

**INFORMATION BULLETIN: RECENT DEVELOPMENTS**

The following topics have been identified as being of interest to the Committee. Councillors wanting further information on any of the items in this Bulletin are advised to contact Paul Finbow, Corporate Finance Specialist by telephone on 01473 265288, or via email [paul.finbow@suffolk.gov.uk](mailto:paul.finbow@suffolk.gov.uk) .

**The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015**

On 14 January the long awaited governance regulations were finally laid before parliament. This follows on from two sets of draft regulations and much speculation and debate. They still require administering authorities to create a Pensions Board by 31 March 2015, the first meeting of which must be held by 31 July.

The County Council, at its meeting on 16 December 2014, formally added a Pensions board to its constitution and agreed draft terms of reference based on the draft regulations. However, the final regulations include some significant changes which will require us to revisit our Pensions Board arrangements. These will be considered again at the Constitution Working Party, and at full Council in March 2015. The changes are summarised below:-

1. Voting rights on the Board will be conferred only on the employer and Scheme member representatives. While independent representatives can still sit, and indeed chair Boards, they won't be able to vote. It seems that the reasoning behind this change is to ensure the primacy of the employer and Scheme member voices on the Board and to prevent a situation where the chair's casting vote carries undue weight.
2. The role of elected members on the LPB is now restricted to that of either employer or Scheme member representatives. This, again, appears to stem from a desire not to dilute the "core" membership of the Board. Some might view elected members, even if ostensibly sitting as independent members, as being de facto employer representatives.
3. The requirement for "relevant experience" for local pension board (LPB) members has been dropped. LPB members will still be required to have the "capacity" to carry out their duties and to demonstrate a high level of knowledge and understanding of the Scheme and of their role.
4. DCLG have taken the opportunity to clarify that those discharging a function under the LGPS Regulations are only precluded from sitting on the local pension board of the administering authority for which they carry out those functions.

This means, for example, the head of pensions for one fund can sit on the LPB of another fund.

5. Joint pension boards, where more than one local authority shares an LPB, are permitted where the management and administration of the funds in question are “wholly or mainly shared” and where the Secretary of State gives approval. Although falling short of a complete sharing of s101 functions, the “wholly or mainly” test still sets a high bar for those funds seeking to share an LPB

### **Actuarial Update**

6. The Fund’s Actuary, Hymans Robertson LLP produce a Navigator Report to monitor the actuarial position of the Fund on a quarterly basis, please see **Appendix 1**. The report shows a snapshot of the funding level and indicates whether the current financial position is in line with the actuarial projections at the last actuarial valuation.
7. The current estimated position for December 2014 shows a funding level of 79.3% (82.6% September 2014), in line with the 79.1% from the formal valuation exercise in March 2013.
8. Whilst asset returns have exceeded valuation expectations, the low real gilt yields continue to increase the Fund’s liabilities.

### **Voting of Fund shareholdings for quarter to December 2014**

9. The Pension Fund Committee uses the services of Pension Investments Research Consultants (PIRC) to advise it on matters relating to resolutions at annual general meetings in the companies where the Fund has shareholdings and to implement the Committee’s policy in relation to voting its shareholdings.
10. A summary of the voting activity of the Fund in the quarter to December 2014 is set out at **Appendix 2**. A full analysis of all the oppose votes that have been cast by the Pension Fund in the quarter are contained in **Appendix 3**.

<b><u>SOURCES OF FURTHER INFORMATION</u></b>
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