

Brian Roberts
Director of Corporate Resources
County Hall, Glenfield

16th March 2010

Dear Brian

Re: Proposed Change to Structure of Pensions Committee

We welcome the proposal to establish an Investment Sub-Committee (ISC). We also welcome the suggestion that this is set up informally, before the necessary change of the Constitution, so that the scope of the responsibilities and decision-making powers of the ISC can be agreed.

However, the proposed structure of the ISC raises some questions / concerns:

- Will the agenda and papers for the ISC be shared in advance with all members of the Pension Fund Management Board so comments can be passed onto members of the ISC?
- With monthly meetings, the 5 voting members of the ISC may not always be able to attend. What will be the quorum for the ISC to make decisions?
- How is the non-voting staff representative on the ISC to be arranged? If a single fixed representative is proposed, nominated by the staff representatives, they may struggle to attend all the meetings without being given facility time. A single fixed representative will also only give one view point from the staff representatives. We would like to propose that there are two available staff representative places on the ISC and that the staff representatives agree amongst themselves who attends each meeting of the ISC, sharing this role as fairly as possible, with the intention there is always a staff representative at meetings of the ISC.

Board Structure

We strongly oppose the proposal to reduce the number of staff representatives on the Pension Fund Management Board (PFMB) for the following reasons:

- The Department of Communities and Local Government (DCLG) carried out a consultation last year on LGPS Governance which was "to consider the scope for any further initiatives which could reinforce both the important progress which has already been made on extending representation and standards of governance, and whether and how best to extend it". It is therefore inappropriate to reduce staff representation before the anticipated DCLG guidance on these issues.
- With over 68,000 scheme members, 5 staff representatives on the PFMB could not be considered a high number, whatever the arrangements at other Local Authority Pension Funds. The number of scheme

members is likely to increase when Auto Enrolment is introduced, so the number of staff representatives should be increased rather than reduced.

- Private trustee based pension schemes are required to have 1/3 member representation, with voting rights, on all the trustee decision making boards. Retaining 5 staff representatives on an increased PFMB of 16 would keep staff representation at around 1/3 of the Board, but reducing staff representatives to 3 out of 14 on the PFMB would give staff only 21.4% representation.

- With no guarantees that the LGPS will continue in its current form, a review of the LGPS certain after the general election, the introduction of cost sharing and the possibility of caps on employer contributions, it is more important than ever that scheme members are kept informed and have a say on how their pension fund is managed.

- With only 3 staff representatives and no facility time, there is the increased possibility that meetings of the PFMB would be held with no staff representative present. The reduced number of staff representatives would also affect the ISC as there may be occasions when none of the 3 staff representatives can attend.

- Your report says increasing the size of the PFMB would have a risk of the committee becoming "cumbersome", and we disagree that increasing PFMB from 14 to 16 would present problems. Looking at attendance at the PFMB over the last year, all nine of the of voting members have never attended (7 or 8 attended) and the maximum number of all PFMB members attending was 12. It is therefore unlikely that all 16 members of an increased PFMB would attend a meeting, so there would be no issue with the meetings being "cumbersome". Alternatively, we suggest that the PFMB is increased to 15 by adding 1 additional representative from the District Councils and giving the Chair the casting vote so the County Council retains its overall responsibility for the Fund.

- Your report also says that "It is felt that having more voting representatives on the Board will allow more views to be aired, better debate and ultimately better decision making" which implies that the staff representatives do not contribute to the PFMB. We argue that training for all members of the PFMB would achieve these aims - NOT reducing the input from members of the scheme through their staff representatives.

We do welcome the proposal of 3-year appointments for staff representatives as this gives consistency and retention of knowledge and skills amongst the staff representatives. However, this commitment to 3 years of meetings suggests that the issue of facility time for staff representatives should be examined again.

We look forward to your response to our questions and comments.

Regards,

Josie Nicholls
Unison Branch Secretary