
REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Review of Pension Board
Representation and Terms of
Reference

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1: Pension Board Terms of
Reference.

Section 1 – Summary and Recommendations

This report sets out proposals to increase Pension Board Member representation and to amend the Pension Boards Terms of Reference to reflect the proposed changes in Board membership. Changes to the current Pension Board Terms of Reference would require an amendment to the Council's Constitution and this will require approval by full Council.

Recommendation

The Board are asked to consider

- (i) revising the Pension Board's Terms of Reference;
- (ii) to recommend the appointment of two reserve members;
and
- (iii) to refer the proposed changes to Council for consideration and approval.

Section 2 – Report

Background

1. Pension Board was set up in accordance with the Public Service Pensions Act 2013. The Council was required to set up a Pension Board with responsibility for assisting it as the administering authority of the Local Government Pension Scheme (LGPS) in relation to the following:
 - securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
 - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - such other matters as the LGPS regulations may specify.
2. On 13 November 2014 the Council agreed draft terms of reference for the Pension Board subject to the issue of Regulations and guidance;
3. On 26 January 2015 Regulations were made effectively putting into place the final statutory arrangements for the establishment of local pension boards. Pension Board has met quarterly since June 2015.
4. Pension Board Membership is part of the Terms of Reference for the Pension Board (see Appendix 1) and is set out in the Council's Constitution. (Allocation of Responsibilities).

Pension Board Membership

5. The Public Services Pension Act 2013 requires that Pension Boards must have an equal number of employer and member representatives, but otherwise there is flexibility for the pension board representation arrangements to be designed in a way that best suits each pension scheme
6. For Harrow Pension Board it was agreed that representatives be drawn from the local authority and the scheduled and admitted bodies on the employer side and from active and retired members on the member side. The Board should have 5 members with a quorum of 3 and is constituted as follows:
 - (i) 2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [i.e organisations other than the Administering Authority who, under the regulations, can participate in the LGPS] (1);
 - (ii) 2 Scheme Member representatives – active members (1), pensioners (1)
 - (iii) 1 independent member.
7. There are currently 2 vacancies on the Board; 1 scheme member representative and 1 active member representative. These posts are being recruited to.

8. Pension Board have requested that its Terms of Reference are amended to increase Board representation to ensure that each meeting is quorate. The options available are:
 - (i) to increase the number of employer and member representatives on Pension Board equally,
 - or
 - (ii) to appoint one Administering Authority reserve member and one Scheme Member reserve member, (as there are no reserve members in the current terms of reference)
9. Both options would assist in reaching a quorum for Pension and help with longer term continuity for Pension Board representation. It is recommended to appoint reserve members as this is the more flexible option for deputising if required, for sharing responsibilities and encouraging wider participation. It is also recommended that the proposed amendments to the Pension Board Terms of Reference are referred to Council for approval and appointment.

Legal Implications

10. Section 5 Public Services Pension Act 2013 requires the local authority to establish a pension board to assist the Administering Authority i.e. the Council as set out in paragraph 1 of this report.
11. Pension Board Terms of Reference are set out in Part 3(a) of the Constitution. Appointment to the Pension Board requires full Council approval. Article 15 of the Council's Constitution sets out the provision for review and method of changing the Constitution. Changes to the Pension Board's Terms of Reference other than minor and administrative changes will require full Council approval.

Financial Implications

12. Pension Board representatives attendance allowance and travel expenses are charged to the Pension Fund.

Risk Management Implications

11. Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

12. Was an Equality Impact Assessment carried out? No. Board members to be appointed in line with existing procedures which take into account Equalities considerations.

Council Priorities

13. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution

which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Chief Financial Officer

Date: 12 September 2019

Name: Joane Mohan



on behalf of the*
Monitoring Officer

Date: 18 September 2019

Name: Charlie Stewart



Corporate Director

Date: 18 September 2019

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None

LONDON BOROUGH OF HARROW PENSION FUND PENSION BOARD

TERMS OF REFERENCE

1) Introduction

The purpose of this document is to set out the Terms of Reference for the local Pension Board (the Board) of the London Borough Harrow Pension Fund (the Fund).

2) Powers of the Board

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

3) Role of the Board

The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:

- securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters the LGPS regulations may specify.

The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.

In its role, The Board will have oversight of the administration of the fund including:

- a) The effectiveness of the decision making process
- b) The direction of the Fund and its overall objectives
- c) The level of transparency in the conduct of the Fund's activities
- d) The administration of benefits and contributions

The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.

The 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 Pensions Regulator. It will help to ensure that the Fund is managed in the same way.

The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

4) Membership

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

2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [ie organisations other than the Administering Authority* who, under the regulations, can participate in the LGPS] (1);

Proposed Amendment add *

“And one Reserve Employer Representative”

(i)

2 Scheme Member representatives* – active members (1), pensioners (1);

Proposed Amendment add *

“and one Reserve Scheme Representative”

and

(ii) 1 independent member

Elected Members and officers involved in the management and administration of the Fund are not permitted to become Board members.

Only the Employer and Scheme Member representatives will have voting rights.

Each member of the Board will serve a period of three years, subject to compliance with conditions of appointment. The Chair and Deputy Chair of the Board will be elected by the Board at its first meeting and will serve for a period of three years. Should the elected Chair be an Employer representative the Deputy Chair must be a Scheme Member representative and vice versa.

The Chair will ensure that meetings are properly conducted and the decision of the Chair on all points of procedure and order shall be final.

The Board may, with the approval of the Administering Authority, co-opt persons with sufficient skills and experience to advise and support them. Co-optees are not Board members and do not have voting rights.

Each Board Member should endeavour to attend all Board meetings during the year. In the event of consistent non-attendance by any Board Member the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all other members and with the agreement of the Scheme Manager. Should any member of the Board cease to be a member of the relevant group for which he/she has been appointed he/she will automatically cease to be a member of the Board and the Administering Authority will conduct a replacement process.

5) Appointment of Board members

All Board members will be appointed by Full Council. It is a statutory requirement that the Administering Authority must be satisfied that a person to be appointed as an Employer or Scheme Member representative has the relevant capacity to represent employers or scheme members (as appropriate)

- Administering Authority to nominate one Employer representative *

Proposed amendment “and one Reserve Employer Representative”

- The second Employer representative to be nominated by the scheduled and admitted bodies. If more than one is nominated, Council will determine who is to be appointed.
- (i) Scheme Member representatives * to be selected through a process administered by the Administering Authority with a recommendation to Council

Proposed amendment * “and Reserve Scheme Representative”

- (ii) Independent member – applications to be invited by public advertisement with a recommendation by the s151 Officer to Council.

6) Standards of conduct and conflicts of interest

All members of the Board are expected to act in accordance with the Code of Conduct for Councillors where applicable and the Pensions Regulator’s Code of Practice. In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice him/her in carrying out his/her Board duties. This does not include a financial or other interest arising merely by virtue of being a member of the LGPS.

The policy for identifying conflicts of interest is set out in a separate policy document.

7) Knowledge and Skills

Following appointment each member of the Board should 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 Fund

The Administering Authority will provide a training programme which all Board members will be required to attend.

It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them, properly, to exercise their functions as a Member of the Board and therefore, must comply with the Board's Knowledge and Understanding and Training Policy.

8) Accountability

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

The Board will refer all relevant recommendations and decisions to the Pension Fund Committee of the Administering Authority and, where appropriate, to Full Council. It will present a report on its work to the Full Council once a year.

9) Decision making

Each voting member of the Board will have an individual voting right but it is expected that the Board will, as far as possible, reach a consensus. The Chair of the Board, so long as he/she has voting rights, will have the final deciding vote.

10) Quorum

A quorum will comprise 3 of the 5 members of which at least one shall be an Employer representative and one a Scheme Member representative.

11) Meetings

The Board shall meet twice a year.

The Chair of the Board, in consultation with the Administering Authority will prepare an agenda for each meeting of the Board. The administration of the

Board will be in accordance with the normal procedures of the London Borough of Harrow.

An extraordinary meeting will be called when the Chair considers this necessary and/or in circumstances where the Chair receives a request in writing by 50% of the voting membership of the Board

12) Publication of Pension Board Information

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

- The names of the Board member
- The Board's Terms of Reference
- Papers, agendas and minutes of Board meetings.

13) Advice to the Board

The Board will be supported in its role and responsibilities by the Administering Authority through advice and support as appropriate.

14) Expense Reimbursement

Each member of the Board and any co-opted persons, excluding elected Councillors of the London Borough of Harrow and Council Officers will be reimbursed at a rate of £445 per annum (exclusive of VAT if payable). All members of the Board and any co-opted persons will be paid "out-of-pocket" expenses when carrying out the functions of the Board including approved training.

15) Definitions

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

<i>Administering Authority</i>	London Borough of Harrow
<i>Board or Pension Board</i>	The local Pension Board for the London Borough of Harrow, Administering Authority for the London Borough of Harrow Pension Fund as required under the Public Service Pensions Act 2013
<i>Board Member</i>	A member of the Board including Employer representatives, Scheme Member representatives and an independent member

<i>Code of Practice</i>	The Pensions Regulator's [draft] Code of Practice no 14 entitled " <i>Governance and administration of public service pension schemes.</i> "
<i>Conflicts of Interest</i> 2013	As defined in the Public Service Pensions Act 2013
<i>Conflicts of Interest Policy</i>	The policy on conflicts of interest as adopted by the Board
<i>Employer Representative</i>	A person appointed to the Board for the purpose of representing employers for the Scheme
<i>Fund</i>	The London Borough of Harrow Pension Fund within the Scheme administered and maintained by the Scheme Employer
<i>Independent Member</i>	A Member of the Board who is neither an Employer Representative nor a Member Representative
<i>Knowledge and Understanding and Training Policy</i>	The training policy as adopted by the 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 2016.
<i>Member Representative</i>	A person appointed to the Board for the purpose of representing members of the Scheme
<i>Scheme</i> defined under LGPS.	The Local Government Pension Scheme as
<i>Scheme Manager</i>	London Borough of Harrow as administering authority of the London Borough of Harrow Pension Fund

16) Interpretation

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