

LOCAL PENSION BOARD OF SOUTHWARK COUNCIL TERMS OF REFERENCE

Introduction

1. This document sets out the terms of reference of the Local Pension Board of Southwark Council (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. The Board is established by the Administering Authority and operates independently of the Pensions Advisory Panel. Relevant information about its creation and operation are contained in these Terms of Reference.
3. The 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 Board unless expressly included in this document.
4. Except where approval has been granted under regulation 106(2) of the Regulations the 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.

Interpretation

5. The following terms have the meanings as outlined below:

'the Act'	The Public Service Pensions Act 2013.
'the Code'	means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
'PAP'	means the Pensions Advisory Panel established under Part 30 of Southwark Council Constitution, to advise the chief finance officer on specific matters relating to the fund as set out in Part 30 of the Constitution
'the Fund'	means the Fund managed and administered by the Administering Authority.

'the Guidance'	means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.
'the Regulations'	means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).
'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 Board notwithstanding that the Codes of Practice are not legislation.
'the Scheme'	means the Local Government Pension Scheme in England and Wales.

Statement of purpose

6. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:
 - (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and 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.

Duties of the Board

7. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the 'Seven Principles of Public Life' (known as the Nolan Principles) and code of conduct for Board members.

Establishment

8. The Board was established on 25 March 2015 by Council Assembly, on the recommendation to establish contained in the report of the Constitutional Steering Panel dated 12 February 2015.

Membership

9. The Board shall consist of four voting members, as follows:
 - Two Scheme Member Representatives; and
 - Two Employer Representatives.
10. There shall be an equal number of Scheme Member and Employer Representatives.
11. There shall also be one independent chair who is not entitled to vote.

Scheme member representatives

12. Scheme Member representatives shall either be Scheme members or have capacity to represent Scheme members of the Fund.
13. Scheme representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
14. Substitutes shall be appointed. Where appointed, substitutes should be named and must undertake the same training as full members.
15. A total of two scheme member representatives shall be appointed by the Administering Authority, on the nomination of the recognised trade unions representing employees who are Scheme members of the Fund.

Employer representatives

16. 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. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
17. Employer Representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
18. Substitutes shall be appointed. Where appointed, substitutes should be named and must undertake the same training as full members.

19. A total of two Employer Representatives shall be appointed to the Board by the Administering Authority.

Other members

20. One other member, who shall not be a voting member, shall be appointed to the Board by the Administering Authority, with the agreement of the Board.
21. This person will be an independent person, meaning that they have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Fund or not being a member of the Fund.

Appointment of chair

22. Subject to the meeting arrangements in paragraphs 36 to 38 below, the other member appointed under paragraph 20 shall act as Chair.

Duties of chair

23. The Chair:
- (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference,
 - (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
 - (c) 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.

Notification of appointments

24. When appointments to the Board have been made the Administering Authority shall publish the name of Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

Terms of Office

25. The term of office for Employer Representatives and Scheme Member Representatives is two years.
26. The term of office for the Chair is one year, thereafter subject to annual review by the Board.

27. Extensions to terms of office may be made by the Administering Authority with the agreement of the Board.
28. A Board member may be appointed for further terms of office using the methods set out in paragraphs 15 and 19.
29. Board membership may be terminated prior to the end of the term of office due to:
 - (a) A Member Representative appointed on the basis of their membership of the Scheme no longer being a Scheme member in the Fund.
 - (b) A Member Representative no longer being a Scheme member or a representative of the body on which their appointment relied.
 - (c) An Employer Representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (d) A Board member no longer being able to demonstrate to Southwark Council their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.
 - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
 - (g) A Board member becomes a member of the PAP
 - (h) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

Conflicts of interest

30. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
31. 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 Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
32. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

33. Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 6 above. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members

under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

34. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
35. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Meetings

36. The Board shall as a minimum meet two times each financial year.
37. Meetings shall normally take place within normal office hours
38. The Chair may call additional meetings with the consent of the Board membership.

Quorum

39. A meeting is only quorate when 100% of both Scheme Member and Employer Representatives are present with no more than 50% being substitute members.
40. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Board administration

41. The Chair shall agree with the Board Secretary and members of the Board an agenda prior to each Board meeting.
42. The agenda and supporting papers will be issued at least ten working days (where practicable) in advance of the meeting except in the case of matters of urgency.
43. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members within ten working days after the meeting. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.
44. The minutes may with the agreement of the Board 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.

45. The Board Secretary shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.
46. The Board Secretary shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.
47. The Board Secretary shall ensure an attendance record is maintained along with advising the Administering Authority on allowances and expenses to be paid under these Terms of Reference.
48. The Board Secretary shall liaise with the Administering Authority on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.

Public access to Board meetings and information

49. The Board meetings can be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).
50. The following will be entitled to attend Board meetings in an observer capacity:
 - (a) Members of the Pensions Advisory Panel
 - (b) Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chair.

51. In accordance with the Act the Administering Authority shall publish information about the Board to include:
 - (a) The names of Board members and their contact details.
 - (b) The representation of employers and scheme members on the Board.
 - (c) The role of the Board.
 - (d) These Terms of Reference.
52. The Administering Authority shall also publish other information about the Board including:
 - (a) Agendas and minutes
 - (b) Training and attendance logs
 - (c) An annual report on the work of the Board to be included in the Fund's own annual report.

53. All or some of this information may be published using the following means or other means as considered appropriate from time to time:
- (a) On the Fund's website.
 - (b) As part of the Fund's Annual Report.
 - (c) As part of the Governance Compliance Statement.
54. 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.

Expenses and allowances

55. The Administering Authority may meet the expenses of Board members in line with the Administering Authority's policy on expenses.
56. The Administering Authority shall not pay allowances for Board members. However, the Chair will receive a fixed fee retainer as agreed in the terms of engagement.

Budget

57. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund and the Administering Authority will allocate an annual budget which is managed by and at the discretion of the Board.

Core functions

58. The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider.
59. The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider.
60. In support of its core functions the Board may make a request for information to the PAP with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.
61. In support of its core functions the Board may make recommendations to the PAP which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Reporting

62. The Board shall prepare and agree an annual report for inclusion in the pension fund annual report.
63. The Board should in the first instance report its requests, recommendations or concerns to the PAP or Strategic Director of Finance and Corporate Services. In support of this any member of the Board may attend a PAP meeting as an observer.
64. Requests and recommendations should be reported under the provisions of paragraphs 60 and 61 above.
65. The Board should report any concerns over a decision made by the PAP to the PAP subject to the agreement of at least 50% of voting Board members or nominated substitutes, provided that all voting members are present.
66. On receipt of a report under paragraph 61 above the PAP should, within a reasonable period, consider and respond to the Board.
67. Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.
68. Where the Board is satisfied that there has been a breach of regulation which has been reported to the PAP or the Strategic Director of Finance and Corporate Services under paragraph 62 and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
69. The appropriate internal route for escalation is to the Monitoring Officer.
70. The 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.
71. Board members are also subject to the requirements to report breaches of law under the Act and the Code [and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy].

Review of terms of reference

72. These Terms of Reference shall be reviewed after the first year of operation and on each material change to those parts of the Regulations covering local pension boards and at least every three years.
73. These Terms of Reference were adopted on 05 October 2015.

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Signed on behalf of the Administering Authority

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Signed by members of the Board