

4.0 SCHEME GOVERNANCE

PENSION FUND PANEL AND PENSION FUND ADVISORY PANEL

Part 2 of the Local Government Pension Scheme Regulations 2013 is entitled 'Administration' with the first sub-section dealing with administering authorities. [Regulation 53](#)¹ (scheme managers) sets out the role of an administering authority and paragraph 1 of that regulation states that "the bodies listed in [Part 1 of Schedule 3](#),² referred to in these Regulations as "administering authorities", must maintain a pension fund for the Scheme". In sub-paragraph (L) of [Schedule 3](#)³ the Royal Borough of Windsor and Maidenhead Council is listed as being an administering authority and although not actually specified, the administering authority for the county of Berkshire. The Pension Fund is governed by the Royal Borough of Windsor and Maidenhead in line with the Council's Constitution with the scheme manager function being delegated to the Pension Fund Panel (see paragraph 5.4).

PENSION BOARD

The Public Service Pensions Act 2013 requires local Pension Boards to be established for public service pension schemes. Regulations 106 to 109 of the Local Government Pension Scheme Regulations 2013 (as inserted by [The Local Government Pension Scheme \(Amendment\) and \(Governance\) Regulations 2015 \(S.I. 2015 No. 57\)](#)⁴) set out the conditions under which a Pension Board is established and how it should operate.

TERMS OF REFERENCE

4.1 Terms of Reference – Pension Fund Panel and Pension Fund Advisory Panel

The terms of reference for committees, panels and forums of the Council are set out in Part 6 of Section D (see Appendix 1 of this handbook) of the Royal Borough of Windsor and Maidenhead's Constitution and cover:

- The purpose of the Panels;
- Codes of Practice;
- Membership;
- Quorum;
- Frequency of meetings.

4.2 Terms of Reference – Pension Board

The terms of reference for the Pension Board included in Part 6 of Section D of the Constitution are:

- The purpose/role of the Board;
- Responsibilities of Board members;
- Membership/Representation;
- Meetings;
- Quorum;
- Sub-groups;
- Training;
- Reporting;

¹ <http://www.lgpsregs.org/index.php/administering-authorities>

² <http://www.lgpsregs.org/index.php/schedule-3>

³ <http://www.lgpsregs.org/index.php/schedule-3>

⁴ <http://www.legislation.gov.uk/ukSI/2015/57/contents/made>

- Review of Terms of Reference.

An outline of a Pension Board member's responsibilities include:

- i) To adopt the code of conduct set out in Appendix 2;
- ii) To declare any conflicts of interest immediately and take appropriate action;
- iii) To be conversant with Local Government Pension Scheme regulations and associated pension legislation;
- iv) To have sufficient knowledge and understanding of Scheme rules and policies relating to the administration of the Scheme;
- v) To challenge any failure to comply with the Scheme rules and associated legislation and any failure to meet the requirements and expectations of the Pensions Regulator;
- vi) To challenge any advice and guidance provided and to understand how that advice and guidance impacts on any decision for which the Board is legally responsible;
- vii) To have an understanding of funding and investment governance matters;
- viii) To undertake sufficient learning and development training to ensure suitable competency, skills and knowledge required of a Board member;
- ix) To represent all stakeholders of the Pension Scheme;
- x) To monitor levels of performance of the administering authority and scheme employers, review notices of unsatisfactory performance and determine what, if any, costs should be recovered by the Pension Fund where a failure to meet certain levels of performance have not been met;
- xi) To report breaches of the law to the Pensions Regulator where there is a reasonable cause to believe that a legal duty, which is relevant to the administration of the Scheme, has not been, or is not being, complied with as a result of which there is a likely material significance to the Pensions Regulator;
- xii) Determine under what circumstances scheme employers should be reported to the Pensions Regulator;
- xiii) Keep under review the administering authority's communication policy with regard to Pension Scheme stakeholders;
- xiv) To maintain records of all meetings and make public those records in so far as possible subject to Data Protection legislation;
- xv) To continually review the terms of reference.

The full terms of reference can be found in Appendix 3 to the handbook.

SCHEME OF DELEGATION

4.3 Scheme of Delegation – Pension Fund Panel and Pension Fund Advisory Panel

Management of the Pension Fund by officers of the Royal Borough of Windsor and Maidenhead is carried out in accordance with Part 5 Section A of the Council's Constitution, Scheme of Delegation to Officers.

4.4 Scheme of Delegation – Pension Board

In accordance with [section 5\(4\)\(c\)](#)⁵ of the Public Service Pensions Act 2013 the Pension Board is required to include employer representatives and member representatives in equal numbers.

For clarity, "employer representatives" means persons appointed to the Board for the purpose of representing employers within the Scheme and "member representatives" means persons appointed to the Board for the purpose of representing members of the Scheme.

⁵ <http://www.legislation.gov.uk/ukpga/2013/25/section/5>

Members of the Pension Board will commit to attending all scheduled meetings but if necessary will nominate a substitute. Once elected to the Board a member's term of office will run initially for one year and if re-elected for a period not exceeding five years.

It should be noted that elected members can be appointed to the Pension Board. However, no elected member or officer of the administering authority who is responsible for the discharge of any function under the scheme regulations may be a member of the Pension Board nor can an elected member of the administering authority act as chair to the Pension Board (unless acting in the capacity of an employer or scheme member representative).

There may be occasion to undertake sub-group meetings to complete a specific piece of work, or where data or preparation needs to be undertaken by a specific section of the Board. Any formed sub-groups will report to the main Pension Board who will agree and lead on the strategic direction of the activity being undertaken.

Where an individual Board member, or sub-group of Board members, undertakes specific duties details of the Board members concerned and the duties they have agreed to undertake will be included as part of the Pension Board meeting minutes.

4.5 Governance compliance statement – All '3 Committees'

In accordance with [Regulation 55](#)⁶ of the Local Government Pension Scheme Regulations 2013, an administering authority must prepare a written governance compliance statement.

The purpose of this statement is to set out:

- Whether the administering authority delegates its functions, or part of its functions, as set out in Regulation to a committee, sub-committee or an officer of the authority;

and where the authority does:

- The terms, structure and operational procedures of the delegation;
- The frequency of any committee or sub-committee meetings;
- Whether such a committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights;
- The extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- Details of the terms, structure and operational procedures relating to the local Pension Board established under Regulation 106 of the Local Government Pension Scheme Regulations 2013 as inserted by [The Local Government Pension Scheme \(Amendment\) \(Governance\) Regulations 2015 \(S.I. 2015 No.57\)](#)⁷.

The administering authority must keep their governance compliance statement under review and make such revisions as are appropriate following a material change to any of the matters relating to it.

Before preparing or revising a governance compliance statement the administering authority must consult such persons as it considers appropriate and must publish its statement and any revised statement.

⁶ <http://www.lgpsregs.org/index.php/administering-authorities?showall=&start=2>

⁷ <http://www.legislation.gov.uk/ukxi/2015/57/contents/made>

A copy of the current governance compliance statement can be found on the [policy documents section](#)⁸ of the Pension Fund website..

4.6 Appointment Process – Pension Board

In the first instance the position of Chairperson to the Pension Board was advertised by the scheme manager with individuals being invited to apply for the role giving reasons as to why they felt they would be a suitable candidate.

Each shortlisted candidate was required to attend an interview undertaken by members of The Pension Fund Panel and Pension Fund Advisory Panel.

Upon appointment the Chairperson to the Pension Board took up their duties immediately and became involved in the appointment of the other members of the Board with the assistance of the scheme manager.

The initial appointment of scheme member representatives were made via self-nomination giving reasons as to why they believed themselves to be a suitable candidate. Scheme members were notified of their right to apply through the normal scheme member newsletters and via the Pension Fund website.

The initial appointment of scheme employer representatives was made via employer nomination.

The appointment process was at all times open and transparent.

Initial appointments were made for a term of one year (determined to be from 1 August 2015 to enable one yearly cycle of meeting to be held).. The Pension Board is required to affirm, by majority vote, appointments annually, commencing in July 2016. Should a member not be re-appointed the Board will establish its own appointment process to appoint replacement Board members.

4.7 Removal of Pension Board members

The scheme manager may remove the Chairperson or any Board member who in their opinion is not acting appropriately within the code of conduct and terms of reference set out for members of the Pension Board (see Appendices 2 and 3 of this handbook).

The Chairperson with the support of a majority of Pension Board members may remove any Board member who in their opinion is not acting appropriately within the code of conduct and terms of reference set out for members of the Pension Board.

Board members may by majority consensus exercise a vote of no confidence to remove the Chairperson and appoint a substitute.

The administering authority must give consideration as to what suitable provisions and actions should be taken when:

- A Board member has a conflict of interest which cannot be managed in accordance with the conflict of interest policy;
- A member becomes incapable of acting appropriately because of ill health (or dies);
- A member who is a Councillor of the administering authority is appointed to the Pension Fund Panel;
- A member is appointed to the role of an officer of the administering authority with responsibility for the discharge of pension functions;

⁸ http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies

- An employer representative member leaves employment and ceases to have the capacity to represent the scheme employers;
- A member fails to attend meetings;
- A member fails to comply with the necessary knowledge and understanding training.

4.8 Records of Pension Board meetings and decisions

Regulation 6 of [The Public Service Pensions \(Record Keeping and Miscellaneous Amendments\) Regulations 2014 \(SI 2014 No. 3138\)](#)⁹ sets out the legal requirement for the following records to be maintained:

- The date, time and place of the meeting;
- The names of all the members of the Pension Board invited to the meeting;
- The name of any person who attended the meeting and the capacity in which each attended; and
- Any decisions made at the meeting.

Furthermore, records of any other decisions made by a committee or sub-committee of the Pension Board must be made including:

- The date, time and place of the decision; and
- The names of the members of the committee or sub-committee who participated in making the decision.

Pension Board papers, agenda and minutes will be published on the Pension Fund website (redacted as necessary to the extent that they contain confidential information and/or data covered by the [Data Protection Act 1998](#))¹⁰ and requests for additional information to be published should be considered to encourage scheme member engagement and to promote a culture of transparency.

A Pension Board bulletin will be released following every Board meeting setting out the main details of the meeting and any decisions taken that may affect members of the Scheme. This will be posted to the Pension Fund website and included in scheme member newsletters as appropriate.

In addition scheme members will be invited to raise items for discussion by the Pension Board through a dedicated web page linked to the Pension Fund website or via email or letter to the Pension Fund.

⁹ <http://www.legislation.gov.uk/uksi/2014/3138/contents/made>

¹⁰ <http://www.legislation.gov.uk/ukpga/1998/29/contents>

