

## **Terms of Reference for the Pension Board for Avon Pension Fund**

### **Function and role**

The regulations state that the role of the local Pension Board (the “Board”) is to assist the administering authority

- a. to secure compliance with:
  - i. The LGPS (Amendment) (Governance) Regulations 2014 (the “regulations”)
  - ii. Any other legislation relating to the governance and administration of the Scheme
  - iii. Requirements imposed by the Pensions Regulator in relation to the Scheme; and
- b. to ensure the effective and efficient governance and administration of the Scheme.

The Board has an advisory role in assisting the Administering Authority by making recommendations about compliance, process and governance. The Board does not have a decision making role with regard to strategy or policy nor will it ratify or challenge decisions made by the administering authority. Its role is to have oversight of the governance process for making decisions and agreeing policy.

The Board will exercise its duties in the following areas:

- i. Compliance with the relevant legislation and Codes of Practice set by The Pensions Regulator;
- ii. Policies and processes are in place to deliver the objectives of the pension fund;
- iii. Policies and processes are in place to ensure that employers comply with their obligations under the Scheme and regulations;
- iv. The processes for setting strategy, policy and decision-making are robust;
- v. A framework of controls is in place to ensure fund and employer compliance;
- vi. From time to time the administering authority may consult the Board or ask assistance on specific issues.

The costs of the Board will be met by the Avon Pension Fund (as set out in the regulations) subject to approval of their annual workplan and budget. This may enable the Board to commission independent advice as appropriate. It is important that the Board maintains its independence from the Avon Pension Fund Committee’s decision-making process in order to effectively scrutinise the decision-making process.

### **Establishment**

The Board is to be established by 1 April 2015 and must be operational by 31 July 2015. The Terms of Reference must be approved by the Administering Authority and formally adopted by the Board once it is established.

### **Board Membership**

There will be seven Board members comprising three member representatives, three employer representatives and an Independent Chairperson. Member representatives can be drawn from the membership and are not restricted to Trades Union representatives. Employer representatives should be representative of the employers within the scheme. No officer or councillor of the administering authority who is responsible for the discharge of any function under the LGPS regulations can be a member of the Board. In respect of the Chairperson the term independent means having no current employment, contractual, financial or other material interest in either the Council or any scheme employer in the Avon Pension Fund, and not being a member of the Avon Pension Fund. The Chairperson can delegate to another Board member if unable to attend a meeting.

### **Appointment process**

The Avon Pension Fund will facilitate the nominations process for all Board members; the appointment process will be undertaken by the Strategic Director of Resources. The appointment of the Chair will be following an advertised competitive process, which shall be subject to the Board's approval of the successful candidate.

The selection process for employer and employee reps will take into account their capacity to fulfil the role as set out in the Role and Person Specification.

### **Role of advisors**

The Board may appoint professional advisors as appropriate to their work plan. The cost will be met within the budget approved by the administering authority. Where possible the advisors should be independent from those used by the administering authority.

### **Role of officers**

Democratic Services will be responsible for providing secretariat services to the Board. The Strategic Director of Resources will ensure appropriate officer support is provided to the Board. Avon Pension Fund officers will be required to provide information to the Board for the Board to fulfil its task.

### **Frequency of meetings**

The Frequency to be determined by Board once agreed workplan, with a minimum of three meetings annually.

### **Voting rights**

The objective is to reach consensus on all issues; however, each employer and employee rep has one vote. The Under Regulation 106 (7) of the LGPS Regulations 2013 the Independent Chairperson is explicitly excluded from having the right to vote.

### **Board Quorum**

The quorum of the Board shall comprise three members who shall include at least one member and one employer representative.

### **Substitutes**

Substitutes will not be permitted as they would have to be nominated as part of the appointment process.

### **Sub-committees**

Sub-committees will not be permitted.

### **Board work plan and Budget**

The Board will agree its work plan annually and the budget required to deliver it. As the expenses of the Board are to be met by the Avon Pension Fund the Board's workplan and budget, having taken advice from the Strategic Director of Resources, will be submitted to the Avon Pension Fund Committee for approval annually. The Board will be required to operate within the approved budget and approved budget purposes. It is envisaged that the Board will review aspects of the pension fund over time rather than react to the regular monitoring cycle of the pension committee.

### **Access to Board papers**

Board meetings will be held in open session with closed sessions where appropriate. The agenda papers will be circulated in advance of meeting in line with council policy. The minutes of meetings will be recorded and published in line with Council policy.

### **Term of office**

Two of the initial appointments (one employer representative and one member representative) will be for a two year period. All other appointments will be for a four year term with the maximum term of Board membership limited to two terms.

### **Code of Conduct**

Board members are required to adhere to the Council's Code of Conduct.

## **Declarations of Interest and Conflicts of interest**

Board members are required to adhere to the Council's policy for declarations of interests. Members must provide information that the administering authority may reasonably require from time to time.

The Board is required to act within its Terms of Reference. The Board should ensure that in addition to the Council Policy it has its own policy for managing conflicts of interest in line with any further stipulations from the Pensions Regulator and members must abide by this policy.

## **Removal from Board**

A Board member can be removed from the Board in the following circumstances (but not limited to):

- A poor attendance record;
- If a member does not undertake training as requested by the administering authority; If a member is in breach of Council's Code of Conduct / Declarations policy; If a member has a conflict of interest that cannot be managed in accordance with the Board's conflicts policy;
- If a representative member ceases to represent his constituency e.g. leaves the employer so no longer has the capacity to represent the Fund's employers. If there is an unsatisfactory annual review of individual members

If there is a vote of no confidence in the Chairperson by the Board then the Administering Authority will conduct a process to appoint another Chairperson

The Council's Standards Committee and Monitoring Officer will determine any removal from the Board.

## **Expenses**

The pension fund will meet reasonable meeting expenses, reasonable training expenses relevant to discharging the role and independent advice required to support work agenda (including legal, technical and other professional advice).

## **Allowances**

An annual allowance will be paid to the Independent Chairperson.

## **Knowledge and understanding**

The Board are required to agree and maintain a policy and framework to address the knowledge and understanding requirements, as set out in various legislation and the Pension Regulator's Code of Practice, that apply to its members. The knowledge and understanding requirement applies to each Board member individually rather than to the members as a collective group. The policy and framework will be considered in light of the role of the Board; however, Board members will need to understand the duties and obligations of the administering authority in order to be able to assist it.

Board members will be required to undertake training to ensure they acquire the appropriate level of knowledge and understanding and keep a record of the learning activities of individual members and of the Board as a whole.

## **Reporting**

The Board will publish an annual report to Council containing any recommendations on process or governance. This should be circulated to members and employers.

The annual report will cover:

- i. summary of the work of the Board
- ii. details of areas the Board has investigated and how they have been dealt with
- iii. details of conflicts of interest that have arisen in respect of the Board members and how have been managed
- iv. whether there are any risks or other areas of potential concern which the Board wishes to raise with the Administering Authority
- v. details of training a future training needs
- vi. the work plan of the last year and draft work plan for following year

- vii. details of expenses and other costs incurred and anticipated expenses for forthcoming financial year

Direct reporting line if the Board has material concerns – The Strategic Director of Resources.

The Board minutes will be circulated to administering authority (the pension committee) S151 Officer and Monitoring Officer.

The Board is required to report breaches of law or material (and not actioned) breaches of the Code of Practice to the Pensions Regulator.

Where any breach of duty is committed or alleged to have been committed by the Administering Authority (the Pensions Committee) the Board shall:

1. Discuss the breach or alleged breach that is identified with Pension Committee Chair and the proposed actions to be taken by the Board
2. Enable the Chair of the Committee to review the issue and report back the Board on the breach
3. The Board will determine action and if sufficiently material will report the breach to the Pensions Regulator or the Scheme Advisory Board as set out in the regulations.

### **Data protection and Freedom of Information**

For legal purposes the Board is considered a committee of and part of the administering authority legal entity. Therefore the Board must comply with the Council's Data Protection and Freedom of Information policies.