

## Appendix 1

### **Detailed Terms of Reference for Hounslow Pension Board**

In accordance with Section 5 of the Public Service Pensions Act 2013, the local Pension Board will assist Hounslow Council in the governance and administration of the London Borough of Hounslow Pension Fund. The Board's role, members, and working arrangements are contained in these Terms of Reference.

#### **1. Introduction**

- 1.1 The Pension Board is established by Hounslow Council under the powers of clause 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme Regulations 2015. As such, the Constitution of Hounslow Council does not apply to this Pension Board unless expressly referred to within and permitted by these Terms of Reference.

#### **2. Powers of the Pension Board**

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

#### **3. Role of the Pension Board**

- 3.1 The role of the Pension Board is defined by regulation 106 (1) of the LGPS Regulations. It will assist Hounslow Council as Scheme Manager of the London Borough of Hounslow Pension Fund to secure compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and any requirements imposed in relation to the LGPS by the Pensions Regulator. The Regulations give more detail as to these matters. Regulation 106 specifies that the Pension Boards will assist the Administering Authority to secure compliance with:-

- the Regulations; and
- with other legislation relating to the governance and administration of the LGPS; and
- with any requirements imposed by the Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS.

Regulation 106 (8) also states that 'A local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions'.

- 3.2 The Council considers para 3.1 to mean that the Pension Board is providing oversight of pension matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. In relation to ensuring the effective and efficient governance and administration of the Pension Fund, this will be interpreted to mean having oversight of whether the aims and objectives outlined within the Pension Fund's Governance and Administration strategies are being achieved, having regard to any overriding requirements included within guidance from the DCLG, the Scheme Advisory Board or the Pensions Regulator.
- 3.3 The Pension Board will ensure that in performing their role it is:
- done effectively and efficiently; and
  - complies with relevant legislation; and
  - is done by having due regard to any relevant Codes of Practice on the governance and administration of local government pension schemes issued by the Pensions Regulator and any other relevant statutory or non-statutory guidance.
- 3.4 The Board must provide minutes of each meeting to the following Pension Fund Panel copied to the Assistant Director, Strategic Finance, and may make reports and recommendations to the Pension Fund Panel insofar as they relate to the role of the Pension Board. Any such reports or recommendations must be provided at least 15 working days in advance of the next Pension Fund Panel to the Head of Treasury, Pensions and Capital and the Assistant Director, Strategic Finance.
- 3.5 In the exceptional circumstances that the Board considers that a matter brought to the attention of the Pension Fund Panel and Assistant Director, Strategic Finance has not been acted upon or resolved to their satisfaction by the Pension Fund Panel and/or Assistant Director, Strategic Finance, the Pension Board will provide a report to the Lead Member for Finance.

#### **4. Appointment Panel for the Pension Board**

The Appointments Panel overseeing the appointment process and deciding which individuals should be appointed to the Pension Board will consist of:

- the Lead Member for Finance
- Head of Treasury, Pensions and Capital
- the Assistant Director, Corporate Governance/ Monitoring Officer
- Human Resources representative
- Staff Side Secretary

## 5. Membership

The Pension Board shall consist of 4 members and be constituted as follows:-

- i) Two Employer Representatives
- ii) Two Scheme Member Representatives

Substitutes for the Employer or Scheme Member Representatives are not permitted.

Neither employer nor scheme member representatives can sit on both the Pension Fund Panel and the Pension Board.

## 6. Eligibility and selection criteria

- i) Two Employer Representatives – at least one of the employer representatives must be an elected member of the largest employing body i.e. Hounslow Council.
- ii) Two Scheme Member Representatives – at least one of the representatives must be a member of the largest employing body, i.e. the London Borough of Hounslow, and membership may be any of the following categories: active, deferred or pensioner.

## 7. Appointment of Members

7.1 The process for selecting members of the Pension Board is as set out below.

**Step 1** – Fund employers will be invited to nominate individuals to represent employers on the Pension Board. Hounslow Councillors will be invited to apply to represent Hounslow Council as an employing body. Scheme members will be invited to nominate themselves or other scheme members to represent scheme members on the Pension Fund.

**Step 2** – The Appointments Panel can reject any nomination/application made where they consider the individual does not appropriately meet their eligibility and/or selection criteria. The Appointments Panel will determine who should be appointed as members of the Pension Board based on whatever process they consider appropriate, which may include but is not restricted to a formal interview.

**Step 3** - Where Step 1 and 2 fails to appoint the four required members the Appointments Panel will take any other action they consider appropriate to appoint suitable Pension Board members.

## **8. Term of Office**

- 8.1 Each employer representative and scheme member representative shall serve a fixed 4 year period to tie in with local elections. The first Pension Board will serve a 3 year term to May 2018.
- 8.2 Any Pension Board member may be re-appointed for further terms following an appointment process.
- 8.3 Other than ceasing to be eligible (as set out above) a Pension Board member may only be removed from office during the term of appointment by the unanimous agreement of the Appointments Panel. Such reasons may include non-compliance with these Terms of Reference including inappropriate conduct, conflicts of interest, avoidance of training or low meeting attendance.

## **9. Quorum**

- 9.1 All Members of the Pension Board are expected to regularly attend meetings.
- 9.2 A meeting of the Pension Board will only be quorate when three of the four Employer and Scheme Member Representatives are present.
- 9.3 A meeting that becomes inquorate may continue but decisions will not be binding.

## **10. Chair and Vice Chair**

- 10.1 The Appointment Panel will appoint a Chair and a Vice Chair from the membership of the Pension Board.
- 10.2 The appointments to Chair and Vice Chair will be reviewed at such times as considered appropriate by the Assistant Director, Strategic Finance and Assistant Director, Corporate Governance OR Appointments Panel.
- 10.3 The role of the Chair is to:-
  - Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine that decisions are democratically made where consensus cannot be reached;
  - To uphold and promote the purpose of the Board and to interpret its Terms of Reference when necessary;
  - Ensure that the Pension 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 for each Pension Board meeting;
  - Approve minutes for Pension Board meetings;

- Write reports required by Hounslow Council on the work of the Board;
- Any other tasks which may be deemed appropriate by Hounslow Council for the Chair of the Pension Board;
- Other tasks that may be requested by the members of the Pension Board, within the remit of these Terms of Reference and subject to agreement with the Assistant Director, Strategic Finance;
- Annually review and report on the performance of the Board.

10.4 The decision of the Chair on all points of procedure and order shall be final.

## **11. Voting**

11.1 All Pension Board members will have individual voting rights but it is expected the Pension Board will as far as possible reach a consensus.

11.2 The Chair will have the final deciding vote in cases where an equality of votes exists.

11.3 Any other person attending a meeting will not have the right to vote.

11.4 The results of any voting outcomes will be reported in the Board minutes.

## **12. Location and Timing**

12.1 The Pension Board will normally meet at an office of Hounslow Council.

12.2 Meetings will take place at any point on a Monday to Friday during the normal working day.

12.3 The Board will meet twice in each calendar year. The Chair may call additional meetings in exceptional circumstances.

12.4 Urgent business of the Pension Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Pension Board including telephone conferencing and e-mails.

## **13. Expenses**

13.1 Expenses will be paid if claimed by the representative and must be claimed within four weeks of each meeting.

## **14. Conflicts of Interest**

14.1 Though members of the Pension Board include representatives of specific categories of stakeholder (i.e. scheme members and employers) each member is required to have due regard to the role of the Pension Board as outlined in these Terms of Reference. Accordingly all members are expected to work

jointly in the best interests of the Pension Fund, putting aside any individual views of any stakeholders. This should not prevent members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

14.2 Each member of the Pension Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pension Board.

14.3 The Chair of the Pension Board must be satisfied that the Board is acting within:-

- the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- in the spirit of any national guidance or code of practice in relation to conflicts of interest at the Pension Board, and
- in accordance with any London Borough of Hounslow Pension Fund Conflicts of Interest Policy or Procedures that apply to the Board.

14.4 Hounslow Council's Code of Conduct for Members and Co-optees shall apply in relation to the management of conflicts of interest on the Pension Board.

14.5 Each member of the Pension Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Chair of the Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

14.6 The Assistant Director, Strategic Finance and Assistant Director, Corporate Governance will jointly adopt the role of ensuring that the Chair of the Pension Board does not have a conflict of interest in the same way as the Chair does in relation to all other Pension Board members.

14.7 A conflict of interest is defined in the Public Service Pensions Act as:

"in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

## **15. Receipt of advice and information**

15.1 Pension Board members will receive the reports, minutes and agendas relating to all Pension Fund Panels and may attend Pension Fund Panel meetings (including during exempt items).

15.2 Insofar as it relates to the role of the Pension Board, it may also;

- request and receive information and reports from the Pension Fund Panel or any other body or officer responsible for the management of the Fund;
- examine decisions made or actions taken by the Pension Fund Panel or any other body or officer responsible for the management of the Fund.

15.3 Any further requests for information and advice are subject to the approval of the Assistant Director, Strategic Finance who will be required to consider positively all reasonable requests in relation to the role of the Pension Board whilst being mindful of value for money.

## **16. Knowledge and Skills**

16.1 Under the requirements of the Public Service Pensions Act, a member of the Pension Board must be conversant with:-

- a) the legislation and associated guidance of the Local Government Pension Scheme (LGPS), and
- b) any document recording policy about the administration of the LGPS which is adopted by the London Borough of Hounslow Pension Fund.

16.2 In addition, a member of the Local Pension Board must have knowledge and understanding of:-

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

16.3 Pension Board members are required to refresh and keep their knowledge up to date. Pension Board members are therefore required to:-

- comply with the training requests of the Administering Authority. A training programme will be established which will include at least three full days of training provided by an external provider at the start of each term of office; and
- comply with the Pension Fund's Training Policy insofar as it relates to Pension Board members. It is intended that a joint training programme for Pension Fund Panel and Pension Board members will be developed; and
- participate in training events (a written record of relevant training and development will be maintained); and
- undertake a personal training needs analysis or other method to identify gaps in skills, competencies and knowledge; and
- comply with any guidance issued by national bodies.

## **17. Standards of Conduct**

17.1 The Code of Conduct for Members and Co-optees in Hounslow Council's Constitution shall apply in relation to the standards of conduct of Pension Board members as if they are Co-opted Members of Hounslow Council insofar as it can be reasonably considered to apply to the role of members of the Pension Board and unless excluded elsewhere within these Terms of Reference.

## **18. Administration**

18.1 The Head of Treasury, Pensions and Capital will agree an agenda with the Chair of the Pension Board prior to each Pension Board meeting. The agenda and any papers for the Pension Board will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency. Minutes will be subject to formal agreement by the Chair taking consideration of comments by Board members (which may be done electronically between meetings).

18.2 The minutes may, at the discretion of the Chair, 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.

## **19. Access to the Public and publication of Pension Board information**

19.1 The following will be entitled to attend Pension Board meetings in an observer capacity:-

- Members of the London Borough of Hounslow Pension Fund Panel ;
- the Assistant Director, Strategic Finance, and the Monitoring Officer, and the Head of Treasury, Pensions and Capital, and the Assistant Director, Corporate Governance, and the Lead Member for Finance;
- other officers or advisers of Hounslow Council or other employers involved with the management of the Pension Fund subject to approval in advance by the Chair, or on request by the Chair;
- any other person requested to attend by the Chair;
- any other person subject to approval in advance by the Chair.

Any such attendees will be permitted to speak on request to the Chair.

19.2 Otherwise, the Pension Board will be treated in the same way as a Committee of the Hounslow Council and, as such, members of the public may attend and

papers will be made public in accordance with the Access to Information Procedure Rules in Hounslow Council's Constitution.

## **20. Accountability and reporting lines**

20.1 The Pension Board will be formally responsible to Cabinet. A précis of the minutes will be reported to Cabinet after each meeting of the Board.

In addition, the Board must provide minutes of each meeting to the following Pension Fund Panel copied to the Assistant Director, Strategic Finance, and may make reports and recommendations to the Pension Fund Panel insofar as they relate to the role of the Pension Board.

## **21. Review, Interpretation and Publication of Terms of Reference**

21.1 These Terms of Reference have been agreed by Hounslow Council. The Council will monitor and evaluate the operation of the Pension Board and may review these Terms of Reference from time to time.

21.2 Changes to these Terms of Reference will only be approved by the Full Council.

21.3 The Monitoring Officer is authorised to make minor amendments, consequential upon statutory or regulatory change, or to rectify errors, or to update arrangements consequential upon other external factors.

21.4 These Terms of Reference will be published as an appendix to the Council's Constitution and will be available as part of the Constitution as defined in the Council's Constitution. They will also form part of the London Borough of Hounslow Pension Fund's Governance Policy and Compliance Statement which will be made available in accordance with the requirements of the LGPS Regulations.