

Cornwall Pension Fund Local Pension Board

Terms of Reference and Delegated Authorities

1) Introduction

This document sets out the terms of reference for the Local Pension Board of the Cornwall Pension Fund (CPF) as required under the Public Service Pensions Act 2013 (PSPA13).

The Local Pension Board for the CPF will be called the Cornwall Pension Fund Local Pension Board and known colloquially as the Local Pension Board or LPB.

The Local Pension Board is established by Cornwall Council as the administering authority for the Cornwall Pension Fund and will operate independently of the Pension Committee as set up by the Council under the powers of sections 101 and 102 of the Local Government Act 1972.

2) Role of the Local Pension Board

The role of the Local Pension Board as defined by sections 5 (1) and (2) of the PSPA13, is to –

- Assist Cornwall Council (CC) as Scheme Manager –
 - to secure compliance with the Local Government Pension Scheme (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 the CPF
- Provide the Scheme Manager with such information as it requires in order to ensure that any member of the LPB or person to be appointed to the LPB does not have a conflict of interest.

The LPB will also help ensure that the CPF is managed and administered effectively and efficiently and complies with the code of practice (CoP) on the governance and administration of public service pension schemes issued by the Pensions Regulator.

The creation of the Local Pension Board does not change the core role of the Administering Authority or the way it delegates its pension functions. The Local Pension Board does not replace the Administering Authority or make decisions which are the responsibility of the Administering Authority under both the Regulations and other overriding legislation.

The Local Pension Board will only have the power to review decisions made by the Administering Authority or make recommendations to improve the efficient and effective administration and governance of the pension function including funding and investments. The Administering Authority will however reasonably facilitate the discharge of the functions of the Local Pension Board.

3) Appointment of members of the Local Pension Board

The Local Pension Board shall consist of 5 members and be constituted as follows:

- 2 employer representatives drawn from any employer participating in the Cornwall Pension Fund

The employer representatives may be elected members or officers of the authorities mentioned.

- 2 scheme member representatives drawn from the active, deferred or pensioner membership of the Cornwall Pension Fund.
- 1 independent Chair.

No substitutes will be permitted.

Employer and scheme member representatives will be appointed through a clear and transparent process but the appointment mechanism will be dealt with separately as determined by the Scheme Manager. The independent Chair will be appointed by the Scheme Manager.

Each member of the Local Pension Board will be responsible for the overall effective and efficient governance and administration of the CPF and not act solely in the interest of the constituent group he or she is representing.

No officer or elected member of Cornwall Council who is either responsible for discharging any function in relation to the LGPS regulations or has delegated decision making authority in relation to LGPS matters may be a member of the Local Pensions Board.

No member of the Local Pension Board will be a member of the Cornwall Pension Committee. All members of the Local Pension Board may attend the meetings of the Pensions Committee as observers. However, the LPB will appoint 1 representative as official observer to the Pensions Committee. The observer may be appointed by rotation at the discretion of LPB and will be required to report back to the LPB.

4) Quorum

The Local Pension Board shall have a formal quorum of 2, to be drawn from either employer or scheme member representatives.

5) Conflicts of Interest

A policy for identifying conflicts of interest for the Local Pension Board shall be set out in a separate policy document.

6) Local Pension Board Review Process

The LPB will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance. The first review will take place no later than 1 October 2016.

7) Knowledge and Skills

Local Pension Board members will comply with the CPF training policy and training opportunities will as far as possible be shared with the Pension Committee.

8) Local Pension Board Meetings

Meetings will be held during working hours at a venue to be notified prior to each meeting.

9) Remit of the Local Pension Board

The Local 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 LPB's role entails.

The Local Pension Board will -

- be a 'critical friend' to the Pension Committee
- assist the Pension Committee (in accordance with the PSPA13) in meeting the CPF's compliance with legislation, regulations, guidance and The Pensions Regulator's CoP
- provide oversight of decisions made by the Pension Committee to ensure that due process has been followed.

The Local Pension Board will report any concerns over a decision made by the Pension Committee or any officer with relevant delegated authority. The concern will in the first place be reported to the relevant party in relation to that decision and to the Responsible Officer of the CPF. Decisions will only be reported in this way where a majority of the voting representatives present at an LPB meeting believe that one or more of the following has happened:

- 1 Under the CPF Scheme of Delegation, the Pensions Committee or officer did not have the power to make the decision in question;
- 2 The decision was in breach of legislation and/or regulations;
- 3 The decision maker(s) did not follow professional advice given (or didn't take professional advice if it was a requirement to do so) and it is believed that this could result in a materially bad outcome for the CPF;
- 4 The decision making process did not follow one or more of the following principles:
 - The decision-maker(s) did not ask themselves the right questions;
 - The decision-maker(s) did not direct themselves correctly in law; in particular did not adopt a correct interpretation of the legislation and regulations relevant to the CPF;
 - The decision-maker(s) did not take into account all relevant facts and disregard any irrelevant facts;
 - The decision-maker(s) arrived at a perverse decision (i.e. a decision to which no reasonable body of decision-makers would have reached).
- 5 A new material factor has come to light that had it been known at the time of the decision, might have resulted in a different outcome and the original decision has not yet been irrevocably implemented.

If the Local Pension Board is dissatisfied with the response or resolution to the concern raised, it will seek the advice of the Section 151 Officer of CC. Where the decision-maker in question is the Section 151 Officer of CC, or the LPB remains dissatisfied with the response or resolution, the concern will be escalated within the Council as far as possible before seeking the advice of the Scheme Advisory Board.

The fact that the LPB may have questioned a decision in this way does not affect the validity of that decision nor in any way prevent a decision from being acted upon.

At the invitation of the Pension Committee, the Local Pension Board may also -

- reduce the workload of the Pensions Committee and allow/enable the Pension Committee to focus on strategic issues and decision making at the discretion of Pensions Committee – examples include reviewing the risk management process, detailed review of risks and risk management framework. Regardless of the work undertaken by the LPB the Pensions Committee remains responsible for the identification and management of those risks

- review administration standards to ensure they are fit for purpose, review administration performance and review efficacy of scheme member and employer communications
- review published policies to ensure they remain fit for purpose and are complete
- review CPF annual reports
- produce a Local Pension Board annual report in accordance with requirements, guidance and general accountability to stakeholders
- be considered an integral part of any consultation process with the purpose of adding value to that process based on, for example, their representation of employers and scheme members
- discuss strategic matters such as communications where requested by the Pensions Committee.

The above list is not exhaustive.

The Local Pension Board will commence a review of its efficacy after the first 18 months to determine whether it is meeting the needs of CPF's stakeholders and in time for any changes to be made at the 2-year anniversary.

10) Standards of Conduct

The Local Pension Board shall have a code of conduct to which all members will abide.

The role of LPB members requires the highest standards of conduct and therefore the "seven principles of public life"¹ will be applied to all LPB members and embodied in their code of conduct.

These are –

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

11) Decision making

All Employer and Scheme Member Representatives of the Local Pension Board will be entitled to vote.

12) Publication of Local Pension Board information

Information in accordance with LGPS legislation and regulations will be posted on the CPF website

13) Reporting Breaches

The Local Pension Board shall have a policy statement on reporting breaches in line with the Pensions Regulator's Code of Practice. CPF's Responsible Officer should be consulted in order to obtain

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

clarification on whether a breach has occurred, determine the facts, establish materiality and deal with difficult cases. Serious breaches must be reported immediately to the Pensions Regulator, taking the advice of the Section 151 Officer of CC and any legal opinion as appropriate. All breaches, even if not reported to the Pensions Regulator should be recorded so that corrective measures can be taken. The Pensions Regulator should be alerted directly to any events involving theft, suspected fraud or other serious offences if discussion would alert those implicated or otherwise hinder the actions of the Police or regulatory authorities.

14) Budget

The Local Pension Board will have access to a budget for seeking professional advice, training for members, accommodation costs or meeting the costs of any claim for expenses. The budget will be agreed by the Pension Committee and if additional finance is required, agreement will be sought from Pension Committee before incurring addition expenditure.

15) Board Support

The Local Pension Board will be supported in its role and responsibilities by officers of the CPF and may finalise a business plan in agreement with the Responsible Officer for the CPF

The Local Pension Board, with the agreement of the Responsible Officer for the CPF may from time to time co-opt membership for the sole purpose of supplementing their experience and / or knowledge and skills. Co-opted members will have no voting rights.

The LPB will have full and unrestricted access to -

- Any reports produced by or for the Pension Committee and / or CPF Officers where they directly relate to the governance and administration of the CPF;
- The CPF's annual reports;
- The CPF's performance and administration information;
- Actuarial reports and valuations of the CPF;
- Published CPF policies.

In addition, the Local Pension Board may request a report from the Responsible Officer on any aspect of the CPF's governance, management or administration which must be provided in a reasonable time.

Where any item being reviewed by the LPB has been a restricted agenda item of the Pension Committee, it will also be a restricted matter for the Local Pension Board and any members of the press and public will be excluded from the meeting during consideration of the item.

Any material previously treated as confidential cannot subsequently appear in the public domain by virtue of being business discussed by the LPB unless expressly authorised by the Responsible Officer (see also section 12 of the terms of reference "Publication of Local Pension Board information").

External advisers to the LPB will not use or disclose any information (verbal or written) gained in assisting the business or as an attendee of the LPB, for personal, commercial or political gain.

16) Accountability

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

17) Expense reimbursement

Allowances and expenses will be in accordance with established practice for the committees of the County Council. It is expected that employers will facilitate reasonable paid absence to allow Local Pension Board members to fulfil their representative role.

Annex to Local Pension Board Terms of Reference and Delegated Authorities

Clarification notes and initial arrangements on setting up the Local Pension Board from 1 April 2015

A) Appointment of members of the Local Pension Board (Paragraph 3)

Each member of the Local Pension Board will have an initial 2 year term of office to be extended to up to 4 years subject to the review after the first 18 months.

The independent Chair will be appointed by a fair and transparent process with applicants who demonstrate the necessary skills and aptitudes invited to a selection panel.

It will be the role of the Chairman 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.

Employers within the CPF will be invited to nominate representatives to sit as employer representatives on the LPB. If there were more nominations than places then, subject to nominees satisfying the criteria of the role description, they will be invited before a selection panel.

All active, deferred and pensioner members will be invited to put themselves forward to sit as Scheme member representatives on the LPB. If there were more nominations than places then, subject to nominees satisfying the criteria of the role description, they will be invited before a selection panel.

Each Local Pension Board member should endeavour to attend all LPB meetings and commit to maintaining their level of knowledge and skills to carry out their role effectively. In the event of consistent non-attendance by any LPB member or failure to attain the required knowledge and skills levels as set out in the training strategy, then the Scheme Manager can terminate that individual's membership of the LPB.

Other than by ceasing to be eligible for the LPB by no longer satisfying the requirements of employer or Scheme membership, an LPB member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members of the LPB. The removal of the independent Chair requires the consent of the Scheme Manager.

Although there will be a nominated observer from the Local Pension Board attending the meetings of the Pensions Committee, there is an expectation this will be reciprocal and members of the Pensions Committee will be welcome to observe the meetings of the LPB.

B) Conflicts of Interest (Paragraph 5)

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of their functions as a member of the Local Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

Any conflict of interest has to be seen in light of the fact that the role of the LPB is one of assisting in compliance.

C) Knowledge and Skills (Paragraph 7)

A member of the Local Pension Board must be conversant with -

- The legislation and associated guidance of the LGPS;
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the CPF.

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 LPB 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 Board.

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

Local Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Full support and training in this area will be provided by the CPF.

D) Local Pension Board Meetings – Notice and Minutes (Paragraph 8)

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

There will be at least 2 Local Pension Board meetings a year.

E) Decision making (Paragraph 11)

Each employer and scheme member representative of the Local Pension Board will have an individual voting right but it is expected that, as far as possible, decisions will be reached through consensus.

If consensus is not reached in respect of any business requiring a decision, the Scheme Manager will be informed of the business discussed and the differing views expressed by the members of the LPB and decide on the action (if any) to be taken. This will then be communicated to the LPB as soon as is reasonably possible for their consideration.

F) Publication of Local Pension Board information (paragraph 12)

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

Information will be published on the CPF website showing -

- The names and information of the Local Pension Board members including who they represent
- The responsibilities of the Local Pension Board as a whole
- The full terms of reference and policies of the Local Pension Board and how they operate
- The Local Pension Board appointment process

Local Pension Board papers, agendas and minutes of meetings will be published on Cornwall Council's 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.

Where any item being reviewed by the Local Pension Board has been a Part II agenda item of the Pension Committee, it will also be and Part II matter for the LPB and not be published in full.

Where personal scheme member information is being discussed, it will be published in a way as to not be in a manner that will lead to the identity of the scheme member.

Information records created or obtained by the Local Pension Board will be accessible from it, or any part of the CPF under the Freedom of Information Act 2000.

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.

G) Reporting Breaches (Paragraph 13)

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

H) Definitions and interpretation

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

<i>"Administering Authority"</i>	Means a body listed in Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013 that is required to hold a fund for the purposes of those Regulations.
<i>"Chair"</i>	Reference to duties to be performed, or authorities exercised, by the Chair of the Local Pension Board.
<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 Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.
<i>"Local Pension Board"</i>	Means the Local Pension Board for Cornwall Council as Administering Authority for the Cornwall Pension Fund as required under the PSPA13.
<i>"Scheme"</i>	Means the Local Government Pension Scheme as defined under "LGPS" above.
<i>"Scheme Manager"</i>	Means Cornwall Council as Administering Authority of the Cornwall Pension Fund and as formally delegated under the CC Scheme of Delegation.

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Responsible Officer for the Cornwall Pension Fund.