

Revised Terms of Reference as approved by the Lancashire Local Pension Board

1. Role and remit of the Board

- a) To assist Lancashire County Council as the Administering Authority in its role as Scheme Manager *(as delegated to the Pension Fund Committee)*:
 - i. to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS;
 - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - iii. in such other matters as the LGPS regulations may specify.
- b) To ensure the effective and efficient governance and administration of the LGPS for the Lancashire County Pension Fund (the Fund).
- c) To provide the *Pension Fund Committee* with such information as it requires to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.
- d) To review and scrutinise governance processes and procedures to ensure that the Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- e) To meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year.
- f) To review the key policy documents for the Fund to ensure they are fit for purpose.
- g) The Board must assist the *Pension Fund Committee* with such other matters as the scheme regulations may specify.

This role involves but is not limited to assisting with, the oversight of and commenting on:

- i the development of improved customer services.
- ii the monitoring of administration and governance against key performance targets and indicators.
- iii the effectiveness of processes for the appointment of advisors and suppliers to the *County Council*.
- iv a review of the Lancashire County Pension Fund Risk Register as it relates to the Scheme Manager function of the Authority.

- v the development of improved management, administration and governance structures and policies.
 - vi a review of the outcome of actuarial reporting and valuations.
 - vii any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) that the Board deems appropriate.
- h) To review the outcome of internal and external audit reports in relation to the Fund.
 - i) To make such recommendations to the Pension Fund Committee and/or Full Council as it considers appropriate in relation to any matter that the Board considers may improve the performance of the Fund.
 - j) To submit to the **Pension Fund Committee** in March each year a proposed annual work plan for the forthcoming financial year.
 - k) To carry out any activities relating to the efficient governance and administration of the Fund which the Pension Fund Committee or Full Council may request the Board to undertake.

2. Membership and Appointment Process

The Board shall consist of 9 members and be constituted as follows:

4 employer representatives, of whom:

- i. 2 shall be nominated by Lancashire County Council, where these are councillors or officers they shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority;
- ii. 1 shall be nominated by the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Lancashire County Pension Fund; and
- iii. 1 shall be nominated following consultation with the other employers within the Fund.

4 scheme member representatives drawn from the membership of the Fund.

1 independent member selected by the **Pension Fund Committee** who shall not be a member of the Lancashire County Pension Fund and who shall be appointed as Chair of the Board.

Members in the above categories will only be appointed to the Board by the **full Council** if they meet the knowledge and understanding requirements set out in the relevant regulations and guidance, and as set out in Section 5 below.

Process

- a) Two employer representatives shall be nominated by Lancashire County Council. The nomination of a County Councillor or officer shall comply with the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority.
- b) One employer representative to be drawn from the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Fund.
- c) One employer representative to be drawn from all other employers within the Fund.
- d) Four scheme member representatives to be drawn from the membership of the Fund.

Employers within the Fund shall be notified of any vacancies arising under categories b) and c) above. Any nominations shall be submitted to the county council's Director of Corporate Services.

A vacancy arising under category d) shall be brought to the attention of employer and member representative bodies to enable the vacancy to be advertised as widely as possible. This will include details of the vacancy being published on websites as appropriate. Scheme members shall submit expressions of interest to the county council's Director of Corporate Services.

All nominations and expressions of interest submitted under categories b), c) and d) would go through an initial sifting process by the Head of the Pension Fund in consultation with the Chair of the Lancashire Local Pension Board. Nominations and expressions of interest would be considered against the role profile and having regard to equal opportunities legislation. In the event that more than one suitable candidate is identified, there will be a formal interview process involving the Chair and two other members of the Board. The interview process would test the ability of the individual to meet the requirements of the role and any recommended appointment would be made on merit.

Once a suitable representative has been identified they would need to be formally appointed to the Board by the Full Council.

- e) One independent member selected and appointed by the county council as the Administering Authority.

This person shall not be a member of the Fund. Such appointment will only be made following an openly advertised competition for the role. Interviews will be arranged and conducted as necessary by the Head of the Pension Fund who shall make a recommendation to the Pension Fund Committee for consideration who will then refer the matter to the Full Council for a decision as appropriate.

3. Term of appointment and removal of members of the Board

- a) The Independent Chair of the Pension Board shall be appointed by the Full Council for an initial 2 years with an option for the appointment to be extended for an additional 2 years.
- b) Other members of the Board will serve for an *initial four year term with an option to extend for a further 4 years, subject to the approval of the Full Council*. Other than as a result of retirement at the expiry of this period the term of office of a member of the Board will come to an end:
 - i) For employer representatives who are councillors if they
 - cease to hold office as a councillor,
 - are appointed to serve on the Pension Fund Committee,
 - are replaced in accordance with the change of membership procedure adopted by the County Council, or
 - are removed by a resolution of the Full Council.
 - ii) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
 - iii) For a scheme member or employer representative if they are appointed to a role with responsibility for the management or administration of the Fund.
 - iv) For scheme member representatives if they cease to be a member of the Fund.
 - v) Where there is a conflict of interest which cannot be managed in accordance with the Conflict of Interests Policy.
 - vi) Where an individual fails to attend meetings, undertake training or otherwise comply with the requirements of being a member of the Pension Board.
- c) Each Board member should endeavor to and is expected to attend all Board meetings during the year. Given the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest substitute members are not permitted.
- d) Other than by ceasing to be eligible as set out above, a Board member (including the independent member) may only be removed from office during a term of appointment by the consent of the Full Council

4. Code of Conduct and Conflict of Interests Policy for Board Members, Officers and Advisors

The role of the Pension Board requires the highest standards of conduct and therefore the “seven principles of public life” will be applied to all Board members

and embodied in their Code of Conduct as approved by the Board and published on the Local Pension Fund Website.

5. Knowledge and Understanding

- a) A member of the Board must be conversant with:
 - i) The legislation and associated guidance of the LGPS.
 - ii) Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund.
- b) A member of the Board must have knowledge and understanding of:
 - i) The law relating to pensions, and
 - ii) Any other matters which are prescribed in regulations.
- c) 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 Pension Board.

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. A record of the training Board members have undertaken will be presented to the Board on an annual basis

- d) Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- e) Board members will comply with the Training Policy approved by the Pension Fund Committee.

6. Role of the Chair

- a) *To ensure that the Board delivers its purpose as set out in these Terms of Reference.*
- b) *To ensure that Board meetings are productive and effective and that all members of the Board have an opportunity to contribute to discussions.*
- c) *To seek to ensure that the Board reach consensus when making decisions and to put decisions to a vote when it cannot be reached.*
- d) *To facilitate the Annual Review of the effectiveness of the operation of the Board over the previous year and draft a report on the findings for inclusion in the Annual Report of the Fund.*

7. Quorum

- a) For the Board to be quorate the Chair and at least 2 employer representatives and 2 scheme member representatives must be present.
- b) In the event that the Board is inquorate the meeting may continue but any decisions will be non binding until they can be ratified by the Board.

8. Decision making

Employer/members representatives on the Board will have an individual voting right but it is expected the Board will, as far as possible, reach a consensus. Under Regulation 106(7) of the LGPS Regulations 2013 the Chair is explicitly excluded from having the right to vote.

Written resolution procedure - Should the Board need to take a decision between scheduled meetings then all Employer/Scheme Member representatives on the Board shall be consulted by email on the proposal and asked to indicate whether or not they support the recommendation. The Chair will receive a copy of the written resolution for their information. The decision of the Board will then be based on a simple majority of the responses received and will be reported to the subsequent Board meeting.

9. Board Meetings – Notice, Minutes and Reporting

- a) The Director of Corporate Services shall give notice to all Board members of every meeting of the Board, and shall ensure that papers are published on the Lancashire County Pension Fund Website at least 5 working days prior to each meeting.
- b) The Director of Corporate Services shall ensure that a formal record of Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication and circulation to all members of the Board.
- c) 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 **Pension Fund Committee** with the response of the Committee being reported to the subsequent Board meeting.
- d) **Annual Report** - The Pension Board shall produce an Annual Report on the nature and effect of its activities for consideration by the **Pension Fund Committee**. The contents of the Annual Report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:
 - i) Details of the attendance of members at Board meetings;
 - ii) Details of the training and development activities provided for members of the Board and attendance at such activities;
 - iii) Details of any recommendations made by the Board to the Pension Fund Committee and the response of the Committee to those recommendations.
 - iv) Details of the costs incurred in the operation of the Board.
 - v) A statement by the Chair on the findings of the Annual Review of the

effectiveness of the Board.

If approved by the Committee the Annual Report of the Board will be incorporated into the Annual Report of the Fund and submitted to the full Council for approval.

- e) If considered appropriate the Board may establish Sub Groups to look in detail at specific issues and report back to the Board.

10. Publication of Pension Board information

Scheme members and other interested parties will want to know that the 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.

The Board will ensure that up to date information is posted on the Lancashire County Pension Fund website showing

- The names, contact details and other relevant information about the Pension Board members;
- The responsibilities of the Pension Board as a whole;
- The full Terms of Reference and policies of the Pension Board and how they operate;
- Any specific roles and responsibilities of individual Pension Board members.

The Pension Fund Committee 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.

11. Budget

- a) *The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board shall be met from the Lancashire County Pension Fund.*

- b) *The Pension Fund Committee shall approve an annual budget for the Board which will be managed by and at the discretion of the Head of Fund.*

12. Reimbursement of Travel and Subsistence Expenses and Remuneration.

- a) All Board members shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.
- b) Board members shall be reimbursed a mileage allowance for use of their

own car at the rate proscribed by HM Revenues and Customs from time to time as adopted by Lancashire County Council.

- c) *Where members of the Board are in employment their employer will be able to reclaim from the Lancashire County Pension Fund a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities. Where any applicable sums and contributions are claimed by an employer, costs must actually have been incurred by the employer and evidence must be provided with any claim.*

Members of the Board may be able to reclaim from the Lancashire County Pension Fund a sum in financial loss commensurate to time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities, except where such sums are recoverable under any other paragraph of these terms of reference. Where any applicable sums are claimed by an individual evidence must be provided with the claim. The Head of Fund will have absolute discretion to determine the final sum reimbursed based on what is deemed sufficiently evidenced, reasonable and proportionate, to be assessed on a case by case basis.

- d) In accordance with the decision of the Full Council on 28 February 2019, the Chair of the Board shall receive a fixed annual allowance of £12,500 (in addition to travel and subsistence expenses) to be inflated in April each year by the Consumer Price Index for the previous September. The payment of the annual allowance will be split 50:50 between the Lancashire County Pension Fund and the London Pensions Fund Authority.

13. Advisers to the Board

- a) The Board may be supported in its role and responsibilities through the appointment of advisers, in addition to the County Council's officers and the Fund's various advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.
- b) The Board shall ensure that the performance of any advisers so appointed is reviewed on a regular basis.

14. Reporting Breaches

Any breach brought to the attention of the Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate [policy](#)

Note

Administering Authority	Is the Full Council of Lancashire County Council as set out in Part I of Schedule 3 of the Local Government Scheme Regulations 2013
Scheme Manager	Is the Pension Fund Committee (Full Council having delegated powers to the Committee as set out in the County Councils Constitution).
Pension Board or Board	Is the local Pension Board for the Lancashire County Council as Administering Authority for the Lancashire County Pension Fund as required under the Public Service Pensions Act 2013
Chair	The individual responsible for chairing meetings of the Lancashire Local Pension Board and guiding its debates.
LGPS or Scheme	Means 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 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
Fund	Means the Lancashire County Pension Fund