

Report for: Pensions Committee – 11 April 2016

Item number: 10

Title: Terms of Reference for the Joint Pensions Committee and Board

Report

authorised by: Tracie Evans – Chief Operating Officer.

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Ward(s) affected: N/A

Report for Key/

Non Key Decision: N/A

1. Describe the issue under consideration

1.1. Following approval by Full Council to the creation of a Joint Pension Committee and Board, and the approval of a Joint Committee and Board by the Secretary of State, the Terms of Reference (ToR) have been reviewed to ensure alignment with the relevant regulations and the Council's Constitution.

2. Cabinet Member Introduction

2.1. Not Applicable.

3. Recommendations

3.1. The Committee are asked to note the attached ToR and the intention for these to be sent for approval by the Council's Standards Committee and Full Council, following which the necessary amendments to the Council Constitution will be made.

4. Reasons for decision

4.1. The ToR for the Joint Pensions Committee and Board must be consistent with the relevant statutory provisions and align with the Council's Constitution such that there is clarity on the respective roles, responsibilities and procedures to be followed.

5. Alternative options considered

5.1. Not Applicable.

6. Background information

6.1. At their meeting of 23 March 2015 Full Council gave approval to the creation of a Joint Pensions Board and Committee. Approval from the Secretary of State was received earlier this year.

6.2. There has been a subsequent review of the ToR approved at that time to ensure that they comply with the relevant provisions and also align against the Council's constitution. A number of changes have been made which, whilst relatively minor, are necessary to ensure compliance with the relevant provisions governing the Joint Committee/ Board. Revised ToR have been drafted and are attached at Appendix 1.

6.3. These ToR will be sent for consideration and approval by the Council's Standards committee and Full Council (anticipated to be at the June Council meeting).

7. Contribution to strategic outcomes

7.1. Not Applicable.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Chief Finance officer

8.1.1. The Chief Finance Officer has been consulted on this report and has no additional comments to make.

8.2. Assistant Director of Corporate Governance

8.2.1. The Assistant Director of Corporate Governance has drafted the attached Terms of Reference and has no additional comments to make.

9. Use of Appendices

Appendix 1 –Terms of Reference.

1. Local Government (Access to Information) Act 1985

Terms of Reference for the Joint Pension Committee and Board

The Committee Procedure Rules and the Access to Information Rules apply to this committee except where this would be inconsistent with either these Terms of Reference or the legislation covering the Committee and Board.

1. Responsibilities

1.1 The Pensions Committee & Board has the following functions and responsibilities:

- (a) all the functions which are stated not to be the responsibility of The Executive in Regulation 2 and Schedule 1 paragraph H of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) and in any Statute or subordinate legislation further amending these Regulations relating to those matters concerning the Local Government Pension Scheme.
- (b) Exercising all the Council's functions as "Administering Authority" and being responsible for the management and monitoring of the Council's Pension Fund and the approval of all relevant policies and statements. This includes:
 - (i) Selection, appointment and performance monitoring of investment managers, AVC scheme providers, custodians and other specialist external advisers;
 - (ii) Formulation of investment, socially responsible investment and governance policies and maintaining a statement of investment principles and funding strategy statement;
 - (iii) Determining the allocation of investments between each asset class;
 - (iv) Reviewing specialist external advisers performance;
 - (v) Publicising statements and policy documents as required by legislation, government directives and best practice.
- (c) monitoring and as appropriate to decide upon Pensions Administration issues.
- (d) Monitoring the Pension Fund Budget including Fund expenditure and actuarial valuations; and to receive the Pension Fund Budget annually.
- (e) agreeing to the admission of bodies into the Council's Pension scheme.
- (f) Receiving actuarial valuations.
- (g) Ensuring that members receive appropriate training to undertake their responsibilities.
- (h) Approving the Annual Accounts of the Local Government Pension Scheme and consider recommendations from the Auditor.
- (i) To secure, and to assist in securing compliance with:
 - i) the Regulations,
 - ii) and any other legislation relating to the governance and administration of the Scheme and any connected scheme,
 - iii) any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme, and
- (j) To ensure, and to assist in securing the effective and efficient governance and administration of the Scheme and any connected scheme.

For the avoidance of doubt, none of the functions set out above entail the committee in regulating or controlling the finances of the Council or its area.

2. Membership

2.1 The Committee & Board shall consist of 10 members and be constituted as follows:

Councillors

(a) Six Councillors appointed by the administering authority.

Employer Representatives (co-optees)

(b) Two representatives from scheduled and admitted employers,

Employee Representatives (co-optees)

(c) Two scheme membership representatives, one being appointed by local trade unions and the other selected from scheme member nominations.

2.2 The Chair and vice chair of the Committee & Board will be Council representatives. The Chair will be appointed by full Council, and the vice chair will be appointed by the Joint Committee and Board.

2.3 The Chair will ensure that meetings are properly conducted, decision making is clear and professional advice is followed. The Chair will monitor the performance and attendance of Committee & Board members and if appropriate make recommendation to terminate appointments in accordance with section 4 below.

2.4 All members of the Committee & Board will have equal voting rights. The Chair will have a casting vote.

2.5 The Committee & Board may nominate advisers to support them. These nominees are not Committee & Board members and do not have voting rights.

3. Appointment and removal of Committee & Board Members

a) Council members:

3.1 The administering authority will appoint and replace as it sees fit, the six councillor members of the Committee.

b) Employer representatives:

3.2 The employer representatives will be nominated by employers other than the Council. If there are more than two nominations a panel consisting of the Chair of the Committee & Board and Chief Financial Officer to the Council will select the representatives to be appointed.

3.3 Employer representatives will serve for a period of four years and will be eligible to be re-appointed in accordance with the above processes, subject to compliance with the conditions of appointment

3.4 Employer representatives will remain as members of the Committee & Board during their appointed term of office unless in the opinion of the administering

authority they are not adequately performing their role (including non attendance at two consecutive meetings), they become incapable of acting, they cease to represent their constituency, they resign or a replacement member is nominated by their relevant nominating body. If an appointment is terminated a new appointment process will commence for the remainder of the term.

c) employee representatives:

3.5 The employee representatives will be appointed as follows:

- i) one active scheme member representative will be the appointed jointly by trade unions who represent working scheme members.
- ii) one pensioner and deferred member representative will be selected through an open invitation to apply.

3.6 If there is more than one nomination for these positions a panel consisting of the Chair of the Committee & Board and Chief Financial Officer to the Council will select the representatives to be appointed.

3.7 Employee representatives will serve for a period of four years and will be eligible to be re-appointed in accordance with the above processes, subject to compliance with the conditions of appointment

3.8 Employee representatives will remain as members of the Committee & Board during their appointed term of office unless in the opinion of the administering authority they are not adequately performing their role (including non attendance at two consecutive meetings), they become incapable of acting, they cease to represent their constituency, they resign or a replacement member is nominated by their relevant nominating body. If an appointment is terminated a new appointment process will commence for the remainder of the term.

All appointed members:

3.9 Prospective members of the Committee & Board will be required to demonstrate to the panel consisting of the Chair of the Committee & Board and the Chief Financial Officer that they have the capacity to represent other employers and employees (as appropriate) and that they do not have a conflict of interest. The decision of the panel will be final.

3.10 Each Committee & Board member should endeavour to attend all meetings during the year.

3.11 Other than by ceasing to be eligible as set out above, a Committee & Board member may only be removed from office during a term of appointment by Full Council on a recommendation from the panel.

4. Quorum, voting and substitutes

4.1 The Committee & Board shall have a formal quorum of five comprising at least three Council and two employer or employee representatives. Advisers and other nominees

do not count towards the quorum. All decisions will be by majority of votes, with the Chair having a casting vote when the votes are initially tied unless stated otherwise in these terms, although it is expected that the Committee & Board will, as far as possible, reach a consensus.

4.2 No substitutes shall be permitted for employer and employee representatives.

5. Meetings

5.1 The Committee & Board shall meet sufficiently regularly to discharge its duties and responsibilities. There will be at least four meetings a year, with additional meetings if the Committee & Board so agrees.

5.2 Notice of all meetings will be provided to Committee & Board Members at least 30 days in advance, unless agreed otherwise by Committee & Board Members.

5.3 The agenda for each meeting will be agreed by the Chair and all papers will be circulated to Members in accordance with the Access to Information Procedure Rules.

5.4 A formal record of Committee & Board proceedings will be maintained. Following the approval of the minutes by the Chair, they shall be circulated to all members and published in accordance with the Access to Information Procedure Rules.

5.5 The Committee & Board has the power to set up working groups on whatever terms that it determines and will prepare terms of reference for these entities.

6. Standards of Conduct and Conflicts of Interest

6.1 All members of the Committee & Board, Councillors and others, are expected to act at all times within these terms of reference and will be required to comply with both the Members' Code of Conduct and the provisions of the Localism Act relating to Standards. In accordance with section 108 of the Regulations Board members must not have a financial or other interest that could prejudice them in carrying out their duties. This does not include a financial or other interest arising merely by virtue of membership of the LGPS.

6.2 Each Committee & Board member must provide the Council with such information as is reasonably required for the purpose of complying with the Members Code of Conduct and demonstrating that there is no conflict of interest.

7. Budget and Business Plan

7.1 The Committee & Board will prepare a Business Plan and Budget each year.

8. Committee & Board Review Process

8.1 The Committee & Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in performance.

9. Advisers to the Committee & Board

9.1 The Committee & 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 on such terms as it shall see fit to help better perform its duties. Advisers may include:

- Officers from the Council's Finance, Human Resources, Legal and other teams as needed;

An independent Advisor;

The Fund's Actuary;

The Fund's Investment Managers and Custodian;

- The Fund's Investment Consultant; and

- Any other appointed advisers.

9.2 Any remuneration to advisors appointed by the Committee & Board must be in accordance with the Budget.

9.3 The Committee & Board shall ensure that the performances of the advisers are reviewed on a regular basis.

10. Knowledge and Skills

10.1 Every member of the Committee & Board must be conversant with –

(i) The rules of the LGPS.

(ii) Any document recording policy about the administration of the LGPS which is for the time being adopted by the LB Haringey Pension Fund.

10.2 It is for individual Committee & Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions.

10.3 Committee & Board members are required to be able to demonstrate their knowledge and understanding and to keep these up to date and to maintain a written record of relevant training and development.

10.4 The Council will provide a training programme, which all Committee & Board members must attend. Training undertaken will be reported at each meeting.

11. Expense Reimbursement, remuneration and allowances

11.1 Remuneration for Employee and Employer Representatives who are not Councillors will be limited to a refund of actual expenses incurred in attending meetings and training. Remuneration for Councillors will be via the Members Allowances Scheme.

11.2 The expenses of the Committee & Board are a part of the costs of administering the Pension Fund.

12. Publication of Committee & Board information

12.1 The Council will publish up to date information on the Council's website including:

- The names and information of the Committee & Board members.

- The Committee & Board's terms of reference.
- Papers, agendas and minutes of meetings.