



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	16 FEBRUARY 2022
Title	LOCAL PENSION BOARD UPDATES
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report is to update committee members on the recruitment, selection and appointment of Local Pension Board members.
2. The committee is asked to note the progress being made to complete the appointment process.

RECOMMENDATION

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| <ol style="list-style-type: none">3. That the committee note the process followed for the recruitment, selection and appointment of Local Pension Board members. |
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BACKGROUND

4. Under the Public Service Pensions Act 2013 (the act) and the Local Government Pension Scheme (LGPS) Regulations 2013 (the regulations), as updated, the Isle of Wight Council (the council), as administering authority for the Isle of Wight Council Pension Fund (the fund), is required to establish a Local Pension Board (the board).
5. The act and the regulations specify the minimum membership requirements for the board, being an equal number (no less than four in total) of employer representatives and scheme member representatives.
6. The council first established a board in January 2015, with the minimum membership. The terms of reference for the board were published in the council's constitution.
7. In September 2021, it became apparent that the board was no longer properly constituted, as the term of office for one of the scheme member representatives had expired, and no provision had been made for the recruitment of that vacant position.
8. On 7 October 2021, the council self-reported a breach of the law to the Pensions Regulator, noting that it did not have the statutory minimum number of board members, and had not made earlier provision for the recruitment of vacancies.

A plan for the recruitment, selection and appointment of board members was outlined in the breach report.

9. The Pension Regulator responded on 8 October 2021 stating that no action would be taken at the current time for the governance breach,
10. A review of the constitution and operation of the board was undertaken, and the terms of reference were updated to increase the membership numbers to six, being three each of employer representatives and scheme member representatives, as well as to introduce an independent chairman role.
11. The updated terms of reference for the board were adopted at the full council meeting on 17 November 2021.

Membership

12. The terms of reference for the board specify that all board members will be appointed by full council, and will be selected as follows:
 - (a) Scheme member representatives
 - One will be appointed following nominations from representative trade unions.
 - The others shall be appointed from expressions of interests sought from all active, deferred and retired members.
 - (b) Employer representatives
 - One will be an elected member appointed by full council.
 - One will be appointed following nominations by external employers of the fund.
 - The other will be nominated by the council's Corporate Management Team.
 - (c) Independent chairman
 - to be appointed following advertisement and interview.
13. At the full council meeting on 17 November 2021, one scheme member representative, nominated by trade unions, and the elected member employer representative were appointed.
14. At the full council meeting on 19 January 2022, the employer representative nominated by the council's Corporate Management Team was appointed.
15. The 19 January 2022 full council meeting also agreed that authority to make future appointments to the board would be delegated to the Director of Finance.

Scheme member representatives

16. In October 2021, an email was sent to all pension scheme members for whom an email address is held on the pension administration system; in excess of 10,000 emails were sent.
17. In addition, an email was sent to all employers of the fund, including the council, asking them to promote the opportunity to their scheme members through their internal bulletins and/or staff newsletters. This included a message in The Vine (the council's internal staff newsletter) on 28 October 2021.

18. By the deadline in November 2021, five expressions of interest were received for the two remaining scheme member representative positions, one of which was subsequently withdrawn.
19. The remaining expressions of interest were sent to the Director of Finance and the chairman of the pension fund committee for their review and shortlisting. The committee chairman agreed that it should be for the Director of Finance to lead on this selection process.
20. The Director of Finance shortlisted three candidates from the four remaining expressions of interest and invited each to a discussion with himself and the council's Chief Executive. Invitations to these discussions, to be held on Monday 21 February 2022, were issued on 27 January. By 3 February 2022, two candidates had accepted the invitation, with the other requesting an alternate date, which is being arranged.

External employer representative

21. An email was sent to the 30 external employers of the fund in October 2021, seeking nominations for the employer representative. By the deadline set for responses, no nominations were received.
22. A second email was sent in January 2022, reiterating the importance of this role and seeking nominations. The deadline for response to that email was 28 January 2022, by which time no nominations were received. Further discussions are required with the Director of Finance to determine how to proceed with this recruitment.

Independent chairman

23. The newly-created independent chairman position was advertised through the Local Government Association LGPS mailing list in October 2021. In addition two people who had previously expressed interest in such a role were contacted directly.
24. Four applications were received, each from very strong candidates. These were again sent to the Director of Finance and the chairman of the pension fund committee for their review and shortlisting. The committee chairman agreed that it should be for the Director of Finance to lead on this selection process.
25. Two candidates were shortlisted and invited to a discussion with the Director of Finance and the committee chairman, to be held on Monday 7 February 2022. An update on this process will be provided at the committee meeting.
26. It is anticipated that the selection process for each membership category will be agreed, and appointments completed in time for the next scheduled board meeting on 23 March 2022.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

27. The recommendations and actions in this report do not directly impact upon the [Corporate Plan 2021 - 2025](#).
Corporate Aims
28. The latest Corporate Plan 2021 - 2025 with its clear vision to work together openly and with our communities to support and sustain our economy, environment and

people is furthered through making arrangements to establish and maintain a quorate Local Pension Board.

Pension Fund Objectives

29. The recruitment and appointment of Local Pension Board members as set out above contributes to the following objectives of the pension fund:
- (a) Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.
 - (b) Ensure the fund is managed, and its services provided, by people with the appropriate knowledge and understanding.

FINANCIAL / BUDGET IMPLICATIONS

30. The costs associated with the Local Pension Board, specifically the remuneration paid to the independent chairman, will be charged directly to the pension fund, and will have no direct impact on the Council's revenue budget.

LEGAL IMPLICATIONS

31. The Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013 require the establishment of a Local Pension Board and mandate the minimum requirements for its membership.

EQUALITY AND DIVERSITY

32. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
33. The process followed for the recruitment, selection and appointment of local pension board members has no impact on any of the protected characteristics.

BACKGROUND PAPERS

34. Report on Pension Board Appointments - Full Council 17 November 2021.
<https://iow.moderngov.co.uk/documents/s6222/Local%20Pension%20Board%20-%2017%20Nov%202021%20Full%20Council%20Report%20FINAL.pdf>
35. Local Pension Board Appointments – Full Council 19 January 2022.
<https://iow.moderngov.co.uk/documents/s6932/ITEM%208c%20-%20Report%20on%20Pension%20Board%20Appointments%20-%2019%20January%202022.pdf>

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