

West Yorkshire Pension Fund
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To:
Phillip Perry
Scheme Governance Discussion Paper
Department for Communities and Local Government
Zone 5/G6 Eland House
Bressenden Place
London
SW1E 5DU

27th August 2013

Dear Phillip,

Following the issue for the Local Government Pension Scheme (England and Wales) new governance arrangements discussion paper please find below the response from West Yorkshire Pension Fund (WYPF). Please Note - WYPF have not carried out a wider consultation and whilst it represents over 300 Employers and over 200,000 scheme members the views expressed are from WYPF as an Administering Authority. We would expect the Employers and other interested parties to formulate their own response to this consultation.

Timing

We feel the timing of setting up both the local and national boards should be left to each board to determine the most appropriate time for itself and the regulations on this area should not be too prescriptive however both boards should be set up by the 31 March 2015 at the latest.

Scheme Manager “Connected” Scheme

West Yorkshire Pension Fund is not aware of any “connected” schemes.

Pensions Board

WYPF feel that the regulations should contain minimum detail with further detail to be contained in statutory guidance which will be easier to update. By allowing the regulations to not be too prescriptive will enable flexibility to change as fund governance develops.

With regards to governance of the Pension Board we feel that both the Scheme Advisory Board and the Pension Regulator will be in the best position to detail what they expect good governance to look like and therefore the regulation in respect of this area should again not be too prescriptive.

We do however feel that the regulations should make it clear that nobody with a conflict of interest, as defined, may be appointed to sit on a Pension Board.

With regards to the Pensions Board we feel it would be inefficient to have both a Pensions Committee running the scheme and a Pensions Board commenting on how they do it. (We can however, also appreciate the benefits of having an independent Pension Board operating in a scrutinising capacity along side the Pension Committee in relation compliance, administration and governance matters). We feel if the two roles are kept separate then members of a Pension Committee should not be allowed to move to the Pension Board (and vice versa) to avoid any conflict of interest.

We would however like to ensure that membership on the Pension Board for elected members is consistent with their tenure i.e. be consistent with the political timetable and that members should serve on the Board for the duration of their tenure as a Councillor so that there is stability and that knowledge and skills are built up and not lost if there is a more frequent change on the Board.

In the spirit of openness and transparency we feel that annual statements should be published and communicated to relevant scheme managers, all scheme employers, members, the Scheme Advisory Board and Pension Regulator. By issuing the annual statements would allow the Pensions Regulator to consider risk rating scheme managers.

Details of Conflicts of Interest would benefit from being included within the regulations/statutory guidance to ensure transparency and consistency.

Finally you will be aware that the Chair of either the Pensions Committee or Pensions Board, as a Councillor, is entitled to a fee and expenses however there are no provisions if the Chair of either the committee or board is not an elected member. As a result we would like to see provision for fees and/or expenses to be built into the regulations.

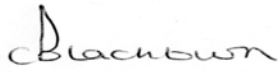
Scheme Advisory Board

As the Shadow Scheme Advisory Board is already in place it would seem sensible to use the experience gained from the shadow board to determine the membership of the Scheme Advisory Board.

We again feel that items such as the number of meetings, number of attendees for the board to be quorum etc i.e. question 19 to 23 should be matters for the board determine and then publish. We feel however, some element of ongoing overview by Department for Communities and Local Government (DCLG) would seem sensible. I.e. agreeing the Chair of the Scheme Advisory Board and agreeing the terms of reference of the Board and sub committees.

To ensure transparency in costs of running the scheme advisory board WYPF feels that it would be beneficial to have a mandatory levy on all pension funds.

Yours sincerely,

A handwritten signature in black ink that reads "Blackburn". The signature is written in a cursive style with a large initial 'B'.

Development Manager
West Yorkshire Pension Fund