

Terms of reference for the Pension Board of the London Borough of Newham Pension Fund

Terms of Reference and Delegated Authorities

1) Introduction

- 1.1 The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Newham pension fund.

2) Role of the Local Pension Board

- 2.1 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 the London Borough of Newham Administering Authority as 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 London Borough of Newham Pension Fund
 - Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
- 2.2 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.
- 2.3 The Pension Board will also help ensure that the London Borough of Newham 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.
- 2.4 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

3) Appointment of members of the Pension Board

- 3.1 The Pension Board shall consist of **4 voting** members and be constituted as follows:
- i) **2** employer representatives;
 - ii) **2** scheme member representatives;
- 3.2 There shall be an equal number of Member and Employer Representatives.

3.3 *Member representatives*

- 3.3.1 Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.
- 3.3.2 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 3.3.3 Substitutes shall not be appointed.
- 3.3.4 A total of 2 member representatives shall be appointed from the following source:
- 3.3.5 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.

3.4 *Employer representatives*

- 3.4.1 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.
- 3.4.2 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 3.4.3 Substitutes shall not be appointed.
- 3.4.4 2 employer representatives shall be appointed to the Board from any of the following sources:
 - a) 1 employer representative shall be appointed by the London Borough of Newham.
 - b) 1 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.

3.5 The process for selecting members of the Pension Board (save for the employer representative appointed by the London Borough of Newham) is set out below.

- An advert will be published on the Newham pension fund website, inviting scheme members and employers to complete an “Expression of interest” following circulation of a newsletter to all scheme members (active, deferred and pensioners) and scheme employers informing them of the creation of the Board, and how to be considered for appointment as a Board Member
- A short list will be prepared of those applications meeting the set out criteria
- Interviews of the short list candidates, interviews to be conducted by Panel.

- Appointment of successful candidates

- 3.6 Each employer representative and scheme member representative so appointed shall serve for a fixed **4** year period which can be extended for further period(s) subject to re-nomination.
- 3.7 Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least **4** meetings each year, 1 of which must be the Annual Meeting. Board members are not allowed to send a substitute in their absence. In the event that a Board member fails to attend 3 consecutive meetings, that individual will automatically be disqualified, unless the failure was due to some reason approved by the Board before the date of the 3rd consecutive meeting.
- 3.8 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 Newham their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.
 - (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 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.
- 3.9 The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience.

4) Appointment of Chair

- 4.1 A Chair is to be appointed by the employer and member representatives of the Board from amongst their own number on a rotating basis with the term of office shared between an employer and a member representative on an equal basis.

4.2 The Chair 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.

5) Quorum

- 5.1 The Board shall have a formal quorum of **3 of which at least 1** employer representative and 1 scheme member representative will be present. In the absence of the Chair, at any meeting, the members attending can appoint a Deputy Chair for that meeting.
- 5.2 Advisers and officers do not count towards the quorum

6) Conflicts of Interest

- 6.1 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.
- 6.2 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.
- 6.3 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 of Interest' policy and the requirements of the Code.

7) Board Review Process

- 7.1 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.

8) Advisers to the Board

- 8.1 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:
 - A Governance Adviser
 - The Fund's Actuary;
 - The Fund's Administrator;

- The Fund's Legal Adviser;
- The Fund's Investment Manager(s);
- The Fund's Investment Adviser(s);
- The Fund's Employer Covenant Adviser;
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.
- The Pensions Regulator

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

9) Knowledge and Skills

9.1 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 2 above.

9.2 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 London Borough of Newham Pension Fund.

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

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

9.4 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.

9.5 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.

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

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

10) Board Meetings – Notice and Minutes

10.1 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, they shall be circulated to all members.

10.2 There will be **5** Pension Board meetings a year to be held per year, approximately 2 weeks after the Investment & Accounts Committee meeting, with 1 Annual meeting being held at the beginning of the committee cycle. The meetings are expected to be held during the day, in a Town Hall Committee room.

11) Remit of the Board

11.1 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.

11.2 In accordance with the Regulations, the Pension Board shall secure compliance with:

- The Regulations
- Other legislation relating to the Governance and administration of the LGPS; and
- The requirements imposed by the Regulator in relation to the LGPS, and
- To ensure the effective and efficient governance and administration of the LGPS.

11.3 In support of its core functions the Board may make a request for information to the Investment & Accounts 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.

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

12) Standards of Conduct

12.1 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

13) Decision making

13.1 Each member of the Pension Board will have one vote but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will

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

have a second and casting vote in the event of a tie, which will be reported to the Scheme Manager.

14) Publication of Pension Board information

14.1 Scheme members and other interested parties will want to know that the London Borough of Newham 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.

14.2 Up to date information will be posted on the London Borough of Newham 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.

14.3 The Board meetings will 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).

14.4 Pension Board papers, agendas and minutes of meetings will be published on the London Borough of Newham Pension Fund website, www.yourpension.org.uk/handr. 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.

14.5 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.

15) Accountability

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

16) Expense Reimbursement

16.1 The remuneration for board members will be as follows;

- Board members will receive an allowance £117 (co-opted members amount for other committees) per meeting attended. No payment will be made for non-attendance.

17) Budget

- 17.1 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 must be approved by the Section 151 Officer.

18) Reporting Breaches

- 18.1 The Board should in the first instance report its requests, recommendations or concerns to the Investment & Accounts Committee. In support of this any member of the Board may attend a Committee meeting as an observer.
- 18.2 Requests and recommendations to the Investment & Accounts Committee should be reported under the provisions of paras ? and ? above.
- 18.3 The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
- 18.4 On receipt of a report under paragraph ? above the Committee should, within a reasonable period, consider and respond to the Board.
- 18.5 Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.
- 18.6 Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee under paragraph ? and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
- 18.7 The appropriate internal route for escalation is to the Monitoring Officer and/or the Section 151 Officer (as appropriate).
- 18.8 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.
- 18.9 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 Administering Authority's whistle blowing policy].

19) Review of terms of reference

- 19.1 These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every year.
- 19.2 These Terms of Reference were [adopted/ last reviewed on [INSERT DATE]].

20) Definitions

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

“Pension Board” or “Board” Means the local Pension Board for the London Borough of Newham administering authority for the London Borough of Newham Pension Fund as required under the Public Service Pensions Act 2013

“Scheme Manager” Means the London Borough of Newham as administering authority of the London Borough of Newham Pension Fund.

“Chair” Means the Chair of the Pension Board

“LGPS” 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

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]

“Scheme” Means the Local Government Pension Scheme as defined under “LGPS”

“Pensions Regulator” Means the UK regulator of work-based pension schemes.

‘the Committee’ Means the committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.

‘the Fund’ Means the Fund managed and administered by the Administering Authority.

21) Interpretation

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