2 Any changes to the Committee and the wider governance structure would require to be approved by the Council.

9. SCHEME ADVISORY BOARD

- 9.1 An overview of the Governance landscape would not be complete without a brief mention of the national Scheme Advisory Board, whose role it will be to provide advice to the Scottish Ministers on the desirability of changes to the LGPS.
- 9.2 The Board may also be called upon to provide advice to the scheme managers or the pension boards in relation to the effective and efficient administration and management of the Scheme or its Pension Funds. Conceivably, this could include intervening in disagreements between Pension Boards and Committees.
- 9.3 In Scotland, the Scheme Advisory Board is expected to be based on the existing Scottish Local Government Pensions Advisory Group (SLOGPAG), except that, unlike SLOGPAG, which has Scottish Government representation, the Scheme Advisory Board will be a bipartite entity with representation from local government and trade unions only. The Scottish Government will however have observer status.

10. NEXT STEPS

- 10.1 Subject to the Committee reaching a decision regarding the size and composition of the Pension Board, the next stage in the process would be to contact the organisations being represented on the Board and to invite them to put forward their nominees (and possibly substitutes).
- 10.2 The Committee would then need to ensure that any individuals nominated did not have a conflict of interest that could prejudice their role as a Board member.
- 10.3 With Board members in place, consideration could be given to implementing a training programme.

11. CONCLUSION

- 11.1 The Public Service Pensions Act 2013 and associated legislation requires local authority pension funds to put revised governance arrangements in place from 1st April, 2015.
- 11.2 The main requirement is for a Pension Board to be established. For the Falkirk Council Pension Fund, this means that the Pensions Panel will be discontinued and a Pension Board formed to support the work of the Pensions Committee.
- 11.3 The Committee and Panel should seek to construct a Pension Board that is large enough to undertake its duties and provide fair representation but which recognises the costs of running a Board and the practicalities in populating it.
- 11.4 Given the major governance changes underway, consideration should be given as to whether any changes are required in relation to the Pensions Committee itself.

- 11.5 The period during which the new governance arrangements require to be established is compressed owing to the delay in final regulations being produced.

12. RECOMMENDATIONS

- 12.1 The Panel and Committee are asked to note the contents of this report and invited to comment.

- 12.2 The Committee is asked:

- a) to agree that the Pensions Panel should be discontinued with effect from 1st April, 2015;
- b) to determine the number of employer and member representatives who should sit on the Pension Board;
- c) to determine the individual employers who should be represented on the Pension Board
- d) in the event that final Governance Regulations extend the definition of member representatives to members other than trade union representatives, to determine the number and composition of the non-Union member(s);
- e) to consider whether, in consequence of the replacement of the Pensions Panel by the Pension Board, it considers that its own structure and composition should change and, if so, to make recommendations thereon;
- f) to refer the its recommendations on the governance structure of the pension to the Council; and
- g) to request the Chief Finance Officer to report on progress in establishing the new governance arrangements to the next meetings or joint meeting of Panel and Committee

Chief Finance Officer

Date: 18 November 2014

Contact Officer: Alastair McGirr

LIST OF BACKGROUND PAPERS

The Draft Local Government Pension Scheme (Governance) (Scotland) Regulations 2014



Enquiries to: Alastair McGirr
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Your Ref:
My Ref: Supn/AM
Date: 11 November, 2014
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Falkirk Council
Chief Executive Office
(Finance Services)

Kim Linge
Policy Manager
Scottish Public Pensions Agency
7 Tweedside Park, Tweedbank
Galashiels
TD1 3TE

Dear Kim,

**Local Government Pension Scheme
Draft Governance Regulations – Consultation**



Thank you for your letter of 30th September, 2014 inviting comments on the draft Local Government Pension Scheme (Governance) (Scotland) Regulations 2014.

In addition to supporting the submissions made by the LGPS Pension Fund Conveners Group and by the LGPS Investment and Governance Group, I would make the following comments:

- Member representation on Pension Boards should not be confined to Trade Union representatives. I make this contention on the basis that i) a large section of the scheme membership is not affiliated to a Trade Union and may therefore feel marginalised from the governance process and ii) restricting member representation to Trade Union representatives' unnecessarily limits the pool of talent from which Board members may be drawn (i.e. the opportunity to recruit retired officers / persons with relevant experience may be lost).
- The regulations should be more explicit regarding the Board's responsibilities over investment matters. Regulation 8(2) makes it mandatory for the Board to monitor fund investments, whereas Regulation 5 singularly omits any reference to Fund Investment regulations - this seems contradictory.
- Regulations 6(6) – any variations to the Model Constitution sought by the Pension Board should be subject to the agreement of the Scheme Manager.
- Regulation 2(2)(a) - the Scheme Advisory Board should be able to make representations to the Scottish Ministers without having to be asked.

I hope you find these remarks useful and look forward to having sight of final regulations in due course. If you have any further queries regarding this matter, please contact Alastair McGirr on the above telephone number.

Yours sincerely,

Chief Finance Officer: Bryan Smail

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SLOGPAG

Pension Boards: Model Constitution

1. Introduction

1.1 Each Local Government Pension Scheme Manager in Scotland is required to establish a Pensions Board separate from the Pensions Committee that acts as the Scheme Manager.

1.2 The (*name of fund*) Pension Board is established under the provisions of the Regulations 2015.

2. Objectives

2.1 The Pension Board is the body responsible for assisting the Scheme Manager in relation to compliance with scheme regulations and the requirements of the Pensions Regulator.

2.2 The Pension Board will determine the areas they wish to consider including, amongst others:

- Reports produced for the pensions committee
- Seek reports from the scheme managers on any aspect of the fund
- Monitor investments and the investment principles/strategy/guidance
- The fund annual report
- External voting and engagement provisions
- Fund administrative performance
- Actuarial reports and valuations
- Funding policy
- Any other matters that the pensions board deem appropriate

3. Membership

3.1 Membership of the Pension Board will consist of equal numbers of trade union representatives and employer representatives, drawn from councils and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not also participate in or act as members of the pensions committee. Local Authority employer representatives will normally be Elected Members serving as part of the Council.

(As a minimum there will be 4 trade union and 4 employer representatives with the expectation that larger funds will require greater numbers. Numbers from organisations on either side will broadly reflect respective membership in the scheme.)

3.2 There will be (*number*) trade union representatives appointed by the trade unions as follows:

GMB
UCATT
UNISON
Unite

3.3 There will be (*number*) employer representatives appointed by the respective employer organisations as follows:

Councils
Scheduled bodies
Admitted bodies

(In smaller funds it may be possible to name the councils and other bodies. In larger funds describe the way representatives of these groups are appointed e.g. at the pension fund annual meeting)

3.4 Pension Board representatives will serve for a period of four years and may be reappointed to serve further terms. Timescales for organisations to notify the Pension Board of their representatives shall be locally determined. Employer bodies and organisations retain the right to withdraw representatives and identify replacements on occasion.

3.5 Appointing bodies can appoint a named substitute for their representative. Such substitutes must undertake the same training as set out in (6) below.

3.6 Advisors may attend meetings of the Pension Board in a non-voting capacity.

3.7 No person may be appointed to the Pension Board that has a significant conflict of interest. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the board is established. The Pension Board will adopt policies and protocols for handling any conflicts that were unanticipated and might arise during membership.

4. Meetings

4.1 The Chair of the Pension Board will be rotated on an annual basis between the trade union and employer sides of the Pension Board.

4.2 Pensions Board meetings will be administered by (*pension fund or administering authority depending on local practice*) as agreed with Joint Secretaries appointed by the trade union and employers sides of the Pension Board. All reasonable administration costs shall be met by the fund.

4.3 The Pensions Board should meet at least quarterly. A majority of either side may requisition a special meeting of the Pension Board in exceptional circumstances.

4.4 The Pensions Board may establish sub-committees.

4.5 While the statutory roles and function of the pension committee and pensions board are separate, the normal practice will be that both bodies will meet at the same time to consider the same agenda, with the Chair of the pension committee chairing the concurrent meeting. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.

5. Dispute resolution

5.1 If the Pension Committee and Pension Board cannot reach joint agreement on any matter the process for resolving any differences between the two bodies will be as follows. Whilst this process is undertaken the decision of the Pension Committee is still competent.

5.2 In the first instance, if at least half of the members agree, then the pension board can refer back a decision of the pensions committee for further consideration if any of the following grounds are met:

- That there is evidence or information which it is considered needs re-evaluating or new evidence or data which the Pensions Committee did not access or was not aware of at the point of decision making and which is considered material to the decision taken;

- That the decision of the Pensions Committee could be considered illegal or contrary to regulations;
- That the decision of the Pensions Committee is contrary to a relevant Code of Practice published by the Pensions Regulator; or
- That the decision is not in the interest of the continued financial viability of the Scheme or is against the principles of proper and responsible administration of the Scheme

5.3 If there is no agreement after the matter has been referred back to the pensions Committee, then the difference in view between the Pension Board and the Pension Committee will be published in the form of a joint secretarial report on the fund website and included in the fund annual report.

5.4 The Scottish LGPS Scheme Advisory Board may also consider and take a view on the matter and, if considered appropriate, provide advice to the Scheme Manager or the pension board in relation to the matter.

6. Training

6.1 All members (and named substitutes) of the Pensions Board must undertake a training programme in accordance with any guidance issued by the pensions regulator and complying with best practice training requirements of the Pensions Committee.

6.2 The Pensions Board shall agree policies and arrangements for the acquisition and retention of knowledge and understanding for pension board members

6.3 The Scheme Manager will keep an updated list of the documents with which they consider pension board members need to be conversant to effectively carry out their role and make sure that both the list and the documents are accessible.

7. Access to Information

7.1 The Scheme Manager and Pensions Board will together ensure that information is published about the activities of the board including:

- the full terms of reference for the pension board, including details of how they will operate
- the pension board appointment process
- who each individual pension board member represents and
- any specific roles and responsibilities of individual pension board members.

7.2 The minutes of the Pension Board will be published on the fund website. The Pensions Board may undertake such communications and stakeholder engagement as it deems appropriate to perform its functions.

LOCAL GOVERNMENT PENSION SCHEME FALKIRK COUNCIL PENSION FUND

CONSULTATION ON FUTURE GOVERNANCE ARRANGEMENTS

1. INTRODUCTION

- 1.1 This consultation invites respondents to comment on the revised Governance Arrangements that require to be put in place by 1st April, 2015 as a result of the Public Service Pensions Act 2013 and related regulations. This is separate from the Scottish Ministers consultation which is outlined in Section 4.

2. EXISTING GOVERNANCE ARRANGEMENTS

- 2.1 Falkirk Council is designated as an Administering Authority within Local Government Pension Scheme legislation with responsibility for maintaining and managing the Falkirk Council Pension Fund.
- 2.2 Under current governance arrangements, Falkirk Council has delegated pension fund business to its Pensions Committee. In addition, an advisory Pensions Panel, made up of Employer, Union and Pensioner representatives, has been established to support the Committee.
- 2.3 The Pensions Committee consists of nine members – six elected members from Falkirk Council and three members drawn from the Panel. The Committee meets on a quarterly basis with all members having voting rights and access to papers.
- 2.4 The Panel comprises 15 members and includes Employer, Trade Union, and Pensioner representatives. One member from each of these groups sits on the Pensions Committee. The Panel normally meets on a quarterly basis approximately two weeks prior to the Committee.
- 2.5 The Panel's main responsibility is to provide advice, guidance and opinion to the Pensions Committee on all matters relating to the business of the Falkirk Council Pension Fund. The Panel is supported by officers and professional advisers.

3. REQUIREMENTS OF THE PUBLIC SERVICE PENSIONS ACT 2013

- 3.1 The current round of pension reform began in 2011 with the publication of the Hutton report. This set out proposals for the establishment of a common UK-wide framework for public sector pensions in a bid to ensure that going forward the schemes were affordable, sustainable, fair and transparent. These proposals were carried forward in the Public Service Pensions Act 2013 ("the 2013 Act").
- 3.2 In the context of the LGPS, the 2013 Act requires that each Fund will have:
- a Scheme Manager – the legally constituted decision making body; and
 - a Pension Board – a supporting entity which must be established by 1st April, 2015.

- 3.3 For the Falkirk Fund, the Scheme Manager will be Falkirk Council in its capacity as a corporate body, albeit that pension fund business will continue to be delegated to the Pensions Committee.
- 3.4 It is important to recognise the distinction between the existing Pensions Panel, which is a non-statutory body charged with supporting the Pensions Committee, and the soon to be established Pensions Board which has a specific statutory remit.
- 3.5 Other features of the 2013 Act are that:
- the Scheme will be overseen **nationally** by a Scheme Advisory Board, made up of Employer and Trades Union representatives, and
 - the role of the Pensions Regulator in making Codes of (Best) Practice has been extended to cover public sector schemes, including the LGPS.

4. SCOTTISH MINISTERS CONSULTATION

- 4.1 Scottish Ministers have recently issued for consultation, draft Governance Regulations which expand on the core requirements set out in the 2013 Act
- 4.2 **A copy of the draft regulations is attached for ease of reference. Please note that the Scottish Ministers consultation ends on 11th November.** All papers pertaining to the consultation can be found at www.sppa.gov.uk by following the links to Local Government – Consultations.
- 4.3 Negotiations relating to Scheme Governance (and Scheme design) have been undertaken by COSLA, the Trade Unions and the Scottish Government at the SLOGPAG Forum. The Group has produced **a Governance Heads of Agreement and a model Pension Board constitution**, both of which are attached to assist you in framing your response. These two documents have still to be ratified by the Scottish Government.

5. PENSION BOARDS

- 5.1 Under the 2013 Act, the role of the Pension Board is to assist the Scheme manager in:
- securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
 - securing compliance with requirements imposed by the Pensions Regulator; and
 - undertake any such other matters as the scheme regulations may specify.
- 5.2 The 2013 Act also requires that:
- the Board has an equal number of employer and member representatives;
 - the scheme manager is satisfied that a person to be appointed to the board does not at any time have a conflict of interest: and
 - the Board meets concurrently with the Pensions Committee.

5.3 Both the Act and the Heads of Agreement provide that the Pension Board will:

- have a minimum of 4 trade union and 4 employer representatives; and
- rotate the Chair of the Board annually between Union and Employer (which implies that the Board may choose to meet separately on occasion).

5.4 The Model Constitution confirms that due to their differing statutory roles, individuals will not be able to be members of both the Pension Board and Pensions Committee. This has implications for the three co-opted members who currently sit on both the Falkirk Council Pensions Panel and Committee.

6. SCHEME ADVISORY BOARD

6.1 The role of the national Scheme Advisory Board is to provide advice to the Scottish Ministers on the desirability of changes to the LGPS.

6.2 The Board may also be called upon to provide advice to the scheme managers or the pension boards in relation to the effective and efficient administration and management of the Scheme or its Funds.

6.3. In Scotland, the Scheme Advisory Board is expected to be based on the existing Scottish Local Government Pensions Advisory Group (SLOGPAG), except that, unlike SLOGPAG, which has Scottish Government representation, the Scheme Advisory Board will be a bipartite entity with representation from local government and trade unions only. The Scottish Government will however have observer status.

7. FALKIRK COUNCIL PENSION FUND CONSULTATION

7.1 As intimated in Paragraph 4.1, Scottish Ministers are presently consulting on draft Governance Regulations. As the final regulations will not be published until late January, 2015 (too late to begin the Board appointment process in time for April, 2015), Falkirk Council is conducting a separate consultation with its stakeholders to gauge opinion as to how the governance arrangements can best operate in the Falkirk Fund.

7.2 Appendix A sets out some of the key questions that require to be considered. It would be much appreciated if you could respond to each of these, together with any other general comments you wish to make. Your comments should be received by the Pensions Manager, Falkirk Council by no later than 24th November, 2014 to allow time for collation and presentation of responses to the forthcoming Pensions Panel and Committee.



Chief Finance Officer
Date: 31 October 2014

FALKIRK COUNCIL PENSION FUND
GOVERNANCE ARRANGEMENTS

CONSULTATION RESPONSE

1. *Name/Organisation*

Organisation Name	
Surname	
Title / Forename	

2. *Contact Details*

Phone	
Email	

3. *Basis of Response*

As an individual	YES / NO
For the Organisation named above	YES / NO

Your comments will assist the Council in formulating its revised governance arrangements for the Fund.

CONSULTATION – KEY QUESTIONS

1. Thinking about the Pension Board, including:
- the need for it to provide broad stakeholder representation
 - the running costs
 - the knowledge and understanding thresholds to be met by Board members, and
 - the personal commitment required from members to prepare for and attend meetings

how many member and employer representatives do you feel should sit on the Board?
(minimum is 4 member representatives plus 4 employer representatives).

2. Which of the following Board models would you support in relation to **employer** representation:
- a) 4 representatives (e.g. one from each of the 4 largest employers in the Fund)
 - b) 4 representatives (e.g. two “Council” reps, a scheduled body rep and an admitted body rep)
 - c) 5 or more employer representatives (please give preferred configuration below)

As Falkirk Council will have a majority position on the Pensions Committee, it is an option not to have Falkirk representation on the Board. You may wish to comment on this option.

3. Should member representatives be limited to Trade Union representatives or should they potentially include other member representatives such as pensioner or deferred member representatives? (At present, the draft regulations only refer to Trade Union representatives).

4. Would your organisation be prepared to nominate someone to sit on the Pension Board?

5. Would your organisation be prepared to nominate a substitute? A substitute would have to undergo the same knowledge and understanding regime as the lead representative. Having an available substitute could help ensure that Board meetings were quorate.

6. The proposed term of office for a Board Member is 4 years, with the option of re-appointment. How should any re-appointment request be processed?

7. Thinking about the configuration of the Pensions Committee, do you think there should continue to be non-Falkirk Council representation (e.g. Falkirk Council elected members being supported by a Pensioner or Other Stakeholder representative).

8. Notwithstanding the Fund already pays for professional advice from Hymans Robertson (Fund actuary and investment adviser), should an independent specialist be formally invited to sit on the Committee (such a member would bring specialist skills to discussions but would require to be paid)?