

## **Report to Governance Committee**

**6 November 2023**

### **Pension Advisory Board Chairman Recruitment**

#### **Report by Director of Finance and Support Services and Director of Law and Assurance**

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### **Summary**

The current Pension Advisory Board Independent Chairman was appointed by the Governance Committee in 2015 when the role was established and was reappointed in 2020. The current appointment expires on 31 May 2024. The Chairman has indicated that he will not be planning on applying for the position again due to retirement.

The report sets out proposals for recruiting to the chairmanship of the Board.

### **Recommendations**

- (1) That the Job Description for Independent Chairman be approved; and
  - (2) That the Director of Finance and Support Services and the Director of Law and Assurance:
    - (a) Arrange for the role of Independent Chairman to the West Sussex Pension Advisory Board to be advertised with the remuneration set out in paragraph 2.5 and for an appropriate recruitment exercise to be undertaken; and
    - (b) In consultation with the Chairman and Vice-Chairman of the Governance Committee, appoint the Independent Chairman of the West Sussex Pension Advisory Board.
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### **Proposal**

#### **1 Background and context**

- 1.1 As a result of the Public Services Pensions Act 2013 the County Council established a Pension Advisory Board, effective from 1 April 2015. The Board has a broad oversight role over the local Pension Scheme and assists the Scheme Manager in compliance with the Regulations and best practice.
- 1.2 The Board comprises three member representatives, three employer representatives and an Independent Chairman.
- 1.3 The County Council, under its Constitution, has determined that the Director of Finance and Support Services and the Director of Law and Assurance have joint

responsibility to manage the scheme operationally and advise the County Council in the discharge of the responsibilities of the County Council as Scheme Manager in relation to the Local Government Pension Scheme (LGPS).

- 1.4 The initial appointment of the Independent Chairman followed advertisement and shortlisting by officers and an interview by a panel of three members from this Committee. A further process was carried out in 2020 and the Chairman was reappointed for a further four years. The current contract expires on 31 May 2024 and the Chairman has advised that he is intending to retire and will not reapply for the role.

## **2 Independent Chairman of the Pension Advisory Board**

- 2.1 The terms of reference of the Governance Committee refer to the appointment of the Chairman as follows:

17. In relation to the Pension Advisory Board to:

- (a) Approve the job description and remuneration of and oversee the appointment of the independent Chairman of the Pension Advisory Board;

- 2.2 The terms of reference of the Pension Advisory Board refer to the appointment of the Chairman as follows:

A job description approved by the Committee will be used to identify the candidate best suited to the role. The independent Chairman cannot vote, in accordance with the regulations. The following provisions will apply:

- the term of office for the Independent Chairman is for four years;
- subject to agreement of the Governance Committee, on advice from the Director of Finance and Support Services and the Director of Law and Assurance, the Independent Chairman will be able to serve a maximum of two consecutive terms before the opportunity is re-advertised.
- future appointments will be by a panel of three members from the Governance Committee, supported by appropriate technical advice, and shall be made from a short list of nominees drawn up by the Director of Finance and Support Services and the Director of Law and Assurance following suitable advertisement of the opportunity. The incumbent Chairman would be eligible for consideration for the post.
- amendments to the Independent Chairman's job description will be approved by the Governance Committee.
- the appointment of the Independent Chairman is phased with other members of the Board to ensure continuity of experience on the Board.

- 2.3 It is proposed that the Director of Finance and Support Services and Director of Law and Assurance advertise for an Independent Chairman in the relevant pension publications and websites and on the Council webpages. It is proposed that, in place of the member interview panel, the two senior officers will shortlist and interview prospective candidates and make an appointment after consultation with the Chairman and Vice-Chairman of the Governance Committee who would also be kept fully advised of the progress of the

recruitment and the approach to the selection of candidates. This would mean a change to the Board's terms of reference set out above which is dealt with under item 5 on the agenda.

2.4 The Job Description for the Independent Chairman is included at Appendix 1 to the report. Any changes from the previous version approved by the Governance Committee in 2014 have been highlighted.

2.5 The role is remunerated, and reasonable expenses are paid from the Pension Fund. In 2014 the Governance Committee agreed remuneration of between £12,000 and £15,000 following a recommendation from the Actuary based on the number of days, level of commitment and technical expertise. At the time members felt that this level of remuneration could be justified given the size of the Fund and its performance and the need to attract a strong field of candidates with the relevant experience. Officers recommend increasing the range, in line with inflation, to between £15,000 and £20,000.

### **3 Other options considered (and reasons for not proposing)**

3.1 Officers have previously considered whether a chairman from the membership of the Pension Advisory Board would be suitable. There is a high level of knowledge and understanding required of Board members that is set in regulations and an Independent Chairman with specialist knowledge of the LGPS supports the Board in their considerations. Officers feel that the current structure of the Board i.e., to have an independent Chairman ensures that the Board carry out their role and are supported in this by the Chairman.

3.2 In relation to the proposal for interviews to be carried out by officers rather than elected members it is considered that, as the role has a technical and advisory role within an area of specialism, it would be more appropriate for the interviews to be carried out by the two officers with responsibility for the administration of the pension fund but that elected members be consulted and advised of the reasons for the proposed appointment before it is confirmed.

### **4 Consultation, engagement and advice**

4.1 Officers have engaged with officers from other Funds regarding their arrangements for Chairmanship of their Local Pension Board and have reviewed job descriptions and advertisements for Independent Chairman from other Funds.

### **5 Finance**

5.1 All reasonable expenses and remuneration of the Chairman will be met by the Pension fund.

### **6 Risk implications and mitigations**

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
That the Pension Advisory Board is not able to fulfil its role due to poor leadership	Officers will ensure that there is a high level of specialist knowledge and understanding of the LGPS and its regulations and of the requirements of the Pensions Regulator

## **7 Policy alignment and compliance**

The appointment of an Independent Chairman of the West Sussex Pension Advisory Board will be carried out in accordance with the provisions set out in the County Council's Constitution.

### **Taryn Eves**

Director of Finance and Support Services

### **Tony Kershaw**

Director of Law and Assurance

**Contact Officer:** Vickie Hampshire, Pension Fund Governance Manager,  
Tel: 033 022 23386, [vickie.hampshire@westsussex.gov.uk](mailto:vickie.hampshire@westsussex.gov.uk)

### **Appendices**

Appendix 1 – Job Description for the Pension Advisory Board Chairman

### **Background papers**

None