

Pension Fund Committee

1st December 2008



Future Structure of the Pension Fund Committee

Report of Stuart Crowe, County Treasurer

Purpose of the Report

- 1 The purpose of this report is to ask Members to agree to recommend a revised structure for the Pension Fund Committee with effect from April 2009.

Background

- 2 The current structure of the Pension Fund Committee is as follows:

Current Pension Fund Committee Membership:

Durham County Council	11
District Councils	4
Darlington Borough Council	2
<i>Non-voting union representatives</i>	2

- 3 Members will be aware that the County Council and seven District Councils in Durham will become one unitary authority with effect from 1 April 2009 (to be known as Durham County Council). This will mean the 4 District Council representatives will disappear from the Committee.
- 4 Members may also be aware that Communities and Local Government (CLG) has recently been encouraging local authority pension funds to improve their pension fund governance. The Pension Fund has recently published a governance compliance statement setting out to what extent it meets the best practice guidelines set out by CLG. There are two areas where the Pension Fund is only partially compliant with the best practice principles, these are:
 - a) Scheme members or their representatives do not have voting rights on the Committee, and
 - b) Non 'scheme' employers including admitted bodies are not represented on the Committee.

- 5 At the July meeting Members agreed that the Chair and Vice Chair should be authorised to work with me, other officers (including input from our legal team), and other Committee Members as necessary to consider the future membership of the Committee. A Working Group was subsequently set up comprising the Chair, Vice Chair and Councillors Carr, Chaplow, Hopgood, May and Ord, and has made the following recommendations:

Working Group Recommendations

- 6 The proposed composition of the Pension Fund Committee from 1 April 2009 is as follows:

<i>Body / category of bodies represented</i>	<i>Number of Committee Members</i>
Durham County Council	11
Darlington Borough Council	2
Colleges	1
Other Statutory Bodies – Police / Fire / Probation / Town & Parish Councils etc.	1
Admitted Bodies	1
Member representatives	2
<i>Total</i>	<i>18</i>

(plus 2 non-voting union observers)

- 7 The representatives from Durham County Council and Darlington Borough Council will continue to be appointed in the same way as they are currently.

- 8 The representatives for the Colleges, Other Statutory Bodies and Admitted Bodies will be appointed in the following way:

A letter will be sent to all employers in those categories inviting applications to join the Pension Fund Committee. Applicants would be asked to provide a CV and covering letter explaining their experience/interest in this area. The Pension Fund Committee would decide which applicant to appoint with appointments being made for a 4 year period.

- 9 The two scheme member representatives would be appointed in the following way:

One representative would be selected from active scheme members, another from pensioner members.

Pensioners receive a newsletter at the beginning of April each year setting out details of the annual pension increase. This newsletter will be used to ask pensioners whether they want to apply to be on the Pension Fund Committee.

A newsletter will also be sent to active members including an article asking active members whether they want to apply to be on the Pension Fund Committee.

Anyone who responds would be provided with an information pack setting out the duties and responsibilities of a Pension Fund Committee Member together with a description of the type of individual qualities and experience seen as essential / desirable for the role and an application form. Anyone returning the form who meets the criteria will be invited for interview. Interviews will be conducted by a panel comprised of Pension Fund Committee members along with one or more officers. Initial appointments will be for a period not exceeding 4 years although a shorter period may be selected in order to ensure all the terms of office for co-optees do not end at the same time.

- 10 It will be important to ensure that any individuals putting themselves forward as Committee Members are aware of the requirements that will apply to them. For example, undischarged bankrupts would not be allowed to be Committee Members.

Legal concerns

- 11 Following the last Working Group meeting the Pension Fund's legal advisor has pointed out that there is an apparent legal prohibition preventing an employee of Durham County Council being co-opted onto one of its Committees. If Durham County Council employees are prohibited from Committee membership, appointment of the scheme member representative may have to be reviewed as around 67% of all Pension Fund active members will be Durham County Council employees from 1 April 2009.
- 12 CLG have been contacted to discuss this issue of member representation and how it may impact on their goal of greater scheme member representation on Pension Fund Committees. At the time of writing no formal response had been received.

Recommendation

- 13 Members are asked to approve the Pension Fund Committee structure to apply from April 2009 onwards as set out in paragraph 6, and (subject to the legal issue mentioned above) to the appointment process for co-opted Members. If approved, this proposal will have to be put to the full County Council for its consent.

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