

ABOUT THE AVON PENSION FUND PENSION BOARD

Background

In 2010 the government announced the reform of the public sector pension schemes in order to improve efficiency, effectiveness and sustainability of all the public sector schemes.

Lord Hutton recommended the establishment of Pension Boards (the Board) for all public service pension schemes to give scheme members, taxpayers and others confidence that the schemes are being efficiently and effectively administered. He also recommended the establishment of Scheme Advisory Boards (SAB) for each public sector scheme to provide a forum through which stakeholders can provide advice to the relevant Secretary of State on the desirability of changes to each scheme's rules. Those recommendations were implemented in the Public Service Pension Act 2013 (PSPA2013). Although these Boards provide additional layers of scrutiny and challenge, the Secretary of State retains overall responsibility and accountability for the scheme.

A key aim of these reforms is to raise the standard of management and administration of the schemes and achieve more effective representation of employer and employee interests in that process.

PSPA2013 includes two main provisions to achieve this:

- a) a requirement for all responsible authorities i.e. in the case of the Local Government Pension Scheme (LGPS), the then DCLG to establish at the national level a Scheme Advisory Board; and
- b) where there is local administration as in the case of the LGPS, to establish local pension boards to assist administering authorities with the effective and efficient management and administration of the scheme.

For the Local Government pension Scheme (LGPS), the then DCLG has issued regulations setting out how pension boards will operate at the local fund level. The regulations also establish a national Scheme Advisory Board for the LGPS.

The LGPS regulations set out the role of the pension board as follows:

"Each administering authority shall ...establish a pension board responsible for assisting it

- a) to secure compliance with
 - i. these regulations
 - ii. any other legislation relating to administration and governance of the Scheme; and
 - iii. requirements imposed by the Pension Regulator in relation to the Scheme; and
- b) to ensure effective and efficient governance and administration of the Scheme."

To assist the administering authority in the administration of the fund it is expected that the Board will add value to existing administration arrangements. In appointing the membership there is an expectation and a requirement from the outset that Board appointments are made based on individual knowledge, skills and experiences that can be used to improve the Avon Pension Fund for its members and employers. The combined skill set of those appointed to the Board should be used to improve the scheme irrespective of affiliations outside of the Board.

All members of the Board have a duty to act in the best interests of the Avon Pension Fund i.e. to ensure the Fund meets its obligations to its beneficiaries and has a governance structure in place to take into consideration all material risks. The Board is not a decision-making body unless explicitly asked by the administering authority.

Members of the Board should be fully conversant with the Board's Terms of Reference and ensure that they have sufficient knowledge to consider all matters which come before them and capacity to undertake the role.

The regulations require Board members to have significant knowledge of pensions and experience in undertaking an oversight role. In recognition of this, members will be required to attend training courses at national, regional or local level as appropriate.

The administering authority for the Avon Pension Fund is Bath & North East Somerset Council (the "Council"). The Public Service Pensions Act 2013 requires the Council to establish a Pension Board. Therefore, the principal role of the Council is to agree the constitution of the Board, manage the appointment of members to the Board and to set out its terms of reference.

As a formal body of the Council, the Board is subject to the Council's standing orders, financial regulations and Standards Code in the same way as any other Council committee.

The Council's Service Director – One West and Head of Pensions and Business Services will support the Board. Officers responsible for the Avon Pension Fund will provide information to the Board as required.

Information on the establishment of the Board in 2015 and its formal meetings since then can be found on the B&NES website at

<https://democracy.bathnes.gov.uk/ieListMeetings.aspx?CIId=563&Year=0>

Governance Framework for the Avon Pension Fund

