



# Pensions Committee

18 March 2015

<b>Report title</b>	Governance Reform 2014, Delegation of Integrated Transport Authority	
<b>Originating service</b>	Pension Services	
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<b>Consultees</b>	West Midlands Integrated Transport Authority Committee	28 January 2015

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## Recommendation(s) for action or decision:

The Committee is recommended to:

1. Approve that as of the new Municipal Year, the Pension Committee of the West Midlands Pension Fund receive the delegation to oversee the management, administration and review of all financial matters of the WMITA Pension Fund.
2. Delegate responsibility to the Strategic Director of Pensions to oversee the implementation of the delegation.

## Recommendations for noting:

The Committee is asked to note:

1. That the West Midlands Integrated Transport Authority (WMITA) has delegated under S101 of the Local Government Act 1972, the administration and management of the WMITA Pension Fund to the West Midlands Pension Fund (WMPF) Pension Committee.

## **1.0 Purpose**

- 1.1 To seek agreement from this Committee on the final proposals of the governance reform after 1 April 2015 and accept the delegation from WMITA to manage and administer the WMITA pension fund after June 2015.

## **2.0 Background**

- 2.1 The Finance and Delivery Committee of WMITA (ITA Committee) have received a number of reports since July 2014 on the DCLG consultation and proposed changes to pension governance.
- 2.2 At its meeting on 12 January 2015 the ITA Committee considered three options for oversight of the fund that would meet the legislative requirements.
- 2.3 The ITA Committee agreed that the most appropriate option would be for responsibility of oversight and scrutiny of the WMITA pension fund to be delegated to the pension committee.
- 2.4 This would deliver economies of scale in efficient and effective operation, and ensure that the training and education requirements under the new legislation would be met through the WMPF training programme.
- 2.5 This would effectively bring together all of the West Midlands local government pension schemes under one governance structure.

## **3.0 Considerations**

- 3.1 Delegation from ITA to WMPF is permissible under S101 of the Local Government Act 1972 which provides for local authorities to delegate responsibility for functions to any committee, officer or other local authority.
- 3.2 In delegating the ability to take decisions on behalf of the WMITA pension fund, WMPF still remains accountable to the WMITA and is required to report at least annually to its committee as part of the delegation.
- 3.3 WMITA will remain liable for the WMITA pension fund.
- 3.4 Such a delegation would not change the day to day management and running of the fund, nor the responsibilities of the WMITA strategy panel and employer involvement but would strengthen the overall governance structures, which provide the best interest to pension fund members while remaining accountable to the WMITA.
- 3.5 A diagram of the proposed overview and scrutiny structure is set out in Appendix One.

#### **4.0 Next Steps**

- 4.1 If Committee approve this proposal then officers will begin the implementation of change to ensure a smooth transition into the next municipal year which would see the WMPF pension committee take over the decision making for the management and administration of the WMITA fund from the next municipal year.
- 4.2 This delegation will also provide for one local pension board serving both funds. Under the final regulations, pension funds seeking to establish joint pension boards require permission of the Secretary of State and following correspondence with Bob Holloway at DCLG, we are in the process of applying for permission to establish this joint pension board.

#### **5.0 Financial implications**

- 5.1 It is acknowledged that the reform required under the 2013 Act will create a significant pull on the resources of WMPF in administering not only the changes, but the consultation, feedback and training required by these changes together with the amendment to the Fund's literature, website and information mediums.
- 5.2 WMPF already updates its literature and policies on an annual basis and this proposal minimises the amendments required to these, and as such any changes resulting from this proposal can be incorporated into the Fund's general work.
- 5.3 WMPF currently charges the ITA Fund £150,000 per year for management, made up of £30,000 investment management and £120,000 administration expenses. It is proposed that this charge would be reviewed under the new arrangements, and costs will be apportioned appropriately between the two funds.

#### **6.0 Legal implications**

- 6.1 As detailed in the report.

#### **7.0 Equalities implications**

- 7.1 None identified.

#### **8.0 Environmental implications**

- 8.1 None identified

## **9.0 Schedule of background papers**

- 9.1 Public Service Pensions Act 2013  
<http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>
- 9.2 Consultation on October (second) draft regulations  
<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations-2014-better-governance-and-improved-accountability>
- 9.3 Consultation on the draft statutory guidance  
<http://www.lgpsboard.org/index.php/about-the-board/board-consultations>
- 9.4 Guidance issued by the Pensions Regulator  
<http://www.thepensionsregulator.gov.uk/employers/detailed-guidance.aspx>
- 9.5 Report to Finance, Delivery and Performance Monitoring Committee 10 November 2014.  
<http://www.centro.org.uk/media/568343/ita-pension-governance-reform.pdf>
- 9.6 Report to Finance, Delivery and Performance Monitoring Committee 12 January 2015.  
<http://www.centro.org.uk/media/568324/8-pension-governance-reform.pdf>
- 9.7 Report to WMITA Committee 28 January 2015.

## **10.0 Appendices**

- 10.1 Appendix One - Proposed structure chart.