

PROPOSED CHANGES TO THE TERMS OF REFERENCE OF THE PENSIONS COMMITTEE

Meeting	17 January 2022
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Background documents	Pensions Committee 24 September 2021 Agenda – Governance Review
Location for inspection of background documents	Agenda Item 12 - Governance Review.pdf (gloucestershire.gov.uk) & Gloucestershire PC Constitution paper v4 issued 150921
Main consultees	None
Planned dates	16 February 2022: Recommendation to the County Council meeting to adopt the Constitution Committee’s recommendation regarding changes to the Pensions Committee terms of reference (3.4)
Purpose of report	To propose changes to the County Councils Constitution regarding the terms of reference and representation of the Pensions Committee (3.4)
Recommendation	To make a recommendation to the County Council to adopt the changes to the Pensions Committee terms of reference and representation, as set out in the report
Reasons for recommendation	To ensure that the Pensions Committee are complying with best practise, and the anticipated requirements of the Good Governance Review being undertaken by the LGPS Scheme Advisory Board (SAB)
Resource implications	None

1. Background

- 1.1 On 9 March 2021, the Pensions Committee requested AON to undertake a review of the Governance arrangements of the Gloucestershire Pension Fund.
- 1.2 A key aim of this work was to ensure the Committee was on the front foot in advance of the Good Governance Review that Hymans Robertson were completing for the Scheme Advisory Board.
- 1.3 The final report from AON was presented to the Committee at their meeting on 18 June 2021. The overall conclusion was that the governance of the Fund is of a good standard in many areas, meets legal requirements in the matters that have been considered, and in a number of areas the Administering Authority is demonstrating best practice. AON noted that significant improvements in relation to the governance of the Fund appear to have been made recently. The final report also contains commentary and recommendations on certain areas that require improvement to meet legal requirements or practices or could be improved to meet good practice.
- 1.4 One of the recommendations was in respect of the constitution of the Committee itself, to ensure wider representation of the scheme members and employers within the Fund, and feedback was initially sought from Committee at their meeting on 18 June. Based upon this feedback a further report and recommendations on this issue was tabled at the meeting of 24 September 2021.
- 1.5 This report is the outcome of the discussions held by the Pensions Committee and their recommendation in relation to the terms of reference and the representation on the Pensions Committee to now be considered.

2. Outcome

- 2.1 As part of the review/debate by the Pensions Committee on 24 September, it was also recommended by AON and agreed by Committee that the duties of the Pensions Committee as set out in the current Constitution should also be updated. AON observed that the majority of the duties currently listed for the Pensions Committee are investment focused, and there is limited reference to duties relating to administration, communication and governance matters.
- 2.2 The Pensions Committee agreed that they wish for the duties to be made more explicit within the Constitution. It was noted that, in particular, there was no explicit mention of areas such as agreeing and monitoring the administration strategy, communications policy or the Fund's business plan and budget. The latter point is one of the key recommendations of the SAB Good Governance review which states that each administering authority must ensure their Pensions Committee is included in the business planning process.

2.3 The Pensions Committee also agreed the following recommendation in relation to the representation on the Pensions Committee for onward recommendation to the Constitution Committee:

- Retain a district council (employer) representative that is nominated by the Gloucestershire branch of the Local Government Association to represent the interests of District Councils
- Retain a scheme member representative that is selected through nominations by the trade unions
- Include an additional employer representative, with applications invited from all employers (excluding Gloucestershire County Council and the district councils)
- Make all employer and employee representatives (i.e. the two existing representatives and the one new representatives) non-voting members of the Pension Committee.

2.4 The proposed changes to the Terms of Reference and representation of the Pensions Committee are outlined on Appendix 1 to this report.