

## **Appendix 1**

# **Pension Board of Wirral Borough Council**

## **Terms of Reference and Delegated Authorities**

### **1) Role of the Local Pension Board**

The role of the Wirral Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- a) To assist Wirral Borough Council as Administering Authority in its role as Scheme Manager; –
  - i. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
  - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
  - iii. in such other matters as the LGPS regulations may specify
- b) To secure the effective and efficient governance and administration of the LGPS for Merseyside Pension Fund
- c) To 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.

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.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than twice in any year. There is also the provision for special meetings to be convened at notice.

## **2) Scheme Manager Consents**

The Pension Board Shall not:

- Question what investments decisions have or have not been made by the Pension Committee other than to review that due process has been followed when making decisions.
- Amend the strategies prepared in compliance with section 57 to 61 of the LGPS regulations
- Consider or become involved in any specific internal dispute resolution appeal
- Enter into contracts on behalf of the Administering Authority
- Dismiss any members of the Pension Committee
- Compromise the Pension Committee's ability to comply with its fiduciary duty to the Pension Fund and its members.

## **3) Membership and Appointment Process**

The Pension Board shall consist of 9 members and be constituted as follows:

- a) 4 employer representatives, of whom;
  - i. 2 shall be nominated from Local Authorities, Police/ Fire/ Transport Authorities ,Parish Councils
  - ii. 1 from the Academies / Further/Higher Education Bodies
  - iii. 1 from Admitted Bodies excluding employers admitted by virtue of undertaking a commercial contract connected to a function of a scheme employer.
- b) 4 scheme member representatives of whom;
  - i. 2 shall represent and be drawn from active members of Merseyside Pension Fund;
  - ii. 2 shall represent and be drawn from pensioner and deferred members of Merseyside Pension Fund.
- c) 1 independent member selected by the Scheme Manager, who shall not be a member of Merseyside Pension Fund and who shall be appointed as Chair of the Board. In the event of a tie of votes of any business to be conducted, the Chair will have the casting vote

It will be the role of the Chair to:

- Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.
- To uphold and promote the purpose of the Board and to interpret its constitution and Terms of Reference when necessary.
- Ensure that the Board members have the knowledge and skills as determined in the Fund's Training Policy and other guidance or legislation and maintain a training record.
- Agree the agenda and minutes for each Board meeting.
- Ensure an attendance record is maintained along with advising the Scheme Manager on expenses to be paid.
- Advise the Scheme Manager on any required budget for the Board. The Chair shall not incur any expenditure on behalf of the Board without seeking the prior written consent of the Scheme Manager.
- Write reports required by Scheme Manager on the performance of the Board.
- Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.
- To annually review and report on the performance of the Board.

The decision of the Chair on all points of procedure and order and the Chair's interpretation of the Protocol shall be final.

The appointment of the Chair will only be made following an openly advertised competitive process for the role.

Members of the Board shall only be appointed after all employers or members of the Fund have been invited to put forward nominations or expressions of interest. Successful employer and employee representatives will be selected by the Scheme Manager having taken account of their relevant experience, their capacity to represent other scheme employers and their knowledge and understanding of the Local Government Pension Scheme.

Members in all categories will only be appointed to the Board by the Scheme Manager if they commit to acquire the knowledge and skill requirements set out in the relevant regulations and guidance, as defined in section 8 of this document.

## **Length of term**

Members of the Board will serve for a term of four years which can be extended for further period(s) subject to re-nomination. Other than as a result of retirement at the expiry of this period the term of office will come to an end:

- a) For employer representatives who are councillors if they cease to hold office as a councillor;
- b) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
- c) For scheme member representatives if they cease to be a member of the relevant member group.

Each Board member should endeavor to attend all Board meetings during the year. Substitute members are not permitted due to the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the management of conflicts of interest.

In the event of consistent non-attendance by any Board member, then 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 majority agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

## **4) Quorum**

The Board shall not be quorate unless the Chair and at least 2 employer representatives and 2 scheme member representatives are present. Advisors do not count toward the quorum.

## **5) Code of Conduct and Conflicts of Interest**

The principles included in the Council's Code of Conduct for members apply to all members of the Local Pension Board set out in the Constitution of the Council. Conflicts of interest shall be managed taking account of the requirements set out in the Council's constitution, best practice defined in the Scheme Advisory Board's statutory guidance and the Pension Regulator's Code of Practice 14: Governance and Administration of public service pension schemes.

## **6) Board Review Process**

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

## **7) Advisors to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers as agreed with the Scheme Manager. In addition the Board will have access to the officers of Merseyside Pension Fund and where considered appropriate access to the advisers to the Pension Fund.

## **8) Knowledge and Skills**

A member of the Pension Board must be conversant with –

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

A member of the Pension Board must have knowledge and understanding of -

- a) The law relating to pensions, and
- b) 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 maintain a written record of relevant training and development.

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

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

## **9) Board Meetings – Notice Minutes and Reporting**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board, and shall ensure that all papers are published on Wirral Borough Council's Website at least 5 working days prior to each meeting. 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.

The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained.

The Pension Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include as a minimum:

- a) Details of the attendance of members of the Board at meetings,
- b) Details of the training and development activities provided for members of the board and attendance at such activities;
- c) Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- d) Details of the costs incurred in the operation of the Board

The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

### **10) Remit of the Board**

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. This role involves but is not limited to oversight and comment on:

- Performance standards;
- Funding and investment matters
- Customer service standards;
- Data quality and record keeping;
- The costs of running the fund;
- Learning from appeals and complaints;
- The application of specific policies within the fund, and
- The steps required to address any deficit within the fund.

### **11) Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" as defined within the Council Constitution will be applied to all Pension Board members and embodied in their code of conduct.

These principles are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

## **12) Decision making**

Each member 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.

## **13) Publication of Pension Board information**

Stakeholders of the Scheme will want to know that Merseyside 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.

Up to date information will be posted on the Merseyside Pension Fund website showing

- The names, contact details and other relevant information about 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
- Details of the Pension Board appointment process
- Any specific roles and responsibilities of individual Pension Board members.

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.

## **14) Accountability**

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

## **15) Expense Reimbursement and Remuneration**

All members of the Board shall, on the production of relevant receipts, be reimbursed for travel and subsistence expenses they have incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

Members of the Board shall be reimbursed a mileage allowance for use of their own car at the rate prescribed by the Inland Revenue from time to time as adopted by Wirral Borough Council.

Employer and Employee representatives will receive an annual fee of half the special responsibility allowance paid to the Members of Pension Committee.

The Chair should receive the full rate of the annual special responsibility allowance paid for membership of the Pension Committee

## **16) Reporting Breaches**

Where any breach of legislation or duties is committed or is alleged to have been committed by the Pension Committee, the Pension Board shall:

- Meet with the Committee as soon as reasonably possible
- Ask the Committee Chair to explain the actions taken and provide evidence of the legitimacy of the action taken
- Consider the matter on the facts available and evidence provided by the Committee Chair and refer it back to Committee to reconsider and correct any areas of concern or breaches of duty or
- Determine that no breach of duty has taken place

If it is decided that a breach has occurred, the Pension Board shall (as required by the Code of Practice and the Pensions Act 2004)

- Report the breach to the Scheme Manager and take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members: or

- Where prompt and effective action to remedy the breach has not been taken report the breach as a breach of material significance to the Pension Regulator.

As per Regulation 106(6) and subject to the terms within this document, the Pension Board shall have the power to do anything to facilitate or is conducive to the discharge of any of its functions.

### **17) 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.

## 18) Definitions

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

*“Pension Board” or “Board”*

Means the local Pension Board for Wirral Borough Council as administering authority for Merseyside Pension Fund as required under the Public Service Pensions Act 2013

*“Scheme Manager”*

Means Wirral Borough Council as administering authority of the Merseyside Pension Fund.

*“Chair”*

The individual responsible for chairing meetings of the Board and guiding its debates

*“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

*“Scheme”*

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

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