

Pension Fund Investment Sub-Committee

8 September 2014

Local Pension Board

Recommendation

That the sub-committee discuss the Terms of Reference for the new Local Pension Board and ask the Strategic Director for Resources to prepare a draft for consideration by the Staff and Pensions Committee.

1. Introduction

- 1.1 At the sub-committee meeting dated 21 July 2014, Hymans Robertson presented a high level strategy paper which advised the sub-committee of the regulatory requirement to establish a local pension board by 1 April 2015.
- 1.2 Due to the level of work involved in preparation for the Local Pension Board and given the timescales there is an urgency to prepare terms of reference to enable Warwickshire County Council (as the Administrating Authority/Scheme Administrator) to approve the new structure and change in constitution.
- 1.3 Officers have therefore been considering what the Terms of Reference should be.

2. Progress since July Meeting

- 2.1 Officers have met several times since the July meeting and the current draft is attached at **Appendix A**.
- 2.2 Due to time constraints parts of the terms of reference have not yet been completed, as officers are still investigating some issues such as how the representatives on the board will be selected. Therefore it is suggested that following the discussion by the Sub-Committee the Strategic Director for Resources is asked to prepare a draft for consideration by the Staff and Pensions Committee.
- 2.3 Also since the July meeting officers have submitted the Administrating Authority/Scheme Administrator's response to the DCLG consultation on the regulations and guidance in relation to Local Pension Board's.
- 2.4 At the time of writing this report DCLG has not provided any response with

regards to the regulations or further guidance but if any response is produced this will be circulated to the Committee.

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Terms of reference for the Pension Board of Warwickshire Pension Fund

Terms of Reference and Delegated Authorities

1) Introduction

The purpose of this document is to set out the terms of reference for the local Pension Board of Warwickshire pension fund.

2) Role of the Local Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- Assist Warwickshire County Council (WCC) as Administering Authority (Scheme Manager); –
 - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
 - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
 - in such other matters as the LGPS regulations may specify
- Secure the effective and efficient governance and administration of the LGPS for Warwickshire Pension Fund
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the Warwickshire Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

3) Appointment of members of the Pension Board

The process for selecting members of the Pension Board is set out below.

[You will need to consider matters such as who is eligible to stand, how the nomination process will work and what sort of information candidates will need to submit. Also, will appointment be through election or selection and what will the rules be governing the process? How will the chair be appointed? Will there be a role on your Board for independents? Will substitutes be allowed to attend in lieu of Board members? What will the term of office be and what is the policy for re-appointment to the Board?]

The Pension Board shall consist of seven members and be constituted as follows:

- Employer Representatives x 2
- Scheme Member Representatives x 2
- Independent Representatives x 3

For representatives there will be a written person specification followed by a recruitment and selection process involving application form, short-listing and interviews accordance with WCC's policy and procedure.

The Chair of the local Pension Board will be elected by the Board. It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

Each employer representative and scheme member representative so appointed shall serve for a fixed three year period which can be extended for further period(s) subject to re-appointment. The term of office for the Chair will also be three years at which point it will be the decision of the board whether to extend the period or re-elect a chair.

Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least one meeting each year. Substitutes will generally not be permitted unless prior consent has been given in advance by the chair. In the event of consistent non-attendance, or failure to achieve and maintain the required level of knowledge and skills by any Board member, then the tenure of that membership should be reviewed by the Chair in liaison with the Scheme Manager and the Chair may decide to remove the Board member.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the majority agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

4) Quorum

The Board shall have a formal quorum of three including the chair.

Advisers do not count towards the quorum.

5) Conflicts of Interest

The policy for identifying conflicts of interest is set out in a separate policy document.

6) Board Review Process

The Board will undertake each year a formal review process to assess how well it and its committees, and the members are performing with a view to seeking continuous improvement in the Board's performance.

7) Advisers to the Board

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:

- The Fund's Administration Manager;
- The Fund's Legal Adviser;
- The Fund's Section 151 Officer.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

8) Knowledge and Skills

A member of the Pension Board must be conversant with –

- 1 The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- 2 Any document recording policy about the administration of the LGPS which is for the time being adopted by the Warwickshire Pension Fund.

A member of the Local Pension Board must have knowledge and understanding of –

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Pension Board members will comply with the Scheme Manager's training policy.

9) Board Meetings – Notice and Minutes

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board committee, they shall be circulated to all members.

There will be two Pension Board meetings a year to be held in June and December.

10) Remit of the Board

The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails. [You will want to consider what your key priorities are and how your Board can help you deliver them. For example is there a role for the Board in considering administration performance, setting communication strategy or providing an audit function?].

11) Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore the “seven principles of public life¹” will be applied to all Pension Board members and embodied in their code of conduct.

These are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty

- Leadership

12) Decision making

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will reach a consensus.

The Chair of the Pension Board **will have the final deciding vote which** will be reported to the Scheme Manager.

13) Publication of Pension Board information

Scheme members and other interested parties will want to know that Warwickshire Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the Warwickshire Pension Fund website showing

- The names and information of the Pension Board members
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole
- The full terms of reference and policies of the Pension Board and how they operate
- The Pension Board appointment process
- Who each individual Pension Board member represents
- Any specific roles and responsibilities of individual Pension Board members.

¹ Standards Matter: a review of best practice in promoting good behaviour in public life”, Committee on Standards in Public Life, January 2013

Pension Board papers, agendas and minutes of meetings will be published on the **XYZ** Pension Fund website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

14) Accountability

The Pension Board will be collectively and individually accountable to the Scheme Manager.

15) Expense Reimbursement, [remuneration and allowances]

[You will need to establish a policy in respect of these matters]

16) Reporting Breaches

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

17) Definitions

The undernoted terms shall have the following meaning when used in this document:

<i>“Pension Board” or “Board”</i>	Means the local Pension Board for the ABC administering authority for the XYZ Pension Fund as required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means the ABC as administering authority of the XYZ Pension Fund.
<i>“Chair”</i>	Reference to duties to be performed, or authorities exercised, by the Chair
<i>“LGPS”</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 [In Scotland; The Local Government Pension Scheme as constituted by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme Administration) (Scotland) Regulations 2008, The Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 and the The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010]
<i>“Scheme”</i>	Means the Local Government Pension Scheme as defined under “LGPS”

18) Interpretation

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.