

APPENDIX 4 – Terms of Reference

Terms of Reference: Lewisham Pension Board March 2018

Introduction

1. This document sets out the terms of reference of the Local Pension Board of the London Borough of Lewisham (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 Pension Investment Committee. 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. The Board shall be constituted separately from the Pension Investment 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:

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| ‘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. |
| ‘the Committee’ | London Borough of Lewisham’s Pension Investment Committee who has delegated decision making powers for the Pension Fund in accordance with Section 101 of the Local Government Act 1972. |
| ‘the Fund’ | means the Pension Fund that is managed and administered by the London Borough of Lewisham as Administering Authority. |
| ‘the Guidance’ | means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board. |

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| ‘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 London Borough of Lewisham 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 Pension 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 code of conduct for Board members.

Establishment

8. The Board is established on 1 April 2015.

Membership

9. The Board shall consist of 4 voting members, as follows:
 - 2 Scheme Representatives; and
 - 2 Employer Representatives.

10. There shall be an equal number of Member and Scheme Employer Representatives.
11. There shall also be one other member who will be appointed as 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 Member 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 not be appointed.
15. A total of 2 Scheme member representatives shall be appointed as follows:-
 - (a) 1 Scheme member representative shall be nominated by the trade union with the largest number of Lewisham Scheme members in its membership.
 - (b) 1 Scheme member representative shall be nominated by a transparent process open to all Fund members and approved by the Council.

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 London Borough of Lewisham who is responsible for the discharge of any function of the London Borough of Lewisham 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 not be appointed.
19. A total of 2 employer representatives shall be appointed to the Board by the Council where all employers have been asked to submit their interest in undertaking the role of employer representative on the Board.

Other Members

20. The independent member (Chair) shall be appointed to the Board by the agreement of the London Borough of Lewisham.

21. Other members (who are not scheme member nor employer representatives) do not have voting rights on the Board.

Appointment of Chair

22. (a) Subject to the meeting arrangements in paragraphs 35 to 37 below a Chair shall be appointed for the Board using the processes listed below:
22. (b) An independent chair is to be appointed by the London Borough of Lewisham but shall count as an 'other' member under paragraphs 20-21 above. In this respect the term independent means having no existing employment, financial or other material interest in either the London Borough of Lewisham or any scheme employer in the Fund and not being a member of the Fund. The appointment of the Chair shall be subject to the passing of a motion to confirm by a majority of the employer and member representatives of the Board.

Duties of Chair

23. The Chair of the Board:
- (a) Shall ensure the Board delivers its purpose as set out in these Rules of Procedure.
 - (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 London Borough of Lewisham 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.

Term of Office

25. Board members shall normally be appointed at the first AGM following a local Council election and serve until the first AGM after the next local Council election. Extensions to terms of office may be made by the London Borough of Lewisham with the agreement of the Board.
26. Initially the Council will appoint:
- (a) 1 employer representative and scheme member to serve until the

Council's AGM in 2020;

- (b) 1 employer representative and scheme member representative to serve until the Council's AGM in 2021.

27. A Board member may be appointed for further terms of office using the methods set out in paragraphs 15 and 19.

28. 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 the London Borough of Lewisham 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 who is an elected member becomes a member of the Committee.
- (h) A Board member who is an officer of the London Borough of Lewisham becomes responsible for the discharge of any function of the London Borough of Lewisham under the Regulations.

Conflicts of interest

29. All members of the Board must declare to the London Borough of Lewisham 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.

30. 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.

31. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the London Borough of Lewisham 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)

32. Knowledge and understanding must be considered in light of the role of the Board to assist the London Borough of Lewisham 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.
33. 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 framework.
34. 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

35. The Board shall as a minimum meet 1 time each year, but may determine to meet more regularly.
36. The Chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board, including telephone conferencing and emails.

Quorum

37. A meeting is only quorate when at least 50% of both scheme member and employer representatives are present.
38. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Board administration

39. The agenda and supporting papers will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.

40. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members. 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.
41. 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.
42. Officers 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.
43. Officers shall ensure an attendance record is maintained along with advising the London Borough of Lewisham on allowances and expenses to be paid under these terms.

Public access to Board meetings and information

44. Generally the public will be given access to Board meetings, if they would be entitled to access to its meeting if it were established as a formal Council Committee.
45. Observers are welcome to record any part of any board meeting that is open to the public. The Council cannot guarantee that anyone present at a board meeting will not be filmed or recorded by anyone who may then use the image or sound recording.
46. The following will be entitled to attend Board meetings in an observer capacity:
 - (a) Members of the Pensions Investment Committee;
 - (b) Any person requested to attend by the Board.Any such attendees will be permitted to speak at the discretion of the Chair.
47. In accordance with the Act the London Borough of Lewisham 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.
48. The London Borough of Lewisham 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.

49. 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.

50. 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

51. The London Borough of Lewisham will reimburse the reasonable travel expenses of Board members in line with the London Borough of Lewisham's policy on expenses as set out in the Council's Constitution.

52. The London Borough of Lewisham shall pay to the Chair of the Pension Board an allowance equivalent to that paid to a co-opted member of the Standards Committee. In 2017/18 this is £600 per annum. Other members of the Board shall not receive any remuneration.

Budget

53. 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. The full Council will approve its budget on an annual basis. The budget will be managed by and at the discretion of the Board.

Core functions

54. The first core function of the Board is to assist the London Borough of Lewisham 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.

55. The second core function of the Board is to assist in the effective and efficient governance and administration of the Scheme.

56. In support of its core functions the Board may make a request for information to the Committee or Council officers with regard to any aspect of the London

Borough of Lewisham's function. Any such request should be reasonably complied with in both scope and timing subject to data protection.

57. In support of its core functions the Board may make recommendations to the Committee or Council officers which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Reporting

58. The Board should in the first instance report its requests, recommendations or concerns to the Committee or Council officers. In support of this any member of the Board may attend a Committee meeting as an observer.
59. Requests and recommendations should be reported under the provisions of paragraphs 57 and 58 above.
60. The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of voting 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.
61. On receipt of a report under paragraph 60 above the Committee should within a reasonable period, consider and respond to the Board.
62. 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.
63. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee under paragraph 60 and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
64. The appropriate internal route for escalation is to the Monitoring Officer.
65. 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.
66. 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 London Borough of Lewisham's whistleblowing policy.

Review of terms of reference

67. These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every 12 months.

68. These Terms of Reference were adopted at a meeting of the London Borough of Lewisham on 6 March 2018 to be effective immediately.