

## **PENSIONS BOARD FOR BEXLEY TERMS OF REFERENCE**

### **Introduction**

1. This document sets out the terms of reference of the Pensions Board for Bexley being the local pension board of the London Borough of Bexley (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Pensions Board for Bexley (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. The Board is established by the Administering Authority and operates independently of the Pensions Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
3. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.
4. Except where approval has been granted under regulation 106(2) of the Regulations the Board shall be constituted separately from any committee or sub-committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

### **Interpretation**

5. The following terms have the meanings as outlined below:

<b>'the Act'</b>	The Public Service Pensions Act 2013.
<b>"the Board Secretary"</b>	means the Head of Committee Services and Scrutiny or nominated officer.
<b>'the Code'</b>	means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
<b>'the Fund'</b>	means the Fund managed and administered by the Administering Authority.
<b>'the Guidance'</b>	means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

<b>'the Regulations'</b>	means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).
<b>'Relevant legislation'</b>	means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Board notwithstanding that the Codes of Practice are not legislation.
<b>'the Scheme'</b>	means the Local Government Pension Scheme in England and Wales.

## **Statement of Purpose**

6. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. To that end the Board has the following Orders of Reference and Delegated Powers:

### Orders of Reference

- To assist the Pensions Committee to secure compliance with the LGPS Regulations 2013 (as amended) and other legislation relating to the governance and administration of the LGPS.
- To assist the Pensions Committee to secure compliance with the requirements imposed by the Pensions Regulator in relation to the LGPS.
- To assist the Pensions Committee to ensure the effective and efficient governance and administration of the LGPS.

### Delegated Powers

- To do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- To report any matters of non-compliance to the Audit Committee.

## **Duties of the Board**

7. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and

abide by the code of conduct for Board members. It should provide the Administering Authority with such information as it requires to ensure that any member of the Board does not have a conflict of interest.

8. The Board shall not:-

- Overturn any investment decisions that have been made by the Pensions Committee, but may consider whether due process has been followed to validate the decision taken.
- Enter into contracts on behalf of the Administering Authority
- Compromise the Pensions Committee's ability to comply with its fiduciary duty to the Fund and its members.

### **Establishment**

9. The Board was established by the Council at its meeting on 4 March 2015. The Board may establish sub-committees if considered necessary.

### **Membership**

10. The Board shall consist of four voting members, as follows:

two Member Representatives; and

two Employer Representatives.

11. There shall be an equal number of Member and Employer Representatives.

### ***Member representatives***

12. Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund. Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required. A total of two member representatives shall be appointed following a transparent recruitment process which should be open to all Fund members and be approved by the Administering Authority. Given the knowledge and understanding requirements placed on members of the Board, any Substitutes appointed shall not have voting rights.

### ***Employer representatives***

13. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

14. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required. Given the knowledge and understanding requirements placed on members of the Board, any Substitutes appointed shall not have voting rights.

15. A total of two employer representatives shall be appointed as follows:

- (a) One employer representative shall be appointed following a transparent recruitment process which should be open to all employers in the Fund and be approved by the Administering Authority; and
- (b) One employer representative shall be appointed by the Administering Authority as it is by far the single largest employer in the scheme.

16. Once appointed, members will be expected to sign a written undertaking to confirm that they understand and will commit to the requirements of the role and to:

- Disclose all dual interests that have the potential to become conflicts of interest;
- Commit to attending a minimum number of meetings a year;
- Commit to undertaking and attending the necessary knowledge and understanding training; and
- Abide by these terms of reference and wider constitutional documents (including the Code of Conduct which is attached as an appendix).

### **Appointment of Chairman**

17. A Chairman and Vice-Chairman shall be elected by the Board from amongst their number on an annual basis.

### **Duties of Chairman**

18. The Chairman of the Board:

- (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference,
- (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
- (c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

19. Each Board member shall have equal voting rights, with the Chairman having a casting vote where consensus cannot be reached and there is an equality of votes.

### **Notification of Appointments**

20. When appointments to the Board have been made the Administering Authority shall publish the name of Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

### **Terms of Office**

21. The term of office for Board members is generally three years.
22. A Board member may be appointed for up to two further terms of office using an appointment process similar to that set out above. At the end of the first two years and thereafter at the end of each following three year period, one member representative will be required to seek re-election, and an appointment process will also be held for one employer representative.
23. A notice period of three months shall be required if a member wishes to resign from the Board.
24. Any vacancies which arise will be filled following a similar appointment process to that outlined above.
25. Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
  - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
  - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
  - (d) A Board member no longer being able to demonstrate to the London Borough of Bexley their capacity to attend and prepare for meetings or to participate in required training.
  - (e) A Board member has failed to comply with the requirements of being a member of the Board (e.g. failure to comply with the Members' Code of Conduct)
  - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
  - (g) A Board member who is an elected member becomes a member of the Pensions Committee.
  - (h) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

### **Conflicts of Interest**

26. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

27. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
28. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

### **Knowledge and Understanding (including Training)**

29. In accordance with the guidance issued by the LGPS Scheme Advisory Board and the requirements of the Pensions Regulator, members will be expected to undertake such training as is considered necessary for them to acquire the necessary skills to carry out their duties.
30. Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 6 above. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
31. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
32. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

### **Meetings**

33. The Board shall as a minimum meet three times each year.
34. Meetings shall normally take place between the hours of 9am and 5pm at Bexley Civic Offices, 2 Watling Street, Bexleyheath DA6 7AT.
35. The Chairman of the Board with the consent of the Board membership or a majority of the Board membership may call additional meetings. A special meeting may also be convened at the request of the Pensions Committee. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails. The outcome of such business would be reported to the Board's next meeting.

36. Board members are expected to attend at least two of the three meetings per annum otherwise their continued membership of the Board will need to be considered.

## **Quorum**

37. A meeting is only quorate when three voting members are present.
38. A meeting that is or becomes inquorate may continue but is not able to take decisions.

## **Board administration**

39. The Chairman shall agree an agenda with the Board Secretary prior to each Board meeting.
40. The agenda and supporting papers will be issued by the Board Secretary at least seven working days (where practicable) in advance of the meeting except in the case of matters of urgency.
41. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members within fifteen working days after the meeting by the Board Secretary. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.
42. The minutes may with the agreement of the Board, 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.
43. The Board Secretary shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.
44. The Board Secretary shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget available to the Board.
45. The Board Secretary shall ensure an attendance record is maintained along with advising the Administering Authority on expenses to be paid under these terms.
46. The Board Secretary shall liaise with the Administering Authority on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.

## **Public Access to Board meetings and Information**

47. The Board meetings shall be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

48. The following will be entitled to attend Board meetings in an observer capacity:

- (a) Members of the Pensions Committee,
- (b) Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chairman.

49. In accordance with the Act the Administering Authority shall publish information about the Board to include:

- (a) The names of Board members and their contact details.
- (b) The representation of employers and members on the Board.
- (c) The role of the Board.
- (d) These Terms of Reference.

50. The Administering Authority shall also publish other information about the Board including:

- (a) Agendas and minutes
- (b) Training and attendance logs
- (c) An annual report on the work of the Board to be included in the Fund's own annual report.

51. All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- (a) On the Fund's website.
- (b) As part of the Fund's Annual Report.
- (c) As part of the Governance Compliance Statement.

52. Information may be excluded on the grounds that it 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.

## **Expenses and allowances**

53. The Administering Authority shall meet the direct costs of attending Board meetings and any training expenses associated with the Knowledge and Understanding Policy Framework from the Fund.



54. The Administering Authority shall not pay allowances for Board members.

## **Budget**

55. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund and details of the Board's expenditure will be included in its annual report.

## **Core functions**

56. The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.

57. The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme.

58. There are many areas the Board may wish to consider within the extent of these core functions. Examples are given as part of the guidance on the creation and operation of local pension boards developed by the LGPS Scheme Advisory Board.

59. In support of its core functions the Board may make a request for information to the Pensions Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

60. In support of its core functions the Board may make recommendations to the Pensions Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

## **Reporting**

61. The Board should in the first instance report its requests, recommendations or concerns to the Pensions Committee. In support of this any member of the Board may attend a Pensions Committee meeting as an observer.

62. The Board should report any concerns over a decision made by the Pensions Committee to the Pensions Committee.

63. On receipt of such a report the Pensions Committee should, within a reasonable period, consider and respond to the Board.

64. Where the Board is not satisfied with the response received it may refer the matter to the Council's Audit Committee.

65. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Pensions Committee and has not been rectified

within a reasonable period of time it is under an obligation to escalate the breach.

- 66. The appropriate internal route for escalation is to the Council's Audit Committee.
- 67. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.
- 68. Board members are also subject to the requirements to report breaches of law under the Act and the Code [and the whistleblowing provisions set out in the Council's whistle blowing policy].

#### **Review of terms of reference**

- 69. These Terms of Reference shall be reviewed on each material change to those parts of the Regulations covering local pension boards and at least every two years.
- 70. These Terms of Reference were approved by the Pensions Committee on 12 March 2015 and adopted by the Board on .....