



Terms of Reference for the Pension Board of the Rhondda Cynon Taf Pension Fund

Introduction

The purpose of this document is to set out the terms of reference for the Pension Board of the Rhondda Cynon Taf Pension Fund. It represents the rules setting out how the Pension Board will be constituted and how it will operate on a day to day basis.

The Function of the Local Pension Board

The function of the local Pension Board as defined by sections 5(1) and 5(2) of the Public Service Pensions Act 2013, is to assist Rhondda Cynon Taf County Borough Council Administering Authority as 'Scheme Manager' in: -

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

It is worth noting that under regulation 106(6) of the Local Government Pension Scheme Regulations 2013 a Local Pension Board shall have the general power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

Membership of the Pension Board

The Pension Board shall consist of 4 members and be constituted as follows:

- i) Two Employer representatives;
- ii) Two Member representatives;

Member and Employer representatives shall be appointed in equal number and shall together form the Pension Board's membership.

Appointment of Members to the Pension Board

The Scheme Manager has delegated appointment decisions to the Director of Human Resources in consultation with the Director of Legal and Democratic Services.

Pension Board members need to be able to demonstrate their effectiveness in representing employers and members and have the relevant experience and capacity for the role.

The Chair of the local Pension Board will be determined via the initial appointment process. The effectiveness of Chair will be reviewed annually by the Director of Human Resources in consultation with the Director of Legal and Democratic Services.

The term of office for all Pension Board members, including Chair, will be for 2 years. This can be extended subject to agreement by the Director of Human Resources in consultation with the Director of Legal and Democratic Services on behalf of the Scheme Manager.

Pension Board Remuneration

Payment to Pension Board 'Member representatives' will be in accordance with the rates / expenses agreed by the Scheme Manager. An appropriate claim must be submitted to the Administering Authority for reimbursement following each Pension Board meeting.

Termination of Membership

Other than expiry of term of office, membership can be terminated by unanimous agreement of the other Pension Board members in consultation with the Director of Human Resources. Reasons for termination could include:

- a member having a conflict of interest which cannot be managed in accordance with the Pension Board's conflicts policy;
- a member dies or becomes incapable of acting;
- a member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations;
- a member wishes to resign;
- a member ceases to represent his/her representative group, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers; or
- a member fails to attend meetings or otherwise comply with the requirements of being a Pension Board member.

Quorum

The Pension Board shall have a formal quorum of three. Substitutions are not permitted. Any advisors or officers present at the meetings do not count towards the quorum. In the event of the Chair being absent then a substitute Chair can be appointed from the Pension Board members in attendance for the meeting (subject to it being quorate).

Administration and Frequency of meetings

The Scheme Manager shall give a minimum 1 (One) month notice to all Pension Board members of a meeting of the Pension Board. Agendas and background

papers shall be circulated electronically (wherever possible, and unless requested otherwise) a minimum of 5 working days prior the meeting date. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained via the taking of minutes. Following the approval of the minutes by the Chair of the Pension Board, they shall be circulated to all Pension Board members and subsequently published on the Rhondda Cynon Taf Pension Fund website (<http://www.rctpensions.org.uk/Home.aspx>).

Meetings shall occur at least twice in each financial year.

Pension Board meetings will not ordinarily be open to the general public although attendance at meetings, and addressing the Pension Board, may both be permitted at the discretion of the Chair (with such permission to be obtained from the Chair prior to the meeting).

Code of Conduct

Pension Board Members are expected to understand the importance of and comply with the “Seven Principles of Public Life” being:

1. Selflessness – Holders of public office should act solely in terms of public interest. They should not do so in order to gain financial or other benefits for themselves, their family or friends.
2. Integrity – Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
3. Objectivity – In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
4. Accountability – Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
5. Openness – Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.
6. Honesty – Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. Leadership – Holders of public office should promote and support these principles by leadership and example.

Appropriate training in respect of ‘conduct’ and ‘conflicts’ will be provided to any new Pension Board Member prior to their first scheduled meeting.

Conflict of Interest

A conflict of interest is defined by the Public Service Pensions Act 2013 as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the Pension Board (but does not include a financial or

other interest arising merely by virtue of membership of the scheme or any connected scheme)”.

Pension Board members have a legal duty to provide information to the Scheme Manager regarding conflicts of interest and if necessary seek legal advice.

In the interests of openness and transparency, members of the Pension Board should maintain a register of interests.

Should a conflict arise, options for managing the conflict could be that the member withdraws from that particular discussion or even resign from the Pension Board if the conflict is so fundamental that it cannot be managed any other way.

It is deemed that the members of the Rhondda Cynon Taf Pension Fund Investment & Administration Advisory Panel are not eligible for membership of the Pension Board as it would conflict with their role as advisors on Pension Fund matters to the Pension Fund Committee.

Similarly, Members of the Pension Fund Committee are not eligible for membership of the Pension Board as it would conflict with their decision making powers under S101 of the Local Government Act 1972.

A Conflict of Interest Policy for Pension Board members is separately available.

Voting Rights

Local Pension Boards assist the Scheme Manager in securing compliance and ensuring efficiency and effectiveness. The Pension Board does not have decision making powers which are delegated to the Pension Fund Committee under S101 of the Local Government Act 1972.

The Pension Board may vote on matters that are consistent with its role as defined by sections 5(1) and 5(2) of the Public Service Pensions Act 2013.

All Pension Board members are deemed to have equal voting rights with the Chair having the casting vote if a majority decision cannot be reached.

Role of Advisors

Professional advisors may advise the Pension Board following agreement of Pension Board members with regards to the scope of their appointment and level of fees, within the agreed budget.

Role of Officers

Rhondda Cynon Taf County Borough Council officers shall provide secretariat services and provide information for the Pension Board when required.

A representative of the Pension Fund Investment & Administration Advisory Panel shall attend Pension Board meetings to facilitate the provision of information and to feed back any relevant issues to the Panel.

Knowledge and Skills

In accordance with S248A of the Pensions Act 2004, each member of the Pension Board must be conversant with; -

- legislation and regulations governing the LGPS,
- any document recording policies regarding the administration of the fund,

and have knowledge and understanding of;

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

A Pension Board member should be aware that their legal responsibilities begin from the date they take up their role on the Board and so should immediately start to familiarise themselves with the documents as referred to above.

It is acknowledged however that the Administering Authority recognise newly appointed members will need additional support and training in the first few months, to help them reach the appropriate level of knowledge and understanding.

Data Protection

Rhondda Cynon Taf County Borough Council as Scheme Manager is deemed to be "Data Controller" under data protection legislation.

Budget

The Scheme Manager shall set an appropriate budget to enable training for Pension Board members, payment of remunerated Pension Board 'Member representatives' and to enable advisors services to be acquired.

Accountability

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

Reporting lines

It is anticipated that in the first instance any formal compliance issues are reported to the Council 'Scheme Manager' for information and consideration, via the Director of Legal Services.

The Board has ultimate discretion to report a breach to the Pensions Regulator, in consideration of the circumstances and whether it is likely to be of material significance to the Pensions Regulator (reference should be made to the Regulators 'Code of Practice').

Communication lines

Points of clarity or potential concerns are referred to the Head of Pensions for communication to the Fund Panel, providing opportunity to respond.