

Terms of reference for the Pension Board of the Shropshire County Pension Fund

Terms of Reference and Delegated Authorities

1) Introduction

The purpose of this document is to set out the terms of reference for the local Pension Board of Shropshire Council (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013 for the Shropshire County Pension Fund. The Pension Board is established by Shropshire Council under the powers of Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme Regulations 2013 (LGPS Regulations). As such, the Constitution of Shropshire Council does not apply to this Pension Board unless expressly referred to within and permitted by these Terms of Reference.

The Pension Board is established by the Administering Authority and operates independently of the Pension Committee. Relevant information about its creation and operation are contained in these Terms of Reference.

The Pension 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 Pension Board unless expressly included in this document.

Except where approval has been granted under regulation 106(2) of the LGPS Regulations the Pension 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.

2) Powers of the Pension Board

The Pension Board will exercise all its powers and duties in accordance with the law and these Terms of Reference.

3) Role of the Local Pension Board

The role of the local Pension Board as defined by regulation 106 (1) of the LGPS Regulations, is to assist Shropshire Council, the 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.
- to ensure the effective and efficient governance and administration of the LGPS for the Shropshire County Pension Fund.

The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund but merely makes recommendations to assist in such management. The Pension Fund's management powers and responsibilities which have been, and may be, delegated by the Council to committees, sub-committees and officers of the Council, remain solely the powers and responsibilities of those committees, sub-committees and officers including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and fund managers.

The Pension Board will ensure that in undertaking their role it:

- is done effectively and efficiently
- complies with relevant legislation and

- is done by having due regard and in the spirit of the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator and any other relevant statutory or non-statutory guidance.

4) Composition of the Pension Board

The Pension Board shall consist of 4 voting members and be constituted as follows:

- i) 2 employer representatives;
- ii) 2 scheme member representatives;

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. Employer representatives can also include elected members however, no officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the LGPS Regulations may serve as a member of the Pension Board. All employer representatives must have the capacity to represent Pension Fund employers.

Member representatives shall be scheme members of the Shropshire County Pension Fund and have the capacity to represent scheme members of the Fund.

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

An independent member and substitute members may also be included in the composition of the Pension Board at the discretion of the Appointment Panel. If appointed they would be expected to undertake the same training as full members. Substitute members for employer and scheme member representatives will have voting rights but an independent member or any other members appointed to the Pension Board by the Appointment Panel will not have voting rights on the Pension Board.

5) Appointment of members of the Pension Board

The Appointment Panel will determine any eligibility and/or selection criteria that will apply to Pension Board members having due regard to the LGPS Regulations and any other relevant Code of Practice and guidance (statutory or otherwise).

The process for selecting employer representatives and scheme member representatives (including substitutes where relevant) of the Pension Board is set out below:-

Employer representatives – each employer will be invited to nominate one representative to represent employers on the Pension Board.

Scheme member representatives – all active, deferred and pensioner scheme members will be invited to submit applications to join the Pension Board.

The applications and nominations will then be subject to a selection process determined and carried out by the Appointment Panel who has absolute discretion to reject any nomination or application where they consider the individual does not appropriately meet the eligibility and/or selection criteria.

The term of office will be for 4 years with a possible extension for up to 2 years. The policy for re-appointment to the Pension Board will be the same as stated above. Former or existing members of the Pension Board can be reappointed with no limit on the number of terms they may have. An employer representative appointment will automatically cease if the individual is no longer in the employment of that employer.

Pension Board membership may be terminated prior to the end of the term of office due to:

- A member representative no longer being a scheme member or a representative of the body on which their appointment relied

- An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied
- A Pension Board member no longer being able to demonstrate their capacity to attend and prepare for meetings or participate in required training.
- A Pension Board member has a conflict of interest which cannot be managed in accordance with the conflict policy.
- A Pension Board member who is an elected member becomes a member of the Pension Committee.

Term dates may not be exact due to the period of the appointment process. The term of office may therefore be extended for this purpose or other exceptional circumstances by up to three months by the Appointment Panel.

The Chair and Deputy Chair of the local Pension Board will be determined by the Appointment Panel. The Chair of the Pension Board:

- Shall ensure the Pension Board delivers its purpose as set out in these Terms of Reference
- Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all Pension Board members to be expressed and considered, and
- 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.

Where the Appointment Panel does not consider that any of the Pension Board members have the requisite knowledge and skills to adequately fulfil the role of Chair at the point in time that they are appointing the Chair, they will appoint an independent member to the Pension Board who will undertake the role of Chair of the Pension Board. The independent member may have an alternate who can undertake the role of Chair in his/her absence which would be agreed by the Appointment Panel.

Other than by ceasing to be eligible as set out above, a Pension Board member, including any Independent Member, may only be removed from office during a term of appointment by the unanimous agreement of the Appointment Panel. Such reasons may include non-compliance with these Terms of Reference including inappropriate conduct, conflicts of interest, avoidance of training or low meeting attendance. Any person wishing to resign from their position as a Pension Board member will be expected to use best endeavours to provide at least one month's written notice of their resignation and a new appointment process will commence in relation to that position on receipt of the resignation.

6) Quorum

Each Pension Board member should endeavour to attend all Pension Board meetings during the year. Substitutes, where appointed, will be able to attend on behalf of absent Pension Board members. Records of attendance of all Members will be maintained. In the event of consistent non-attendance by any Pension Board member, then the tenure of that membership should be reviewed by the Appointment Panel.

The Pension Board shall have a formal quorum of 2 made up of at least 1 employer and 1 member representative. Advisers and co-opted persons do not count towards the quorum although substitute members and any Independent Member will count. A meeting that is (or becomes at any point) not quorate will cease immediately.

7) Location and Timing

The Pension Board will normally meet at the offices of the Shropshire Council, although meeting may be permitted at other venues.

Meetings should be within the times of 9am and 5pm Monday to Friday on a normal working day apart from in exceptional circumstances agreed by all Pension Board members and other individuals expected to attend the Pension Board.

The Pension Board will meet a minimum of twice in each calendar year.

Urgent business of the Pension Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Pension Board including telephone conferencing and e-mails.

8) Conflicts of Interest

Each member of the Pension Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pension Board.

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 Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

The Chair of the Pension Board must be satisfied that the 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 at the Pension Board, and
- in accordance with any Shropshire County Pension Fund Conflicts of Interest Policy or Procedures that apply to the Pension Board.

Each member of the Pension Board, or a person proposed to be appointed to the Pension Board, (as well as attendees participating in the meeting) must provide the Chair of the Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

The Appointment Panel will adopt the role of ensuring that the Chair of the Pension Board does not have a conflict of interest in the same way as the Chair does in relation to all other Pension Board members.

9) Receipt of Advice and Information

The Pension Board will be supported in its role and responsibilities by having access to any Independent Member of the Pension Board (should an Independent Member be appointed), the officers of Shropshire County Pension Fund and, via them, and where considered appropriate, access to the advisers to the Shropshire County Pension Fund. In addition Pension Board members will receive the final reports, minutes and agendas relating to all Pensions Committee meetings and may attend Pensions Committee meetings (including during exempt items).

Insofar as it relates to its role, the Pension Board, may also;

- request and receive information and reports from the Pensions Committee or any other body or officer responsible for the management of the Fund
- examine decisions made or actions taken by the Pensions Committee or any other body or officer responsible for the management of the Fund.

The Pension Board may wish to be supported in its role and responsibilities through the appointment of independent advisers to help better perform its duties. Any further requests for information and advice, including the appointment of advisers to the Pension Board, are subject to the approval of the Appointment Panel, who will be required to consider positively all reasonable requests in relation to the role of the Pension Board whilst being mindful of value for money.

10) Knowledge and Skills

Under the requirements of the Public Service Pensions Act, a member of the Pension Board must be conversant with –

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Shropshire County Pension Fund.

In addition, 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.

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.

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:

- participate in training events (a written record of relevant training and development will be maintained)
- undertake a personal training needs analysis or other method to identify gaps in skills, competencies and knowledge.
- comply with the Pension Fund's Training Policy insofar as it relates to Pension Board members.

11) Pension Board Meetings – Notice and Minutes

The Committee Clerk in consultation with the Head of Treasury & Pensions & Chair of the Pension Board shall give notice to all Pension Board members of every meeting of the Pension Board and agree an agenda prior to each Pension Board meeting. The agenda and any papers for the Pension Board will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.

Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Pension Board members within 10 working days after the meeting. These draft minutes will be subject to formal agreement by the Chair taking consideration of comments by Pension Board members (which may be done electronically between meetings).

The minutes may, at the discretion of the Chair, 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.

The minutes of the Pension Board will be submitted to the Pensions Committee as standard.

12) Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore Part 5 of Shropshire Council's Constitution relating to Codes of Conduct applies to Pension Board members as it would apply to a Co-opted Member of a local authority committee insofar as they can be reasonably considered to apply to the role of members of the Pension Board. However, the following elements of Part 5 do not apply to Pension Board members:

- declaration of private interests (see instead the section entitled Conflicts of Interest in this Terms of Reference)
- procedures to deal with breaches (which will be dealt with by the Appointment Panel).

It will be the role of the Chair to ensure that all members of the Pension Board show due respect for process, that all views are fully heard and considered, to determine when consensus has been met and to interpret these Terms of Reference when necessary.

13) Decision making

Each employer and scheme member representative of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will have the final deciding vote in the event of an equality of votes unless an independent chair has been appointed. Any such votes will be recorded in the minutes of the meeting.

14) Access to the Public and Publication of Pension Board information

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

- Members of the Shropshire Pensions Committee

- the Head of Treasury and Pensions, the Section 151 Officer and the Monitoring Officer
 - other officers or advisers of Shropshire County Pension Fund or other employers involved with the management of the Pension Fund subject to approval in advance by the Chair, or on request by the Chair
 - any other person requested to attend by the Chair
 - any other person subject to approval in advance by the Chair.
- Any such attendees will be permitted to speak on request to the Chair.

Otherwise, the Pension Board will be treated in the same way as a Committee of Shropshire Council and, as such, members of the public may attend and papers will be made public in accordance with the Access to Information Rules in Shropshire Council's Constitution.

In accordance with the Public Services Pension Act 2013 the Administering Authority shall publish information about the Pension Board on the Fund's website including:

- The names of Pension Board members and their contact details
- The representation of employers and members on the Pension Board
- The role of the Pension Board
- These Terms of Reference
- Agendas and minutes of the Pension Board meetings
- Training and attendance logs
- Details on the work of the Pension Board in the Fund's annual report

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.

15) Accountability

The Pension Board will be collectively and individually accountable to Shropshire Council.

16) Expense Reimbursement, remuneration and allowances

- a) Subject to b) below, an allowance will be made to both Employer and Scheme Member Representatives for attending meetings relating to Pension Board business (including attending training) at the rates contained in the Members' Allowances Scheme in the Shropshire Council's Constitution for non-elected members/co-opted members of a Shropshire Council Committee.
- b) Employers of Representatives on the Pension Board should provide appropriate capacity to allow the Representative to perform this role within their normal working day without any reduction in pay. If that is the case, the Representative will not be entitled to any allowance.
- c) All Pension Board members will also be entitled to claim travel and subsistence allowances at rates contained in the Members' Allowances Scheme in the Shropshire Council's Constitution.

17) Budget

The Pension Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Pension Board will be met from the Fund and determined by seeking approval from the s151 Officer for any expenditure it wishes to make.

18) Reporting

The Pension Board should report any concerns over a decision made by the Pension Committee to the Pension Committee subject to the agreement of at least 50% of voting Pension 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.

Where the Pension Board is satisfied that there has been a breach of regulation or a breach of the Pension Regulator's Code of Conduct which has been reported to the Pension Committee and has not been rectified within a reasonable period of time it is under obligation to escalate the breach.

The appropriate internal route for escalation is to the Monitoring Officer or the Section 151 Officer. The Pension 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.

Pension Board members are also subject to the requirements to report breaches of law under the Public Services Pensions Act 2013 and the Pension Regulator's Code of Practice.

19) Review, Interpretation and Publication of Protocol

These Terms of Reference have been agreed by Shropshire Council. The Council will monitor and evaluate the operation of the Pension Board and may review these Terms of Reference from time to time.

These Terms of Reference will be incorporated into the Council's Constitution and will be publicly available as part of the Constitution as defined in the Council's Constitution and may be amended by the same means as permitted for the Constitution. It will also form part of the Shropshire County Pension Fund's Governance Policy and Compliance Statement which will be made available in accordance with the requirements of the LGPS Regulations.

20) Acting in the interests of the entire pension fund

Though members of the Pension Board include representatives of specific categories of stakeholder (i.e. scheme members and employers) each member is required to have due regard to the Role of the Pension Board as outlined in these Terms of Reference. Accordingly all members are expected to work jointly in the best interest of the entire Pension Fund, rather than representing the interest of any individual stakeholders. This should not prevent Members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

21) Definitions

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 Shropshire Council administering authority for the Shropshire County Pension Fund as required under the Public Service Pensions Act 2013
<i>"Fund" or "Pension Fund"</i>	Shropshire County Pension Fund
<i>"Scheme Manager"</i>	Means Shropshire Council as administering authority of the Shropshire County Pension Fund.
<i>"the LGPS Regulations"</i>	The Local Government Pension Scheme Regulations 2013 (as amended)
<i>"the Public Service Pensions Act"</i>	The Public Service Pensions Act 2013 (as amended)
<i>"Appointment Panel"</i>	A Panel of two officers consisting of the Monitoring Officer or Deputy Monitoring Officer and Section 151 Officer or Deputy Section 151 Officer.
<i>"Chair"</i>	Reference to duties to be performed, or authorities exercised, by the Chair

“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 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”

“Conflict of Interest”

This is defined by the Public Service Pensions Act as:

"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)"

“The Pension Committee”

Means the Shropshire Pension Committee or any committee or sub-committee that may be established with delegated powers for the management and administration of the Fund on behalf of Shropshire Council as Administering Authority

“Relevant legislation”

Means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Pension Board notwithstanding that the Codes of Practice are not legislation