

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>PENSIONS BOARD</b></p> <p style="text-align: center;"><b>30 July 2015</b></p>
<p><b>BACKGROUND AND ROLE OF THE BOARD</b></p>	
<p><b>Report of the Director for Finance</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Information</p> <p><b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> All</p>	
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## 1. EXECUTIVE SUMMARY

- 1.1. This report sets out the background to the creation and operation of Local Pension Boards in England and Wales and the role of the Board as defined by section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013.

## 2. RECOMMENDATIONS

- 2.1. The Board note the contents of this paper and the Terms of Reference.
- 2.2. The Board agree on the approach for substitute members.

## 3. REASONS FOR DECISION

- 3.1. The Terms of Reference as set out in Appendix 1, Section 2d - the need to consider substitute members.

## 4. INTRODUCTION AND BACKGROUND

- 4.1. The Public Service Pensions Act 2013 (the 'Act') and the Local Government Pension Scheme (LGPS) Regulations 2013 required the Council to establish a Pension Board by 1 April 2015.

4.2. Full Council approved the setting up of a Pension Board and the Terms of Reference, at its meeting on 25<sup>th</sup> February 2015.

## **5. PROPOSAL AND ISSUES**

5.1. The Terms of Reference for the Pension Board (attached as Appendix 2) include the role of the Pension Board, as defined by the above legislation, which is to assist the administering authority [the Council] with:

- (i) securing compliance with the LGPS Governance regulations and any other legislation relating to the governance and administration of the LGPS;
- (ii) securing compliance with any requirements imposed by the Pensions Regulator in relation to the scheme and
- (iii) ensuring effective and efficient governance and administration of the Scheme.

5.2. The role of the Pension Board is, therefore, to review, assist and monitor the administration and management of the Scheme, not to make operational or investment decisions concerning the Hammersmith and Fulham Pension Fund. That function is the role of the Pensions Sub-committee, which is reported elsewhere on this agenda.

5.3. The Pensions Sub-committee have suggested that a joint meeting of the Sub-Committee and Board takes place in September 2015 to discuss the relative roles and the knowledge and skills policy (detailed elsewhere on this agenda) in more detail.

5.4. The Terms of Reference includes a section on substitute members. The Board is asked to consider whether they wish to nominate substitutes, who would act in the Board member's absence.

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

#### **LIST OF APPENDICES:**

Appendix 1: Pensions Board Terms of Reference

## **Terms of Reference: London Borough of Hammersmith & Fulham Pensions Board**

The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Hammersmith & Fulham Pension Fund.

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

The role of the local Pension Board is defined by section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013. It is to assist the administering authority (the Council) with:

- Securing compliance with the LGPS Governance regulations and any other legislation relating to the governance and administration of the LGPS
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the scheme and
- Ensuring effective and efficient governance and administration of the scheme-recommendations to the Pensions Sub-Committee.

### **2. Membership**

#### **a. Appointment process**

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

- Three employer representatives comprising one from an admitted or scheduled body and two nominated by the Council; and
- Three scheme member representatives whether from the Council or an admitted or scheduled body.

The process for selecting non-Council nominated employer members of the Pension Board is set out in a separate document "Selection of Pension Board members".

#### **b. Quorum**

The Pension Board shall be quorate when three Pension Board Members are in attendance.

#### **c. Chair of the Board**

The Chair and Vice Chair of the Board will be appointed by members of the Board as the first business at their first meeting.

#### **d. Substitute Members**

Each Scheme Member representative may agree a nominate substitute at the first meeting who would act in the Board member's absence.

Each Employer representative is there on behalf of the employer so may be replaced by the nominating body with another individual representing the same employer.

#### **e. Periods of Office**

Each Board Member shall be appointed for a fixed period of two years, which can be extended for a further two year period subject to re-nomination.

f. Termination

Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least two meetings each year. In the event of consistent non-attendance by any Board member, then the membership of that particular Board member should be reviewed by the other Board members with advice from Officers.

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 unanimous agreement of all the other Board members present at the meeting.

A Board member may choose not to continue in their role, and so shall notify the Board accordingly following which the process for a replacement shall start.

**3. Board Meetings**

a. Frequency of meetings

The Board shall as a minimum meet twice a year, and where possible, should aim to do so four weeks before the Pensions Sub-Committee meets.

Meetings shall take place at a time and place agreed by the Pensions Board on an annual basis.

b. Voting Rights

Each Board member will be entitled to vote and where a vote is taken the matter will be decided by a majority of the Board members present and voting but it is expected that the Pension Board will as far as possible reach a consensus. In the event of an equality of votes, the Chair will have a second and or a casting vote.

c. Notice and Circulation of Papers

The papers for each Board meeting shall be circulated to all Board members one calendar week in advance of each meeting. The papers shall be published on the Council's website unless they contain material considered to be exempt or confidential, as defined by the Local Government Act 1972 and subsequently agreed as such by the Board.

d. Minutes

Minutes of all non-confidential or non-exempt parts of the Board's meetings shall be recorded and published on the Council's website.

e. Secretariat Service

Council officers will provide the Board with the secretariat services required.

**4. Role of Advisers**

a. Access to Council advisers

The Board may request that one of the Council's advisers attends a Board meeting to provide advice or information to the Board. The request should be submitted to the Executive Director for Finance and Corporate Governance.

b. Appointment of advisers specifically for the Board

If the Board requires advice outside that already provided to the Council, then the request should be made to the Pensions Sub-Committee and Council officers.

**5. Budget and Expenses**

a. Budget

An annual budget will be agreed by the Board for professional advice, training or other purposes if such matters are required and Officers being authorised to incur expenditure to implement the programme.

b. Expenses

Each Board member may claim, upon production of the relevant receipts, travel expenses directly incurred in the work of the Pension Board.

**6. Additional policies relating to the Board Operations**

a. Code of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore, all Board members are required to abide by the Pension Board Code of Conduct.

b. Conflict of Interests

The Board is required to always act within these terms of reference. Board members should abide by the separately prepared Conflicts Policy and keep the policy under review.

c. Knowledge and Understanding

All Board members are required to have sufficient knowledge and understanding of pensions matters to undertake their roles. Board members are expected to comply with the separate policy on knowledge and understanding and maintain appropriate records.

**7. Reporting**

a. Annual report on activity

The Pension Board should prepare an annual report on its activities and its compliance with these terms of reference and the associated policies. This report should be addressed to full Council each year, in the first six months of the financial year, reporting on the activities of the Pension Board for the previous financial year. Such a report will be submitted to the Pension Sub-Committee for noting prior to submission to Council.

b. Reporting Recommendations

If the Pension Board determines that it wishes to make recommendations to the Pension Sub-Committee, such recommendations should be reported to the next meeting of the Pension Sub-Committee. The Pension Sub-Committee's response to the recommendation will be reported to the next meeting of the Pension Board.