

## Pension Fund Board

Date: 6th November 2020

Report by: Democratic Services Manager

Subject:	Review of the terms of reference and update on the appointment of representatives.
Purpose of the Report	To present the review and update to the Board.
Recommendations	The Board is asked to: <ol style="list-style-type: none"> <li>1) Review and endorse the proposed amendments to the Terms of Reference listed at 1, 2, and 4 in paragraph 2.2</li> <li>2) Note the progress made on recruiting a new scheme member representative.</li> </ol>
Enquiries to:	Rob Sanderson <a href="mailto:rob.sanderson@cambridgeshire.gov.uk">rob.sanderson@cambridgeshire.gov.uk</a>

## 1. Background

- 1.1 In 2019, the Pension Fund Board underwent an effectiveness review which was conducted by Aon, the Fund's governance advisors. The review recommended that the terms of reference included a more detailed description of the role of the Board and also included details of quoracy requirements.
- 1.2 The Board supported the recommendation but in addition also raised that the terms of reference would benefit from a full review, as it had not been reviewed since it was put into operation in 2015.
- 1.3 Succession planning has also been raised as a concern by representatives of the Board following notice being given from a scheme member representative which would result in a vacant position becoming available in early 2021. In order to have a seamless transition, the Board requested a proactive approach to filling the role.
- 1.4 This report identifies improvements to the terms of reference (section 2) and the progress made on recruiting a new scheme member representative to the Board (section 3).

## 2. Review of the Pension Fund Board terms of reference

- 2.1 Members' views on the current terms of reference were sought in October 2019. (See Appendix 1 for the current Terms of Reference) Action to review the terms of reference was delayed initially due to other pressures and then as a result of the pandemic.
- 2.2 From the feedback and review, the following changes are proposed:
  - 1) To increase the quorum from two representatives to three (half the Board membership), with a minimum of one member representative and one employer representative;
  - 2) To have an expenses protocol in place – see appendix 2 for the proposal;
  - 3) To keep the terms of reference included as part of the Cambridgeshire County Council Constitution following research and conclusions from other administering authorities who all follow the same practice;

- 4) To appoint substitute scheme member representatives to the Board who will have voting rights when deputising for a scheme member representative of the Board.
- 5) Substitutes for the scheme employer representatives will be considered at a later date.

2.3 The following points were raised by the Fund's governance advisors, Aon, for further discussion where necessary:

- To include examples of the role of the Board in the terms of reference – This is not standard practice, as terms of reference define the purpose and structure of a committee meeting only. The Board's Annual Report provides examples of the role of the Board and is where people can be referred to if they require greater detail. The Board are invited to provide any further comments on this point.
- To ensure the quorum of the Board was documented – this is documented in the rules of procedure section of the terms of reference in the Constitution.
- To ensure the Local Pension Board has sight of the reports presented to the Pension Fund Committee – Board members have access to reports of the Committee and also have an open invitation to attend meetings.

2.4 The next steps following the outcome of this meeting will be to either draft revised terms of reference and take them to the Constitution and Ethics Committee on the 28th January and to Full Council on the 16th March 2021 for approval, or to accelerate the process by consulting the Constitution and Ethics Committee to obtain approval to take the changes directly to the December Council meeting

2.5 Following approval by Full Council, the Cambridgeshire Pension Fund Governance Policy and Compliance Statement will be updated and published on the LGSS Pensions website, as required by statutory guidance.

### 3. Appointment of Scheme Member Representative

- 3.1 Following the intention of a scheme member representative to step down early from the Board in 2021, a recruitment exercise was initiated in July 2020. An advertisement (Appendix 3) was published on the LGSS Pensions website and signposted to both scheme employers and scheme members who have registered an email address. The advertisement was also published in the active scheme member newsletters.
- 3.2 As a result of this successful new approach, Democratic Services received over 60 requests for application forms and 13 submissions were returned. The 13 submissions were reviewed and 7 candidates were shortlisted for interview.
- 3.3 Interviews were held on the 27 October with Councillor King, David Brooks and Dawn Cave from Democratic Services on the interview panel to appoint a new scheme member representative and two substitute scheme member representatives.
- 3.4 An update on the recruitment process will be provided at the meeting.

## 4. Relevant Pension Fund Objectives

- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are managed in a changing environment.

## 5. Risk Management

5.1 The Pension Fund Committee and Pension Fund Board are required to attend meetings and gain appropriate skills and knowledge to facilitate informed decision making and challenge appropriately when required.

5.2 The risks associated with not having appropriate representation have been captured in the Fund's risk register as detailed below.

Risk No	Risk mitigated	Residual risk
8.	Those charged with governance are unable to fulfil their responsibilities effectively.	Green
17.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

5.3 The risk register can be found here - [Risk Register](#)

## 6. Finance & Resources Implications

6.1 None.

## 7. Communication Implications

Website The terms of reference document can be found on the CCC democratic service pages. The advert for the Local Pension Board member was placed on the LGSS Pensions website.

Direct The signposting for the Local Pension Board advert was emailed to employers and members. In addition an article was included in the active member newsletter.

## 8. Legal Implications

8.1 Not applicable.

## 9. Consultation with Key Advisers

9.1 Democratic Services Manager.

## 10. Alternative Options Considered

10.1 There are no alternative options to be considered

## 11. Background Papers

11.1 Aon Local Pension Board review [Aon Local Pension Board review](#)

11.2 Conclusions of Aon Local Pension Board review  
[Conclusions on Aon Local Pension Board Review](#)

## 12. Appendices

12.1 Appendix 1 – Current Terms of Reference

12.2 Appendix 2 – Pension Fund Board expenses protocol

12.3 Appendix 3 - Pension Fund Board advertisement

### Checklist of Key Approvals

Has this report been cleared by Head of Pensions?

Mark Whitby – 22<sup>nd</sup> October 2020

## Appendix 1 Extract from County Council Constitution

### 9.2 PENSION FUND BOARD

The Council shall establish a local pension board with the following membership and powers:-

#### Membership

Representatives of	Number of seats	Term of Appointment	Method of Appointment
Employers	3	4 Years or until qualification for membership ceases	At least two representatives to be appointed by Cambridgeshire County Council Full Council  One representative appointed via an open and transparent selection process.
Scheme Members	3	4 Years or until qualification for membership ceases	To be appointed via an open and transparent selection process.
Total	6		

Delegated Authority	Statutory Reference/ Condition
Authority to assist the administering authority in securing compliance with (i) the Principal 2013 Regulations, (ii) any other legislation, and (iii) requirements imposed by the Pensions Regulator in relation to the Scheme.	Local Government Pension Scheme (Amendment) Regulations 2014 (Regulation 106(1)(a) & (b))
Authority to assist the administering authority in ensuring the effective and efficient governance and administration of the Scheme.	As above (Regulation 106(1)(b))

The Chairman/woman and Vice-Chairman/woman of the Board shall be elected by the Pension Fund Board.

Rules of Procedure for the Pension Fund Committee, Investment Sub-Committee and Pension Fund Board

The Council's Rules of Procedure set out in Part 4 of the Constitution apply to the Pension Fund Committee, the Investment Sub-Committee and Pension Fund Board, except where they concern the following matters:

- Frequency of meetings
- Appointment of Chairman/woman and Vice-Chairman/woman
- Voting rights
- Quorum
- Training requirement

In which case the rules are modified as necessary to accommodate the provisions set out in the table below.

<p>Frequency of Meetings</p>	<p>The Committee will meet a minimum of five times a year. The date, hour and place of routine meetings shall be fixed by the Committee, but the Chairman/woman may call additional meetings if deemed necessary.</p> <p>The Investment Sub-Committee will meet a minimum of four times a year. The date, hour and place of routine meetings shall be fixed by the Committee, but the Chairman/woman of the Sub-Committee may call additional meetings if deemed necessary.</p> <p>The Board will meet a minimum of four times a year. The date, hour and place of routine meetings shall be fixed by the Board, but the Chairman/woman may call additional meetings if deemed necessary.</p>
<p>Chairman and Vice-Chairman's Term of Office</p>	<p>The normal term for the Pension Fund Committee and Board's Chairman/woman and Vice Chairman/woman shall be one year subject to earlier removal by vote of the Pension Fund committee or Board respectively.</p>
<p>Voting Rights</p>	<p>All Committee Members, Investment Sub-Committee Members and Board Members shall have the right to vote in their respective meetings.</p>
<p>Quorum</p>	<p>5 (1/3 plus 1) Committee Members shall form a quorum for meetings of the Committee.</p> <p>4 (1/3 plus 1) Investment Sub-Committee Members shall form a quorum for meetings of the Investment Sub-Committee.</p> <p>2 (1/3) Board Members shall form a quorum for meetings of the Board (shall include one each from the employer and member sides).</p> <p>No business requiring a decision shall be transacted at any meeting of the Committee or Investment Sub-Committee or Board unless the meeting is quorate. If it arises during the course of a meeting that a quorum is no longer present, the Chairman/woman shall either suspend business until a</p>

	quorum is re-established or declare the meeting at an end and arrange for the completion of the agenda at the next meeting or at a special meeting.
Training Requirement	Members may not take part in meetings of the Pension Fund Committee, Investment Sub-Committee or Board unless they have complied with any training requirements set out by the Chairman/woman of the Pension Fund Board or for Board members as set out in the Public Services Pensions Act.

## Appendix 2 - Proposed Pension Fund Board expenses protocol

Members of the Pension Fund Board can claim expenses for activities undertaken in their roles in accordance with the following –

### Travel Expenses

- Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by HMRC for business travel. Currently these are 45p per mile for the first 10,000 miles and 25p a mile thereafter and an additional 5p per mile where a passenger is carried.
- Parking fees and public transport fares will be reimbursed at cost on production of a valid ticket or receipt. In the case of travel by rail, standard class fare or actual fare paid (if less) will be reimbursed.
- Taxi fares will only be reimbursed on production of a valid receipt. Taxis should only be used where use of an alternative is not available or if the following conditions are applicable:
  - There is a significant saving in official time;
  - The representative has to transport heavy luggage or equipment; and/or
  - Where representatives are travelling together and it is therefore a cheaper option.
- Travel expenses will only be reimbursed if claimed from the Pension Fund within two months.

### Subsistence expenses

- Overnight hotel accommodation must be booked through the Pension Fund who will ensure that accommodation is booked at the appropriate market rate. Higher rates of accommodation will only be booked where it is clearly in the Fund's interest and formal approval has been given in advance by the Head of Pensions. Any other reasonable and unavoidable costs related to overnight stays will be reimbursed on production of a receipt.
- Meals will only be reimbursed in relation to Pension Fund Board business where meals are not included as part of an event/meeting as follows -
  - Lunch – over a 4-hour period (home to home) where the start time covers the hours 11am-3pm to a maximum of £10 upon production of a receipt.
  - Dinner – over a 4-hour period (home to home) where the start time covers from 3pm onwards to a maximum of £15 on production of a receipt.



## Appendix 3 Advertisement wording

Would you like a say in the governance of your pension?

The Local Pension Board's role is to help Cambridgeshire County Council to manage the Local Government Pension Scheme (LGPS). The board has three scheme member and three employer representatives. Their responsibility is to make sure the scheme is compliant with the regulations and other governance and administration legislation set by the Pensions Regulator.

We'll have a vacancy for a scheme member representative in early 2021 and are looking for people who may be interested in filling this role.

You're welcome to come to a board meeting to see how it works and if it's something you might be interested in (you wouldn't need to take part).

You'll also be able to talk to the current board members to find out about the role first hand.

We're looking to recruit the new board members by the end of 2020. If successful, you'll review the decisions of the Pension Fund Committee and Investment Sub-Committee, and review and recommend changes to draft policies. Board meetings regularly receive reports on:

- Administration updates on the running of the Fund including:
  - Achievement against key performance indicators
  - Whether any employers had failed to make the required contributions to the Fund or been late in making them
  - Details of new employer entries to the Fund and also departures
  - Any breaches of the law
  - New legislation affecting the operation and management of the Fund as well as benefits payable to scheme members
- The Pension Fund's business plan and medium term strategy
- Monitoring of the Pension Fund risk register and
- Updates on investment performance and the value of the Fund

The board meets a minimum of four times a year. You don't need to have any previous knowledge of pension scheme management, just an ability to be objective, able to work in a team and able to analyse information effectively.

This is a voluntary role and you'll be given full training and any background information you need to help you carry it out. If successful, you'll also be recommended to attend relevant pension related national conferences where the fees, attendance and travel will be paid for. This is in addition to having your reasonable travelling expenses to board meetings paid for.

With the current government restrictions in place with face to face meetings, it's important you have access to appropriate technology to participate in virtual meetings and video conferencing.

You can find more information on the [Cambridgeshire Committees and Board page](#) of our website.

If this interests you and you wish to be considered please request an application form and information pack, by contacting Rob Sanderson on 01223 699181 or email: [rob.sanderson@cambridgeshire.gov.uk](mailto:rob.sanderson@cambridgeshire.gov.uk)