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| Subject | Updates to the Local Pension Board Constitution | Status | For Publication |
| Report to | Authority | Date | 10 th June 2021 |
| Report of | Director, and Clerk | | |
| Equality Impact Assessment | Not Required | Attached | No |
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1 Purpose of the Report

- 1.1 To secure the Authority's approval for amendments to the constitution of the South Yorkshire Local Pension Board.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the proposals made by the Local Pension Board in relation to the terms of office of non-councillor members and the nature of meetings.**
 - b. **Note the request to consider the terms of office of councillor members and agree to seek the views of the South Yorkshire Leaders Group.**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:
Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

Regular review of constitutional arrangements based on an assessment of their effectiveness is good practice.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report specifically address the identified corporate risk associated with the effectiveness of the Local Pension Board.

5 Background and Options

- 5.1 The Local Pension Board has in line with best practice conducted a review of its effectiveness facilitated by the Board's Independent Adviser. In general the review concluded that the Board's effectiveness was improving and that it was providing more effective challenge to the Authority as Scheme Manager. This would be a conclusion

supported by officers who are pleased to see the way in which the Board has developed.

5.2 The Board agreed a number of areas for improvement and further development. Some of these, for example around learning and development and the development of questioning skills can be addressed by the independent adviser and officers, while others such as facilitating more regular contact between the Chair of the Authority and the Board are simple administrative tasks. There are, however three areas where the Authority's permission is required as implementation will require changes to the Board's constitution which is a matter for the Authority. These are:

- Terms of Office for Non-Councillor Members – The Board has in recent years suffered from a degree of member turnover and associated lack of continuity. Members of the Board feel that it would be appropriate to allow a longer maximum term of office (currently 2 x 3 year terms).
- Terms of Office for Councillor Members – Councillor Members have a much shorter 2 year term allowing for rotation between the Districts. This makes the development of the relevant depth of knowledge and understanding difficult and when added to the uncertainty arising from the electoral cycle creates an inherent instability in the Board's membership.
- The Board has appreciated the additional flexibility provided by on line meetings during the pandemic and while keen to be able to return to in person meetings would like to include the facility for virtual and hybrid meetings within its arrangements going forward.

5.3 In terms of the term of office for Non-Councillor Members there is a balance to be struck between continuity and the need to ensure that the Board does not become stale and "captured" by the entity it is supposed to be scrutinising. Equally while it is possible to extend the maximum permissible term it will be up to individuals whether to serve the full term, something that will be influenced by their individual circumstances. The Authority's independent advisers serve for a maximum of 9 years and the Authority's voting guidelines will not support non-Executive Directors for more than 9 years. It would therefore be consistent for the Authority to extend the maximum term for Non-Councillor Members of the Local Pension Board to 3x3 year terms.

5.4 The term of office for Councillor Members is a more difficult issue, particularly as any term beyond 4 years (assuming an appointment immediately following an election) is subject to the results of local elections. Given that it is impractical to have more than two councillor representatives in order to maintain the size of the Board at an appropriate level some sort of rotation system to ensure representation is shared between the four districts is also important. There have been particular issues around turnover and attendance amongst councillor members and while officers are sympathetic to the Board's desire to address this issue it is suggested that a further discussion is needed with the District Council leaders before any proposals are brought forward. This can be undertaken at the annual session in September where the Director and Chair present to the South Yorkshire Leaders Group.

5.5 The Local Pension Board is constituted under the Public Sector Pensions Act 2013 and not under the Local Government Act 1972, and while for reasons of good practice we have applied Local Government Act standards such as around the publication of agendas and reports it appears there is no legal bar to the Local Pension Board holding

virtual or hybrid meetings subject to the Authority having the technology to facilitate this. Officers would support the Board's view that there are some advantages to face to face meetings but that having the ability to vary this for particular circumstances or to facilitate the attendance of particular Board members could be a helpful to the Board's effectiveness. Consequently officers would recommend that the ability to participate in meetings remotely should be added in to the Board's constitution.

6 Implications

6.1 The proposals outlined in this report have the following implications:

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| Financial | None specifically. The Authority already has access to technology that facilitates remote participation, and is examining technology that will facilitate the webcasting or hybrid meetings. |
| Human Resources | None directly |
| ICT | See above |
| Legal | None directly |
| Procurement | None directly |

George Graham

Sarah Norman

Director

Clerk

| Background Papers | |
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| Document | Place of Inspection |
| Constitution of the Local Pension Board | Item 8 LPB Constitution July 2020.pdf (southyorks.gov.uk) |
| Local Pension Board Effectiveness Review | 2021 Mar Effectiveness Conclusions.pdf (southyorks.gov.uk) |