

## **SCOTTISH BORDERS COUNCIL**

### **PENSION FUND COMMITTEE**

MINUTES of Meeting of the PENSION FUND COMMITTEE held in Council Headquarters, Newtown St Boswells on Thursday, 29th January, 2015 at 10.45 am

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Present:- Councillors B White (Chairman), J Campbell, M Cook, G Edgar, J Mitchell  
S Mountford, Mr A Barclay, Mr P Smith.  
Apologies:- Councillors G Logan, Mr J Terras.  
In Attendance:- Chief Financial Officer, Corporate Finance Manager, HR Shared Services  
Manager, Democratic Services Officer (J Turnbull).

#### **MEMBER**

Councillor Cook joined the meeting during consideration of the item below.

#### **1. PROPOSED ADMISSION TO THE LOCAL GOVERNMENT PENSION SCHEME**

There had been circulated copies of report by the Chief Executive requesting approval for the admission of the care company SB Cares comprising Scottish Borders Cares LLP and Scottish Borders Supports LLP, hereafter referred to as SB Cares, into the Local Government Pension Scheme. The current provision of Adult Services by the Council was scheduled to transfer to the new care company SB Cares which would be 100% owned by Scottish Borders Council on 1 April 2015. The Council had agreed as part of the business case approved on 30 October 2014, that staff who were currently members of the Council's Pension Scheme, would remain members following the establishment of the new company and SB Cares was consequently required to apply for admission as two 'admitted bodies'. Future members of staff employed by the care company would also be covered by the admission agreement which would be on an 'open' basis. The pension benefits of current and future staff would be unaffected unless changes were made to the overarching pension scheme. It was agreed at Council on 29 January 2015 that the Council would underwrite the risk of SB Cares' membership of the Pension Fund should the company cease to trade. It should be noted that SB Cares under the terms of the partnership agreement was precluded from varying the terms of the admission agreement without the approval of the Council and the Pension Fund.

2. The Chief Financial Officer was in attendance and referred to section 4 of the report, which set out the basis on which the admission would be granted. The Pension Fund's Actuary had determined that the appropriate contribution rate SB Cares and, on the basis that the Council would underwrite the premature termination risk, it would operate under the pooled rate of 18%. Auto enrolment would apply to new employees. The Committee requested a further report detailing the Terms and Conditions of SB Cares' admission to the Pension Fund.

#### **DECISION**

##### **AGREED:-**

- (a) To enter into an appropriate agreement with Scottish Borders Cares LLP and Scottish Borders Supports LLP to admit these bodies to membership of the pension fund on terms and conditions to the satisfaction of the Chief Executive and the Chief Financial Officer; and

- (b) **To request that the Chief Officer – Human Resources brought back to Pension Fund Committee a report detailing the Terms and Conditions of SB Cares’ admission to the Pension Fund.**

3. **LOCAL GOVERNMENT PENSION SCHEME REFORM - GOVERNANCE**

There had been circulated copies of a report by Chief Financial Officer which proposed amended governance arrangements to the Pension Fund Committee following changes being proposed for the governance of the Pension Fund and creation of a Pension Board. The report detailed the background to the requirement to create a Pension Board with Employer and Trade Union Representatives, with a constitution based on a model set out nationally and its function set out in new Local Government Pension Scheme (Governance) (Scotland) Regulations. The report presented the draft constitution for the Pension Board in Appendix 2 to the report, the amendment to the Scheme of Administration for the resulting changes required to the Pension Fund Committee and the requirement to create a new Pension Fund Investment and Performance Sub-Committee.

4. The Corporate Finance Manager was in attendance and highlighted that in the draft constitution, membership of the Pension Board would consist of equal numbers of trade union representatives and employer representatives. There would be four Trade Union representatives, one from each member of the three unions, the Council’s Joint Trade Union Consultative Group would decide on the other member. The term of office had been amended from the model constitution, representatives would serve a period of four years or to the next local government election, whichever was earlier. The Chair and Vice Chair of the Pension Board would be rotated on an annual basis between the Trade Union and Employer Representative on the Pension Board. The Pension Board would normally meet immediately after the joint meeting with the Pension Fund Committee. All members and named substitutes of the Pension Board would be trained and included in the annual training programme for the Pension Fund.
5. The Committee requested further clarification in respect of Appendix 3, specifically in relation to the decision making process of the joint meeting. Mr Robertson clarified for competent decisions to be made at the joint meeting, the Pension Fund Committee membership required to be quorate (i.e. four elected members who were on the Pension Fund Committee). It was not essential to decision making that the Pension Board membership was quorate at the joint meeting, however if the Pension Board met on its own then it required to be quorate in accordance with the constitution set out in Appendix 2.
6. The Committee requested that the wording be amended in Appendix 4 – Functions Delegated – to include “#” at item 2 and 5 of the Functions referred.
7. It was acknowledged that the Scheme of Administration would need to be amended to reflect the changes in the draft Constitution. Mrs Mirley advised that once the Local Government Pension Scheme (Governance) (Scotland) Regulations had been approved by the Scottish Parliament a further report would be brought to Council for ratification, once established, the Pension Board could also make any changes if necessary.

**DECISION**

**AGREED:-**

- (a) **The creation of a Pension Board for the Scottish Borders Council Pension Fund with a constitution as set out in Appendix 2, subject to any subsequent revisions required by financial regulations;**
- (b) **The amendment of the Council’s Scheme of Administration to incorporate the changes to the Executive’s functions to include the following under “Staffing”: Employer discretions under Local Government Pension Scheme, within the terms of the relevant legislation; and**

- (c) **The amendment of the Council's Scheme of Administration to incorporate the changes to the Pension Fund Committee's functions as set out in Appendix 3; and**
- (d) **The amendment of the Council's Scheme of Administration to incorporate the creation of a Pension Fund Investment and Performance Sub-Committee as set out in Appendix 4, with the inclusion of “#” in front of 2 and 5 within the Functions Referred section.**

*The meeting concluded at 11.30 am.*