

Terms of Reference for the Local Pension Board of the Dorset County Pension Fund

Terms of Reference and Delegated Authorities

1. Background

- 1.1 The purpose of this document is to set out the terms of reference for the local Pension Board of the Dorset County Pension Fund (DCPF) for which Dorset County Council (DCC) is the Administering Authority.
- 1.2 Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in the governance structure and associated arrangements set out below.
- 1.3 DCC has delegated all aspects of the management of the pension scheme to the Pension Fund Committee and it is this Committee, acting as the 'Scheme Manager', that is responsible for the appointment of the Local Pension Board in accordance with the Governance Regulations.
- 1.4 The day to day administration of the Fund is delegated to the Fund Administrator working within the policy decisions made by the Committee and any relevant regulations set by the government.

2. Function of the Pension Board

- 2.1 The function of the Local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013 is to:
 - assist the 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 the DCPF; and
 - provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.
- 2.2 The Local Pension Board will ensure it complies effectively and efficiently with the code of practice on the governance and administration of local government pension schemes issued by the Pension Regulator.
- 2.3 The Local Pension Board will also help ensure that the DCPF is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of local government pension schemes issued by the Pension Regulator and with due regard to guidance issued by government, The Pensions Regulator and the LGPS Advisory Board.

- 2.4 In accordance with Governance Regulation 106 (6), the Local Pension Board has the power to do anything which is calculated to facilitate, or is conducive to, the discharge of any of its functions.
- 2.5 Assisting the Scheme Manager is interpreted as helping the Scheme Manager, including doing work requested by the Scheme Manager. However, the Local Pension Board does not replace the Scheme Manager nor make decisions which are the responsibility of the Scheme Manager.
- 2.6 The remit of the Local Pension Board is interpreted as covering all aspects of governance and administration of the DCPF, including funding and investments. For the avoidance of doubt, this does not extend to the operational investment of the Fund's assets.
- 2.7 The Local Pension Board is entitled to request information from the Scheme Manager in order to carry out its function.

3. Membership of the Local Pension Board

- 3.1 The Local Pension Board shall consist of 6 members and be constituted as follows:
- 3 employer representatives; and
 - 3 scheme member representatives
- 3.2 Scheme employer and member representatives shall be appointed in equal number, with a minimum of four in total, and shall together form the majority of the Local Pension Board's membership.
- 3.3 Scheme employer representatives shall comprise of Dorset County Council and the two Unitary Authorities, as the top tier authorities in Dorset, and the 3 largest employers in the Fund, representing around 70% of the scheme membership. One member will be nominated by Dorset County Council, one by Bournemouth Borough Council and one nominated by Borough of Poole.
- 3.4 Scheme member representatives shall include at least one member nominated by the Unions, with Unison as lead union.
- 3.5 No officer or elected member of the administering authority (Dorset County Council) who is responsible for the discharge of any function under the Local Government Pension Scheme regulations may be a member of the Local Pension Board. This is a specific requirement of the regulations.
- 3.6 As part of the process for selecting members of the Local Pension Board, Dorset County Council, via the Standards and Governance Committee, will be asked to nominate their member, and DCPF will contact:
- Bournemouth and Poole councils to seek their nominations;
 - Unison, as lead union, to nominate member representatives;
 - all Scheme members to canvass interest. Active, pensioner and deferred pensioner members will be eligible to stand as scheme member representatives.
- 3.7 In all cases the nominating body or individuals will be informed of the Local Pension Board arrangements and the requirement for an appropriate level of relevant experience, the capacity to represent employers and Scheme members, and the requirements relating to conflicts of interest.

- 3.8 The selection process will be based on information supplied by those nominated and those expressing an interest in support of their appointment application and supplemented by interviews as appropriate, as determined by the Scheme Manager.
- 3.9 All appointments will be made by the Scheme Manager and will be for a term of 3 years. Re-appointment for further periods will be at the discretion of the Scheme Manager.
- 3.10 The Chairman of the Local Pension Board will be elected by the Local Pension Board following a suitable selection process and for a term determined by the Scheme Manager. It will be the role of the Chairman to ensure that all members of the Local Pension Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.
- 3.11 Each Local Pension Board member should endeavour to attend all Local Pension Board meetings during the year and is required to attend at least 2 meetings each year - substitutes are not permitted. In the event of consistent non-attendance by any Local Pension Board member, the tenure of that membership will be reviewed by the other Local Pension Board members in liaison with the Scheme Manager.
- 3.12 Other than by ceasing to be eligible as set out above, a Local Pension Board member may be removed from office during a term of appointment by the unanimous agreement of all of the other members. Any Local Pension Board member may be removed if, in the Scheme Manager's opinion, they do not possess a sufficient level of knowledge and skills, or the capacity to represent Scheme employers or members.
- 3.13 The Local Pension Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Local Pension Board to serve on sub boards or working groups, particularly where this would add skills and experience.

4. Voting

- 4.1 Each member of the Local Pension Board will have an individual voting right but it is expected the Local Pension Board will as far as possible reach a consensus. The Chair of the Local Pension Board will have the final casting vote which, if used, will be reported to the Scheme Manager.
- 4.2 The Board shall have a formal quorum of 3, of which one should be the Chair, one an employer representative and one a member representative.

5. Conflict of Interest

- 5.1 A conflict of interest is defined in the Public Service Pensions Act as:

"In relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

- 5.2 Each member of the Local Pension Board will be expected to declare, on appointment and at each meeting, (as well as any other attendees participating in the meeting), any interests which may lead to a conflict of interest. Such a conflict could be in relation to a general subject area or to a specific agenda item of a Local Pension Board meeting. All declarations need to be made to the Monitoring Officer in writing. The Monitoring Officer will keep a register of Local Pension Board members financial interests. Any declarations made at a meeting will be recorded in the notes of the meeting. The Chairman may exclude such persons from the meeting where appropriate.

- 5.3 The Chairman of the Local Pension Board must be satisfied that the Local Pension Board is acting within:
- the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations; and
 - in the spirit of any national guidance or code of practice in relation to conflicts of interest for Local Pension Board members.
- 5.4 Each member of the Local Pension Board, or a person proposed to be appointed to the Local Pension Board, (as well as attendees participating in the meeting) must provide the Chair of the Local Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.
- 5.5 The Monitoring Officer and Section 151 Officer will jointly adopt the role of ensuring that the Chair of the Local Pension Board does not have a conflict of interest in the same way as the Chair does in relation to all other Local Pension Board members.

6. Board Meetings

- 6.1 The Scheme Manager shall give notice to all Local Pension Board members of every meeting of the Local Pension Board. The Scheme Manager shall ensure that a formal record of Local Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Local Pension Board, they shall be circulated to all members.
- 6.2 The Local Pension Board is not a formal committee of the Council but the Council's rules on notice of meetings, publishing agendas, reports, minutes and that meetings and papers (unless confidential) are open to the public, will apply.
- 6.3 There will be 4 Local Pension Board meetings a year, one to be held each quarter. The Local Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively and efficiently.
- 6.4 Urgent meetings of the Local Pension Board may be called by the Chair or by the Scheme Manager if a matter arises that does not admit delay but the voting requirements under 4 above and the Council's rules under 6.2 above will continue to apply.
- 6.5 The Local Pension Board will each year prepare a plan of business for the coming year and undertake 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 Local Pension Board's performance. The plan will also include a budget of expenses required.

7. Reporting

- 7.1 The minutes of each Local Pension Board meeting will be submitted to the next meeting of the Pension Fund Committee together with a report from the Chair on any matters of particular concern and in order to assist with compliance with the Regulations on governance and administration.
- 7.2 Where a matter of serious concern arises regarding compliance or a potential breach of the regulations, the Local Pension Board must inform the Scheme Manager immediately, and may escalate reporting to the Monitoring Officer, to the National Scheme Advisory Board and the Pensions Regulator if considered necessary and appropriate.

- 7.3 The Local Pension Board will submit to the Pension Fund Committee, an annual report of its activities, conflicts of interest that have arisen, areas of potential risk or concern, details of training received, and performance against the plan of business together with details of any expenses or other costs incurred.

8. Advisers to the Board

- 8.1 The Local Pension Board will be supported in undertaking its function and responsibilities by the Scheme Manager. The Local Pension Board may also be supported through the appointment of advisers and shall, subject to any applicable regulation and legislation and approval by the Scheme Manager, consult with such advisers to the Local Pension Board to help better perform its duties.

- 8.2 Advisers that the Local Pension Board may consult include:

- a Governance Adviser
- the Fund's Actuary
- the Fund's Legal Adviser
- the Fund Administrator
- the Administering Authority's Monitoring Officer
- other advisers, so approved by the Scheme Manager

- 8.3 The Local Pension Board shall ensure that the performance of the advisers so appointed is reviewed on a regular basis in relation to the Local Pension Board function.

9. Knowledge and understanding

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

- the legislation and associated guidance of the Local Government Pension Scheme (LGPS); and
- any document recording policy about the administration of the LGPS which is for the time being adopted by the DCPF.

- 9.2 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 the regulations.

- 9.3 The Local Pension Board should establish and maintain a policy and framework to address knowledge and understanding requirements that apply to its members in conjunction with the Scheme Manager and in order to avoid unnecessary duplication of activity. In addition, a list of the core policy documents should be prepared and updated, and made accessible to all Local Pension Board members.

- 9.4 Individual Local Pension Board members should be aware that their legal responsibilities begin from the date they take up their role and must immediately start to familiarise themselves with the appropriate documentation. They must satisfy themselves that, within a reasonable period of time, they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.

- 9.4 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 written record of relevant training and development. This must be sufficient to satisfy the Scheme Manager and their fellow Local Pension Board members that they have sufficient knowledge and understanding to carry out their role.

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

10. Standards of Conduct

- 10.1 The responsibilities of Local Pension Board members require the highest standards of conduct. It is expected that Local Pension Board members will comply with the spirit of the behavioural requirements set out in the County Council's Code of Conduct for its elected members.

11. Publication of Pension Board information

- 11.1 Scheme members and other interested parties will want to know that the DCPF is being efficiently and effectively managed. They will also want to be confident that the Local 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.

- 11.2 Up-to-date information will be posted on the DCPF website showing:

- the names of and information about the Local Pension Board members;
- how the scheme employers and members are represented;
- 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;
- who each individual Local Pension Board member represents; and
- any specific roles and responsibilities of individual Local Pension Board members.

- 11.3 Local Pension Board papers, agendas and minutes of meetings will be published on the DCPF 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.

- 11.4 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.

12. Accountability

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

13. Expense Reimbursement, remuneration and allowances

- 13.1 No remuneration or allowances will be paid to Local Pension Board members. Expenses in connection with fulfilling Local Pension Board responsibilities including the costs of appropriate training will, subject to prior agreement by the Scheme Manager, be reimbursed and met by the Fund.

14. Insurance

- 14.1 The Council's Public Liability Insurance applies to members of the Local Pension Board.

15. Definitions

- 15.1 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 Council as the administering authority of the DCPF as required under the Public Service Pensions Act 2013
<i>"Scheme Manager"</i>	Means the Pension Fund Committee to whom the Council as the administering authority of the DCPF has delegated all aspects of the management of the pension scheme.
<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
<i>"Governance Regulations"</i>	Means The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014
<i>"Scheme"</i>	Means the Local Government Pension Scheme as defined under "LGPS"

16. Interpretation

- 16.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Administering Authority's Monitoring Officer and Section 151 Officer .