

Appendix 1

Local Pension Board of Wirral Borough Council

Terms of Reference

1. Introduction

- 1.1 This document sets out the terms of reference of the Local Pension Board of Wirral Borough 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).
- 1.2 The Board is established by the Administering Authority and operates independently of the Pension Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
- 1.3 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.
- 1.4 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.

2. Statement of Purpose

- 2.1 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. to 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 Merseyside Pension Fund.
 - c. To provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Board does not have a conflict of interest.
- 2.2 The Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

- 2.3 The Board shall meet regularly to discharge its duties and responsibilities effectively, but not less than four times in any year. There is also the provision for special meetings to be convened at notice.

3. Scheme Manager Consents

- 3.1 The Board shall not:

- Overturn investments decisions that have been made by the Pension Committee but may consider whether due process has been followed to validate the decision taken.
- Amend the strategies prepared in compliance with section 57 to 61 of the LGPS regulations subsequent to prior consultation with it on the draft strategies and consequent approval by the Pension Committee
- Consider or become involved in any specific internal dispute resolution appeal
- Enter into contracts on behalf of the Administering Authority
- Dismiss any members of the Pension Committee
- Compromise the Pension Committee's ability to comply with its fiduciary duty to the Pension Fund and its members.

4. Membership and Appointment Process

- 4.1 The Board shall consist of eight voting members to be constituted as follows:

Four employer representatives, of whom;

- a. Two shall be nominated from Local Authorities, Police/ Fire/ Transport Authorities, Parish Councils
- b. One from the Academies / Further/Higher Education Bodies
- c. One from Admitted Bodies excluding employers admitted by virtue of undertaking a commercial contract connected to a function of a scheme employer.

- 4.2 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.

- 4.3 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required:

Four scheme member representatives of whom;

- a. Two shall represent and be drawn from active members of the Merseyside Pension Fund;
- b. Two shall represent and be drawn from pensioner and deferred members of the Merseyside Pension Fund.

- 4.4 The constitution of employer or employee representatives may be varied at the discretion of the Scheme Manager in order to achieve necessary representation or balance on the Board. Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund

- 4.5 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

- 4.6 In addition one other non-voting independent member selected by the Scheme Manager, shall be appointed as Chair of the Board, with independence defined as follows:

- a. Not a current elected member or employee of a participating scheme employer or an individual with a financial or other material interest in either the Administering Authority or any of its constituent employers.
- b. Has not been an elected member or employee of a participating scheme employer in the past 5 years.
- c. Is not an active, pensioner or deferred member of Merseyside Pension Fund

- 4.7 It will be the role of the Chair to:

- a. Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met, instances of a failure to reach a consensus position will be recorded and published.
- b. To uphold and promote the purpose of the Board and to interpret its constitution and Terms of Reference when necessary.
- c. Ensure that the 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.
- d. Agree the agenda and minutes for each Board meeting with the Board Secretary (Director of Pension Fund)
- e. Ensure an attendance record is maintained along with advising the Scheme Manager on expenses to be paid.

- f. Advise the Scheme Manager on any required budget for the Board. The Chair shall not incur any expenditure on behalf of the Board without seeking the prior written consent of the Scheme Manager.
 - g. Write reports required by Scheme Manager on the performance of the Board.
 - h. Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.
 - i. To annually review and report on the performance of the Board.
- 4.8 The Chair's decision on all points of order, procedure and protocol shall be final.
- 4.9 The appointment of the Chair by the Scheme Manager will only be made following an openly advertised competitive process for the role which shall also be subject to the passing of a motion by the Board to approve the successful candidate.
- 4.10 Members of the Board shall only be appointed after all employers or members from the respective employer section or membership cohort have been invited to put forward nominations or expressions of interest.
- 4.11 Successful employer and employee representatives will be selected by the Scheme Manager having taken account of their capacity to represent other scheme employers and members, attend meetings and undertake extensive training.
- 4.12 Members in all categories will only be appointed by the Scheme Manager if they commit to acquire the knowledge and skill requirement set out in the relevant regulations and guidance, as defined in section 8 of this document.

5. Length of term

- 5.1 Members of the Board will serve for a minimum term of four years which can be extended for a further term subject to the agreement of the Scheme Manager; thereafter the formal appointment process will apply.
- 5.2 In recognition of the complexity of pension legislation and to assist with knowledge development and retention, the initial term of office for one of the two active member representatives shall be six years and one of the two employer representatives of the local authorities, Police/Fire Transport authorities and Parish Council shall be six years.

- 5.3 Other than as a result of retirement at the expiry of this period the term of office will come to an end ;
- a. For employer representatives who are councillors if they cease to hold office as a councillor and can no longer demonstrate the capacity to represent the specific employer category or there is disagreement from within the section;
 - b. For employer representatives who are not councillors, when they cease to be employed by the employing body where they were employed on appointment and can no longer demonstrate the capacity to represent the specific employer category or there is disagreement from within the section
 - c. For scheme member representatives if they cease to be a member of the relevant member group and can no longer demonstrate capacity to represent scheme members.
- 5.4 Each Board member should endeavour to attend all Board meetings during the year. Substitute members are not permitted due to the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the management of conflicts of interest.
- 5.5 Members of the Board shall cease to be a member of the Board if they do not attend two consecutive meetings and fail to tender apologies which are accepted by the Board.
- 5.6 In event of the independent member not being available for a Board meeting, a Vice Chair for that meeting will be determined by the Board members.
- 5.7 The removal of the independent member requires the consent of the Scheme Manager.

6. Quorum

- 6.1 A meeting is only quorate when at least 2 employer representatives and 2 scheme member representatives are present.
- 6.2 A meeting that becomes inquorate may continue but any decisions will be non-binding

7. Code of Conduct and Conflicts of Interest

- 7.1 The principles included in the Council's Code of Conduct for members apply to all members of the Board set out in the Constitution of the Council. Conflicts of interest shall be managed taking account of the requirements set out in the Council's constitution, best practice defined in the Scheme Advisory Board's statutory guidance and the Pension Regulator's Code of Practice 14: Governance and Administration of public service pension schemes.

8. Board Review Process

- 8.1 The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

9. Advisers to the Board

- 9.1 The Board may be supported in its role and responsibilities through the appointment of advisers as agreed with the Scheme Manager. In addition the Board will have access to the officers of Merseyside Pension Fund and where considered appropriate access to the advisers to the Pension Fund.

10. Knowledge and Skills

- 10.1 A member of the Board must be conversant with –
- a. The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
 - b. Any document recording policy about the administration of the LGPS which is for the time being adopted by the Merseyside Pension Fund.
- 10.2 A member of the Board must have knowledge and understanding of -
- a. The law relating to pensions, and
 - b. Any other matters which are prescribed in regulations.
- 10.3 It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.
- 10.4 In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to maintain a written record of relevant training and development.
- 10.5 Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 10.6 Board members will comply with the Scheme Manager's training policy.

11. Board Meetings – Notice Minutes and Reporting

- 11.1 The Scheme Manager shall give notice to all Board members of every meeting of the Board, and shall ensure that all papers are published on Wirral Borough Council's Website at least 5 working days prior to each meeting. These may at the discretion of the Scheme Manager 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.
- 11.2 The Scheme Manager shall ensure that a formal record of Board proceedings is maintained.

- 11.3 The Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include as a minimum:
- a. Details of the attendance of members of the Board at meetings,
 - b. Details of the training and development activities provided for members of the board and attendance at such activities;
 - c. Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
 - d. Details of the costs incurred in the operation of the Board
- 11.4 The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

12. Remit of the Board

- 12.1 The Board must assist the Scheme Manager with the primary core function 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.
- 12.2 This involves but is not limited to oversight and comment on :
- a. Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
 - b. Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
 - c. Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
 - d. Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
 - e. Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
 - f. Monitor complaints and performance on the administration and governance of the scheme.
 - g. Assist with the application of the Internal Dispute Resolution Process.

- h. Review the complete and proper exercise of Pensions Ombudsman cases.
- i. Review the implementation of revised policies and procedures following changes to the Scheme.
- j. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- k. Review the complete and proper exercise of employer and administering authority discretions.
- l. Review the outcome of internal and external audit reports.
- m. Review draft accounts and Fund annual report.
- n. Review the compliance of particular cases, projects or process on request of the Committee.
- o. Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate

12.3 The secondary core function of the Board is to ensure the effective and efficient governance and administration of the Scheme and may determine the areas it wishes to consider including but not restricted to :

- a. Assist with the development of improved customer services.
- b. Monitor performance of administration, governance and investments against key performance targets and indicators.
- c. Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- d. Monitor investment costs including custodian and transaction costs.
- e. Monitor internal and external audit reports.
- f. Review the risk register as it relates to the scheme manager function of the authority.
- g. Assist with the development of improved management, administration and governance structures and policies.
- h. Review the outcome of actuarial reporting and valuations.
- i. Assist in the development and monitoring of process improvements on request of Committee.
- j. Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code

13. Standards of Conduct

13.1 The role of the Board members requires the highest standards of conduct and therefore the “seven principles of public life” as defined within the Council Constitution will be applied to all Pension Board members and embodied in their code of conduct.

13.2 These principles are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

14. Decision making

14.1 Each employer and member representative of the Board will have an individual voting right but the Independent Chair is explicitly excluded from having the right to vote in accordance with regulation 106 (7) of the LGPS Regulations 2013. It is expected the Board will as far as possible reach a consensus.

15. Publication of Pension Board information

15.1 Stakeholders of the Scheme will want to know that the Merseyside Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

15.2 Up to date information will be posted on the Merseyside Pension Fund website showing:

- a. The names, contact details and other relevant information about the Board members
- b. How the scheme members are represented on the Board
- c. The responsibilities of the Board as a whole
- d. The full terms of reference and policies of the Board and how they operate
- e. Details of the Pension Board appointment process
- f. Any specific roles and responsibilities of individual Board members.

- 15.3 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

16. Accountability

- 16.1 The Board will be collectively and individually accountable to the Scheme Manager.

17. Expense Reimbursement and Remuneration

- 17.1 All members of the Board shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.
- 17.2 Members of the Board shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by the Inland Revenue from time to time as adopted by Wirral Borough Council.
- 17.3 Employer and Employee representatives will receive an annual fee of half the special responsibility allowance paid to the Chair of Pension Committee.
- 17.4 The Chair should receive the full rate of the annual special responsibility allowance paid to the Chair of Pension Committee.

18. Reporting Breaches

- 18.1 Where any breach of legislation or duties is committed or is alleged to have been committed by the Pension Committee, the Board shall:
- a. As soon as reasonably possible of the potential breach meet with the Committee
 - b. Ask the Committee Chair to explain the actions taken and provide evidence of the legitimacy of the action taken
 - c. Consider the matter on the facts available and evidence provided by the Committee Chair and refer it back to Committee to reconsider and correct any areas of concern or breaches of duty or
 - d. Determine that no breach of duty has taken place
- 18.2 If it is decided that a breach has occurred, the Board shall (as required by the Code of Practice and the Pensions Act 2004)
- a. Report the breach to the Monitoring Officer and Section 151 Officer and take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members:

- b. 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.
- c. Where prompt and effective action to remedy the breach has not been taken report the breach as a breach of material significance to the Pension Regulator and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy..

18.3 As per Regulation 106(6) and subject to the terms within this document, the Pension Board shall have the power to do anything to facilitate or is conducive to the discharge of any of its functions.

19. Interpretation

19.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

20. Definitions

20.1 The undernoted terms shall have the following meaning when used in this document:

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| <i>"Pension Board" or "Board"</i> | Means the local Pension Board for Wirral Borough Council as administering authority for the Merseyside Pension Fund required under the Public Service Pensions Act 2013 |
| <i>"Scheme Manager"</i> | Means Wirral Borough Council as administering authority of the Merseyside Pension Fund. |
| <i>"Chair"</i> | The individual responsible for chairing meetings of the Board and guiding its debates |
| <i>"LGPS"</i> | The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 |
| <i>"Scheme"</i> | Means the Local Government Pension Scheme as defined under "LGPS" |

These Terms of Reference shall be reviewed on each material change to that part of the Regulations covering local pension boards.

These Terms of Reference were adopted following approval by Council on 16 March 2015.

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Signed on behalf of the Administering Authority

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Signed on behalf of the Board.