

Governance Committee: Pension Advisory Board – Terms of Reference

Background

- 1 The terms of reference of the Pension Advisory Board, which will come into effect from 1 April 2015, were approved by the County Council in December 2014. This was based on draft regulations, to allow work to proceed and not be delayed by the wait until regulations were finalised by the Government.

Final Regulations and Guidance

- 2 The final regulations were published by the Department for Communities and Local Government on 28 January 2015 and the Shadow Scheme Advisory Board 'Guidance on the Creation and Operation of Local Pensions Boards' was published on the same day. The terms of reference for the County Council's Pension Advisory Board have therefore been reviewed by the Pension Fund external governance advisor to ensure compliance with the final regulations and guidance.
- 3 The regulations state that voting rights on the Board will be conferred only on the employer and Scheme member representatives. While independent representatives can still sit, and indeed chair Boards, they will not be able to vote. The regulations also now permit elected members to sit as representatives on the Board (but not as the chairman), whereas this was precluded under the draft regulations. However, to avoid any conflict of interest, neither officers or elected members who are responsible for discharging functions under the pension regulations maybe be a member of the Pension Advisory Board. This will mean, for example, someone could not be a member of the County Council's Pension Panel and of the Pension Advisory Board at the same time.
- 4 Therefore, in order to comply with the regulations, changes are proposed to the terms of reference of the Pension Advisory Board as **set out at the Appendix**.

Recommended

That the changes to the terms of reference for the Pension Advisory Board, as set out at the Appendix, be approved.

Amanda Jupp

Chairman of the Governance Committee

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Background Papers - None

Governance - Appendix

(see paragraph 4, page 63)

Changes to the Scheme of Delegation: Pension Advisory Board – Appendix 20

(additions shown in bold, italic text, deletions struck through)

Membership

Members

12. The Pension Advisory Board shall consist of 5 members and be constituted as follows:

No.	Constituency	Definition / Constraints	Voting Rights
2	Employer	Must represent all employers within the scheme This must be a named individual on behalf of an employer and not an employer with a variable representative	Yes
2	Scheme members	To cover all members of the scheme (active, deferred, pensioners)	Yes
1	Independent	To act as Chairman	No

Term of Office

16. If a Pension Advisory Board member leaves employment with the employer they are representing, or changes their employment status, their position on the Pension Advisory Board will be reviewed as in paragraph 15. ***As representatives can also be elected members, this will also apply if the representative ceases to be an elected member. To avoid a conflict of interest, no officer or councillor of West Sussex (as the administering authority) who is responsible for the discharge of any function under the Regulations, may be a member of the Pension Advisory Board.***

Chairman

22. The Chairman will be the independent member appointed for an initial term of 2 years by the Governance Committee, from a short list of nominees drawn up by the Executive Director Corporate Resources and Services and the Director of Law, Assurance and Strategy. A job description approved by the Committee will be used to identify the candidate best suited to the role. ***The independent Chairman cannot vote, in accordance with the regulations.***

Quorum

27. Three of the ~~voting~~ members of the Pension Advisory Board, including at least one employer and one scheme member representative, will be a quorum for Board meetings to discharge business. ~~The Chairman must be present for the meeting to be quorate.~~ Advisors and co-opted persons do not count towards the quorum.