

**NORTHUMBERLAND COUNTY COUNCIL
Meeting 25 February 2015**

**Recommended change to the Constitution relating
to the Northumberland County Council LGPS**

***Addition to PART 2 – ARTICLES OF THE
CONSTITUTION***

The following shall be added at the end of Article 8 (Regulatory and Other Committees):

8.02 Northumberland County Council LGPS Local Pension Board

In accordance with Section 5 of the Public Service Pensions Act 2013, a local Pension Board assists Northumberland County Council in the governance and administration of the Northumberland County Council LGPS. The Board's role, members, terms of reference and working arrangements are contained in Appendix 4 to this Constitution. Note that this LGPS Local Pension Board is not a local authority committee.

***Addition to PART 3 – MATTERS RESERVED TO
ELECTED MEMBERS & COMMITTEE TERMS OF
REFERENCE***

*The following shall be added to Part 3 of the Constitution - MATTERS RESERVED TO
ELECTED MEMBERS & COMMITTEE TERMS OF REFERENCE*

Northumberland County Council LGPS Pension Board

In accordance with Section 5 of the Public Service Pensions Act 2013, a local Pension Board assists Northumberland County Council in the governance and administration of the Northumberland County Council LGPS.

**NORTHUMBERLAND COUNTY COUNCIL
AS ADMINISTERING AUTHORITY FOR THE
NORTHUMBERLAND COUNTY COUNCIL LGPS**

LGPS LOCAL PENSION BOARD TERMS OF REFERENCE

1) Introduction

The purpose of this appendix is to set out the Terms of Reference for the LGPS Local Pension Board of the Northumberland County Council LGPS. The LGPS Local Pension Board is established by Northumberland County Council, a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013 ("the Act") under

the powers of Section 5 of the Act and regulation 106 of the Local Government Pension Scheme Regulations 2013. As such, the Constitution of Northumberland County Council does not apply to this LGPS Local Pension Board unless expressly referred to within and permitted by these Terms of Reference.

2) Powers of the LGPS Local Pension Board

The LGPS Local Pension Board will exercise all its powers and duties in accordance with the law and these Terms of Reference.

3) Role of the LGPS Local Pension Board

The role of the LGPS Local Pension Board is defined by regulation 106 (1) of the LGPS Regulations as to assist Northumberland County Council as Scheme Manager:

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

The Council considers this to mean that the LGPS Local Pension Board is providing oversight of these matters and, accordingly, the LGPS Local Pension Board is not a decision making body in relation to the management of the Pension Fund or administration of the LGPS but merely makes recommendations to assist in such management. The Pension Fund's management powers and responsibilities which have been, and may be, delegated by the Council to committees, sub-committees and officers of the Council, remain solely the powers and responsibilities of those committees, sub-committees and officers including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and fund managers. The Pension Board operates independently of the Pension Fund Panel.

The LGPS Local Pension Board will ensure that in performing its role it:

- is done effectively and efficiently;
- complies with relevant legislation; and
- is done by having due regard and in the spirit of the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator and any other relevant statutory or non-statutory guidance.

The Board must provide minutes of each meeting to the following Pension Fund Panel and may make reports and recommendations to the Pension Fund Panel in so far as they relate to the role of the LGPS Local Pension Board. Any such reports or recommendations must be provided at least 10 working days in advance of the next Pension Fund Panel to the Chief Financial Officer.

In addition, an annual report of the LGPS Local Pension Board (as prepared by the Chair of the LGPS Local Pension Board), must be provided to the Chief Financial Officer, the Monitoring Officer and the Pension Fund Panel, and be published in the Northumberland County Council Pension Fund's Annual Report and Accounts.

In the exceptional circumstances that the Board considers that a matter brought to the attention of the Pension Fund Panel has not been acted upon or resolved to its satisfaction by the Pension Fund Panel, the LGPS Local Pension Board will provide a report to the Monitoring Officer and Head of Audit who will provide a separate view on the matter, taking expert advice as considered appropriate.

4) Composition of the LGPS Local Pension Board

The Appointments Panel will oversee the appointment process and decide which individuals should be appointed to the LGPS Local Pension Board. It will define and keep under review any further eligibility and/or selection criteria that will apply to LGPS Local Pension Board members having due regard to the LGPS Regulations and any other relevant Code of Practice and guidance (statutory or otherwise).

The LGPS Local Pension Board Appointments Panel will consist of:

- the Lead Member for Finance;
- the Chairman of the Pension Fund Panel;
- the Monitoring Officer; and
- the Chief Financial Officer.

a) Membership

The LGPS Local Pension Board shall consist of 4 or 5 members and be constituted as follows:

- i) two Employer Representatives;
- ii) two Scheme Member Representatives; and
- iii) one Independent Member (optional as outlined in clause 4f) below).

Substitutes for the Employer or Scheme Member Representatives are not permitted (but see below in relation to temporary appointments). The Independent Member, if appointed, may have an Alternate who will carry out LGPS Local Pension Board business if the Independent Member is not available to do so.

b) Eligibility and selection criteria

- i) Two Employer Representatives as follows:
 - the Employer Representative from the Pension Fund Panel (“Representative 1”); and
 - an elected member of Northumberland County Council as agreed by the Council, having regard to the selection criteria set out by the Appointments Panel, and who is not a member of the Pension Fund Panel (“Representative 2”).

In either case the Employer Representatives must have the capacity to represent Pension Fund employers.

- ii) Two Scheme Member Representatives as follows:
 - one of the three Scheme Member Representatives from the Pension Fund Panel (as agreed jointly by those scheme member representatives or, if they cannot

agree, the Appointments Panel, having regard to the selection criteria set out by the Appointments Panel) ("Representative 3"); and

- a Pensioner Scheme Member Representative who is a pensioner member (but not a dependant member) in the Northumberland County Council Pension Fund ("Representative 4").

In either case the Member Representatives must have the capacity to represent Pension Fund members.

In accordance with the LGPS Regulations, no officer or elected member of Northumberland County Council who is responsible for the discharge of any function of the Administering Authority under the LGPS Regulations may be a member of the LGPS Local Pension Board.

c) Appointment of Pensioner Scheme Member Representative (Representative 4)

The process for selecting the Pensioner Scheme Member Representative is as set out below.

Step 1 – All Northumberland County Council Pension Fund pensioners will be invited via a Newsletter from the Administering Authority or other similar means of communication to apply for the position of the Pensioner Scheme Member Representative.

Step 2 – The Appointments Panel will determine who should be appointed from the received applications based on whatever process they consider appropriate, which may include, but is not restricted to, a formal interview. The Appointments Panel can reject any application made including where:

- it considers the individual does not appropriately meet its eligibility and/or selection criteria, including, in particular, that the individual does not have the capacity to represent Pension Fund members
- the number of applications merits a short-list being created for interview purposes and where that is the case, the information provided on the application will be assessed by the Appointments Panel against the selection criteria to determine who should be short-listed.

Step 3 – Where Step 1 and 2 fails the Appointments Panel will take any other action it considers appropriate to appoint a suitable Pensioner Scheme Member Representative.

In all cases, when appointments to the Board have been made, Northumberland County Council shall publish the names of the Board members and the process followed in their appointment.

d) Term of Office

i) The terms of office for representatives will be as follows:

- for Representatives 1 and 3 (as defined above), as per their membership of the Pension Fund Panel;
- Representative 2 (as defined above) will be appointed for a period until the following Northumberland County Council elections at which point the appointment will be reconsidered;
- Representative 4 (as defined above) will be appointed for an initial period of seven years from the date of establishment of the LGPS Local Pension Board or the date of his/her appointment if later. This period may be extended by up to four years if jointly agreed by the Appointments Panel.

An appointment will automatically cease:

- where an employer or scheme member representative can no longer demonstrate his/her capacity to represent the employers or scheme members, as appropriate, including not having the capacity to attend and prepare for meetings or to participate in required training; or
- where a LGPS Local Pension Board member has a conflict of interest which cannot be managed in accordance with Clause 7 of these terms of reference; or
- for Representatives 1 and 3, if they cease to be members of the Pension Fund Panel; or
- for Representative 2, if he/she ceases to be an elected member of Northumberland County Council, becomes responsible for the discharge of any function of the Administering Authority under the LGPS Regulation in relation to the Pension Fund, or becomes a member of the Pension Fund Panel.

- ii) Any Independent Member's term of office will be determined by separate contract terms agreed by the Appointments Panel, but will not be longer than a period of 10 years and will be subject to ongoing review as defined in those terms.

Any LGPS Local Pension Board member may be re-appointed for further terms following an appointment process.

Other than ceasing to be eligible (as set out above) a LGPS Local Pension Board member, including any independent 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.

If a LGPS Local Pension Board member wishes to resign his/her position he/she must give 3 months' notice and advise the Appointments Panel in writing.

Term dates may not be exact due to the period of the appointment process. The actual date of appointment may therefore be extended for this purpose or other exceptional circumstances by up to three months, or by a further reasonable period with the agreement of the Appointments Panel.

Where a member of the LGPS Local Pension Board ceases to be such a member, the Appointments Panel may appoint, using whatever means it considers appropriate and for a period of up to but no longer than 12 months, an individual to carry out that representative's role in a temporary capacity until a permanent appointment can be made. In doing so, the Appointments Panel will have regard to the eligibility and selection criteria for that role.

e) Quorum

All Members of the LGPS Local Pension Board are expected to regularly attend meetings. Records of attendance of all Members will be maintained and reported to the Chief Financial Officer and Monitoring Officer on at least an annual basis.

A meeting of the LGPS Local Pension Board will only be quorate when two of the four Representatives are present, one of which must be a Scheme Member Representative and the other an Employer Representative, and where the Board has an Independent Member he must also be present in addition.

A meeting that is (or becomes at any point) not quorate will cease immediately.

f) Chair and Vice Chair

The Appointments Panel will select the Chair and Vice Chair of the LGPS Local Pension Board. Where the Appointments Panel does not consider any of the members suitable for the role of Chair, it will appoint an Independent Member to the LGPS Local Pension Board who will also undertake the role of Chair to the LGPS Local Pension Board. The Independent Member may have an Alternate who can undertake the role of Chair in his absence.

The appointments to Chair and Vice Chair will be reviewed at such times as considered appropriate by the Appointments Panel, unless the Chair is an Independent Member, in which case the position will be linked to the term of appointment for the Independent Member.

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 that decisions are democratically made where consensus cannot be reached;
- uphold and promote the purpose of the Board and to interpret its Terms of Reference when necessary;
- ensure that the LGPS Local Pension Board members have the knowledge and skills as determined in the Fund's Training Policy and other guidance or legislation and to maintain a training record;
- liaise with the officer nominated by the Chief Financial Officer to act as lead officer for the LGPS Local Pension Board (the "Board Secretary") to arrange such advice as required subject to joint agreement by the Chief Financial Officer and Monitoring Officer on such conditions as those officers jointly agree;
- agree the agenda for each LGPS Local Pension Board meeting;
- approve the minutes for LGPS Local Pension Board meetings;
- ensure an attendance record is maintained along with advising Northumberland County Council on remuneration and expenses to be paid;
- advise Northumberland County Council on an appropriate budget (e.g. for the use of advisers, training, accommodation, and expenses) for the Board which should be formally approved by the Pension Fund Panel on an annual basis by no later than 30 June each year;
- write reports required by Northumberland County Council on the work of the Board;
- liaise with the Board Secretary on the requirements of the Board, including advanced notice for Northumberland County Council officers to attend, and to arrange dates and times of Board meetings;
- undertake other tasks which may be deemed appropriate by Northumberland County Council for the Chair of the LGPS Local Pension Board; and

- undertake other tasks that may be requested by the members of the LGPS Local Pension Board, within the remit of these Terms of Reference and subject to agreement with the Chief Financial Officer and Monitoring Officer.

Where an Independent Member is the Chair, the role includes acting as professional adviser for the Board.

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

The Vice-Chair will substitute for the Chair, unless the Chair is an Independent Member.

g) Voting

Each Employer and Scheme Member Representative on the LGPS Local Pension Board will have an individual voting right but it is expected the LGPS Local Pension Board will as far as possible reach a consensus. Where the Chair is a Scheme Member or Employer Representative he/she will have the final deciding vote in cases where consensus cannot be reached.

If the Chair is an Independent Member, he/she will not have a voting right.

Any decision being reported to Monitoring Officer and Head of Audit must receive agreement from a majority of voting members.

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

5) Location and Timing

The LGPS Local Pension Board will normally meet at an office of Northumberland County Council.

Meetings should be within the times of 9am and 5pm Monday to Friday on a normal working day apart from in exceptional circumstances agreed by all LGPS Local Pension Board members and other individuals expected to attend the LGPS Local Pension Board. At least 1 weeks' notice will be given for all regular meetings of the LGPS Local Pension Board.

The Board will meet a minimum of twice in each calendar year. The Chair may call, or agree to call, additional meetings.

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

6) Remuneration and Expenses

An allowance will be made to both Employer and Scheme Member Representatives equivalent to the rates referred to in the Members' Allowances Scheme in Northumberland County Council Council's Constitution as follows:

- if a Representative is also Chair of the LGPS Local Pension Board the allowance is the rate payable to the Independent Chair of the Standards Committee; and

- to all other Representatives the allowance is the rate payable to the Independent Co-opted Members of the Audit Committee.

In addition, Employer and Scheme Member Representatives will also be entitled to claim travel and subsistence allowances in accordance with the Members' Allowances Scheme in Northumberland County Council Council's Constitution.

Payments to any Independent Member will be in accordance with the terms of his/her contract.

7) Conflicts of Interest

Though members of the LGPS Local 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 LGPS Local Pension Board as outlined in these Terms of Reference. Accordingly all members are expected to work jointly in the best interest of the entire Pension Fund, rather than solely representing the interest of any individual stakeholders. This should not prevent Members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

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)."

Each member of the LGPS Local 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 LGPS Local Pension Board.

The Chair of the LGPS Local 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 LGPS Local Pension Board; and
- in accordance with any Northumberland County Council Pension Fund Conflicts of Interest Policy or Procedures that apply to the Board.

Each member of the LGPS Local 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 LGPS Local Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

The Chief Financial Officer and Monitoring Officer will jointly adopt the role of ensuring that the Chair of the LGPS Local Pension Board does not have a conflict of interest in the same way as the Chair does in relation to all other LGPS Local Pension Board members. Further they must be satisfied that the Chair is carrying out his or her responsibilities under this part appropriately.

8) Receipt of Advice and Information

The Board will be supported in its role and responsibilities by the Independent Member, if there is one appointed. In addition LGPS Local Pension Board members will receive the final reports, minutes and agendas relating to all Pension Fund Panel meetings and may attend Pension Fund Panel meetings (including during exempt items). They will also receive reports and minutes relating to LGPS Administering Authority matters from other Northumberland County Council committees or sub-committees.

In so far as it relates to the role of the LGPS Local 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.

The Board Secretary will provide such information as is reasonably requested. Any further requests for information and advice are subject to the approval of the Chief Financial Officer, who will be required to consider positively all reasonable requests in relation to the role of the LGPS Local Pension Board whilst being mindful of value for money. The Board Secretary will arrange for such information and advice to be provided as is approved.

9) Knowledge and Skills

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

- a) the legislation and associated guidance of LGPS; and
- b) any document recording policy about the administration of the LGPS which is adopted by the Northumberland County Council.

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

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

It is for each LGPS Local Pension Board member to be satisfied that he/she has the appropriate degree of knowledge and understanding to enable him/her to properly exercise his/her functions as a member of the LGPS Local Pension Board.

In line with this requirement LGPS Local Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. LGPS Local Pension Board members are therefore required to:

- participate in training events (a written record of relevant training and development will be maintained);
- undertake a personal training needs analysis or other method to identify gaps in skills, competencies and knowledge; and

- comply with the Pension Fund's Training Policy in so far as it relates to LGPS Local Pension Board members.

10) Standards of Conduct

Part 1 of the Northumberland County Council Code of Conduct for Elected Members in the Council's Constitution shall apply in relation to the standards of conduct of LGPS Local Pension Board members as if they were co-opted members of the Council.

11) Administration

The Chair will agree an agenda with the Board Secretary of the LGPS Local Pension Board prior to each LGPS Local Pension Board meeting. The agenda and any papers for the LGPS Local 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. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members within 10 working days after the meeting. These draft minutes will be subject to formal agreement by the Chair taking consideration of comments by Board members (which may be done electronically between meetings).

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.

The Pension Board must comply with Northumberland County Council's data protection policy. It must also adhere to Northumberland County Council's requirement, controls and policies for Freedom of Information Act compliance.

12) Access to the Public and Publication of LGPS Local Pension Board Information

The LGPS Local Pension Board will not be a meeting of the Council open to the general public.

An officer of Democratic Services will be permitted to attend LGPS Local Pension Board meetings to take minutes and provide other appropriate administrative support.

The following will be entitled to attend LGPS Local Pension Board meetings in an observer capacity:

- members of the Northumberland County Council Pension Fund Panel;
- the Board Secretary;
- the Chief Financial Officer, Principal Accountant (Pensions), Pensions Administration Manager, Monitoring Officer and Head of Audit;
- other officers or advisers of Northumberland County Council involved with the management of the Pension Fund subject to approval in advance by the Chair, or on request by the Chair;

- any scheme member of the Northumberland County Council Pension Fund or any officer/representative of an employer participating in the Northumberland County Council Pension Fund, subject to advanced notice of intention to attend being sent to the Chair and the Chair having the right to refuse attendance during items that may be considered confidential or for other justifiable reasons;
- any other person requested to attend by the Chair; and
- any other person subject to approval in advance by the Chair.

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

In accordance with the Public Service Pensions Act, Northumberland County Council is required to publish information about the LGPS Local Pension Board including:

- who the LGPS Local Pension Board members are;
- representation on the Board; and
- the role of the LGPS Local Pension Board.

In accordance with good practice, Northumberland County Council may publish other information relating to the LGPS Local Pension Board as considered appropriate from time to time and which may include:

- the agendas and minutes;
- training and attendance logs; and
- an annual report on the work of the LGPS Local Pension Board.

All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- on the Northumberland County Council Pension Fund website;
- on the Northumberland County Council website;
- within the Northumberland County Council Annual Report and Accounts; and/or
- within the Fund's Governance Policy and Compliance Statement.

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.

In addition, the Board will need to consider any additional communication necessary with scheme members and employers, and liaise with the Board Secretary with a view to carrying this out in an efficient and effective manner.

13) Accountability

The LGPS Local Pension Board will be collectively and individually accountable to Northumberland County Council.

14)Review, Interpretation and Publication of Terms of Reference

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

These Terms of Reference will be incorporated into the Council's Constitution and will be publicly available as part of the Constitution as defined in the Council's Constitution and may be amended by the same means as permitted for the Constitution. It will also form part of the Northumberland County Council Pension Fund's Governance Policy and Compliance Statement which will be made available in accordance with the requirements of the LGPS Regulations.

15)Definitions and Interpretation

Points of interpretation:

- All references to job titles of officers are to officers within Northumberland County Council unless otherwise stated.

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

<i>"LGPS Local Pension Board" or "Board"</i>	The LGPS Local Pension Board for Northumberland County Council, administering authority for the Northumberland County Council Pension Fund as required under the Public Service Pensions Act 2013
<i>"Pension Fund Panel"</i>	The Northumberland County Council Pension Fund Panel or any committee or sub-committee that may be established with delegated powers for the management and administration of the Fund on behalf of Northumberland County Council as Administering Authority.
<i>"Fund" or "Pension Fund"</i>	Northumberland County Council Pension Fund
<i>"the LGPS Regulations"</i>	The Local Government Pension Scheme Regulations 2013 (as amended)
<i>"the Public Service Pensions Act" or "the Act"</i>	The Public Service Pensions Act 2013 (as amended)
<i>"Scheme Manager"</i>	Northumberland County Council as administering authority of the Northumberland County Council Pension Fund.
<i>"Chair"</i>	The appointed Chairperson of the LGPS Local Pension Board
<i>"LGPS"</i>	The Local Government Pension Scheme

<i>“Scheme”</i>	The Local Government Pension Scheme
<i>“Chief Financial Officer”</i>	The Chief Financial Officer of Northumberland County Council or an alternative officer nominated by the Chief Financial Officer

<i>"Monitoring Officer"</i>	The Monitoring Officer of Northumberland County Council or an alternative officer nominated by the Monitoring Officer
<i>"Principal Accountant (Pensions)"</i>	The Principal Accountant (Pensions) of Northumberland County Council or an alternative officer nominated by the Principal Accountant (Pensions)
<i>"Pensions Administration Manager"</i>	The Pensions Administration Manager of Northumberland County Council or an alternative officer nominated by the Pensions Administration Manager