

MIDDLESBROUGH COUNCIL

AGENDA ITEM 13

COUNCIL

1 NOVEMBER 2017

Revised Terms of Reference – Teesside Pension Fund & Investment Panel and Teesside Pension Board

Strategic Director of Finance, Governance & Support – James Bromiley

PURPOSE OF THE REPORT

- 1 To revise the terms of reference for the Teesside Pension Fund and Investment Panel and Teesside Pension Board committees, in line with the outcome of a recent review of the governance of the Fund.

BACKGROUND

- 2 The Teesside Pension Fund and Investment Panel (the Panel) is the main decision making committee for the Teesside Pension Fund. The Panel is supported by the Teesside Pension Board (the Board).
- 3 A review of the Teesside Pension Fund's governance compared to other large pension funds was carried out to check the Fund is compliant with current legislation and LGPS (Local Government Pension Scheme) regulations.
- 4 The review also checked that the Teesside Pension Fund (the Fund) has the governance arrangements in place to manage the new arrangements required from the pooling of investment assets and the new relationship with the co-owned pooling asset management company (Border to Coast Pension Partnership).

PROPOSALS

- 5 This review of the governance also reviewed the terms of reference for the Panel and Board. As a result of the review the following key changes will be proposed:
 - The Panel will change its name to the Teesside Pension Fund Committee (the Committee).
 - Membership of the Committee will be for four years, fitting in with the electoral cycle.
 - The Panel currently has membership availability for scheme members/trade unions, but these are non-voting positions. The Committee will have two voting positions for scheme members/trade unions.

- The Teesside Pension Board Members will serve for a period of four years, with elected Members representing the Fund's scheme employers fitting in with the electoral cycle.
- Pension Board Members are able to attend Pension Fund Committee meetings as observers, including any exempt items.

6 The revised terms of reference have been approved by the Panel and Board.

FINANCIAL CONSIDERATIONS

7 There are no financial considerations from the changes to the terms of reference for both Fund committees.

RECOMMENDATIONS

8 It is recommended:

- a) The revised terms of reference for the Teesside Pension Fund Committee are approved.
- b) The revised terms of reference for the Teesside Pension Board are approved.

9 It is recommended that the Head of Legal and Democratic Services is authorised to update the Council's constitutions as a result of approval of these revised terms of reference.

BACKGROUND PAPERS

10 The following background papers are attached as appendices to the report:

- Appendix A – Teesside Pension Fund Committee Terms of Reference
- Appendix B – Teesside Pension Board Terms of Reference

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Teesside Pension Fund Committee (to replace Teesside Pension Fund and Investment Panel)

Role and Delegated Functions

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently this fiduciary duty is a responsibility of the Pension Fund Committee and its members must not compromise this with their own individual interests.

The Pension Fund Committee will have the following specific roles and functions, taking account of advice from the Chief Finance Officer and the Fund's professional advisers:

- a) Ensuring the Teesside Pension Fund is managed and pension payments are made in compliance with the extant Local Government Pension Scheme Regulations, Her Majesty's Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions.
- b) Ensuring robust risk management arrangements are in place.
- c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
- d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
 - iii) Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.

- iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.
 - v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
 - vi) Discretions – determining how the various administering authority discretions are operated for the Fund.
- e) Monitoring the implementation of these policies and strategies on an ongoing basis.
- f) In relation to the Borders to Coast Pension Partnership; the Asset Pooling Collaboration arrangements:
- i) Monitoring of the performance of the Borders to Coast Asset Pooling Collaboration and its Operator and recommending actions to the Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or BCPP Ltd, as appropriate.
 - ii) Undertake the role of Authority in relation to the Inter Authority Agreement, including but not limited to:
 - Requesting variations to the Inter Authority Agreement
 - Withdrawing from the Inter Authority Agreement
 - Appointing Middlesbrough Council officers to the Officer Operations Group.
- g) Considering the Fund's financial statements and the Fund's annual report.
- h) Selection, appointment, dismissal and monitoring of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, independent professional advisers and AVC provider.
- i) Liaison with internal and external audit, including providing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings
- j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
- k) Agreeing the terms and payment of bulk transfers into and out of the Fund.

- l) Agreeing Pension Fund business plans and monitoring progress against them.
- m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
- n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- o) Receiving ongoing reports from the Chief Finance Officer, the Head of Investments and Treasury Management and other relevant officers in relation to delegated functions.

No matters relating to Middlesbrough Council's responsibilities as an employer participating within the Teesside Pension Fund are delegated to the Pension Fund Committee.

Composition

(a) Membership

The Teesside Pension Fund Committee will be composed of 15 members. Its membership will include:

- i) Nine Councillors of Middlesbrough Council, determined by the Council.
- ii) One Councillor from each of Hartlepool Borough Council, Stockton Borough Council and Redcar & Cleveland Borough Council.
- iii) One representative of the other Scheme Employers in the Teesside Pension Fund appointed in accordance with procedures agreed by the Chief Finance Officer and Monitoring Officer.
- iv) Two representatives of the scheme members of the Teesside Pension Fund, appointed in accordance with procedures agreed by the Chief Finance Officer and Monitoring Officer.

Named substitutes are permitted providing they satisfy the knowledge and skills policy of the pension fund.

(b) Term of office

- i) The representative members (for other scheme employers and scheme members) are appointed for a period of no more than six years and may be reappointed for further terms.
- ii) Councilors of the participating Councils will have a term of office to the next ordinary local government election following their appointment. They may be reappointed for further terms.

(c) *Quorum.*

A meeting of the Pension Fund Committee shall only be quorate when:

- i) At least eight members are present, and
- ii) At least five of the members present are Councillors of Middlesbrough Council.

(d) *Voting*

Voting Rights are held by all members including the scheme member representatives as long as they are not employees of Middlesbrough Council

(e) *Chairing the Committee.*

- i) Only a Councilor of Middlesbrough Council may be the Chair.
- ii) The Chair will be elected annually by members of Middlesbrough Council.
- iii) The Vice Chair will be decided annually by members of the Teesside Pension Fund Committee.

(f) *Procedure Rules*

The Council's Rules of Procedure, Codes and Protocols will apply to this Committee in the same way as they apply to other Committees unless different provision is made in this article.

Members of the Teesside Pension Board shall be permitted to attend Pension Fund Committee meetings, including exempt items.

(g) *Knowledge and Skills Requirements*

Members of the Committee will be obliged to adhere to the Fund's Knowledge and Skills Policy, including attendance at training events.

(h) *Location*

The Pension Fund Committee may occasionally meet outside of Middlesbrough Council area.

Officers

The Committee may delegate a limited range of its functions to one or more officers of the Authority.

The Pension Fund Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Fund Committee.

OFFICERS' DELEGATIONS

Chief Finance Officer and Head of Investments and Treasury Management
The day to day management and administration of Teesside Pension Fund matters including ensuring arrangements for investments of assets and administration of contributions and benefits, excluding matters delegated to the Teesside Pension Fund Committee.

OTHER DELEGATIONS RELATING TO BORDERS TO COAST ASSET POOLING COLLABORATION

At its meeting on the 15th February 2017, Middlesbrough Council approved its participation, acting as the Administering Authority for the Teesside Pension Fund, in the Border to Coast Pension Partnership Pooling Arrangement as the Council's approach to pooling investments in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the Guidance on Preparing and Maintaining an Investment Strategy. The following are responsibilities delegated relating to this participation (in addition to those mentioned in part (f) of the Teesside Pension Fund Committee responsibilities above).

The Mayor (or whomever he decides to nominate)
The nominated person to exercise the Council's rights as a shareholder in BCCP Limited and be its representative at shareholder meetings, on behalf of the Teesside Pension Fund. The responsibilities are as set out in the Shareholders Agreement, Articles, Inter Authority Agreement and any other agreements entered into and include, but are not limited to the following :
a) to serve a written notice on the Board of the Company to cease to be a Shareholder in the Company b) to vote on matters, including the reserved matters in Schedule 1 of the Shareholder Agreement as replicated below:

Reserved Matters

PART A – Matters for approval by all of the Shareholders (unanimous consent required)

1. subject to FCA rules, extend the activities of the Company outside the scope of the Business or close down any operation of the Business;
2. subject to FCA rules, give any guarantee or indemnity outside the ordinary course of the Business to secure the liabilities of any person or assume the obligations of any person (other than a wholly owned subsidiary) (e.g. guaranteeing a lease that does not relate to the Business of the Company);
3. subject to FCA rules, enter into or vary any contracts or arrangements with any of the Shareholders or directors (other than service agreements and letters of appointment as directors) or any person with whom any shareholder or director is connected (whether as director, consultant, shareholder or otherwise) (e.g. any contract which could give preferential rights to a specific shareholder);
4. enter into any agreement not in the ordinary course of the Business and/or which is not on an arm's length basis;
5. enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, the Company being managed otherwise than by its directors;
6. change the name of the Company;
7. pass a resolution or present a petition to wind up the Company or apply for an administration order or any order having similar effect in a different jurisdiction in relation to the Company unless in any case the Company is at the relevant time unable to pay its debts within the meaning of section 123 Insolvency Act 1986;
8. reduce or cancel any share capital of the Company, purchase its own shares, hold any shares in treasury, allot or agree to allot, whether actually or contingently, any of the share capital of the Company or any security of the Company convertible into share capital, grant any options or other rights to subscribe for or to convert any security into shares of the Company or alter the classification of any part of the share capital of the Company (in each case other than as expressly permitted by this Agreement and/or the Articles where no prior consent shall be required including, without limitation, pursuant to either clause 4 (Finance & Regulatory Capital) and/or clause 15 (Consequences of Breach) and/or Article 26 of the Articles (Issue of Shares and Pre-Emption Rights));
9. other than as expressly permitted by this Agreement and/or the Articles, redeem or buy any existing Shares or otherwise reorganise the share capital of the Company;
10. admit any person as a member of the Company or an investor in the BCPP pool;
11. enter into any partnership, joint venture or profit sharing arrangement with any person (excluding entering into any investment or investment vehicle);
12. alter any of the provisions of the Articles or any of the rights attaching to the Shares;
13. amalgamate or merge with any other company or business undertaking;
14. sell, lease (as lessor), licence (as licensor), transfer or otherwise dispose of any of its material assets otherwise than in the ordinary course of the Business;
15. the removal and replacement of any Interim Directors, but for the avoidance of doubt not including any subsequent or replacement appointments of any director which shall be made under Part B below;
16. commence, settle or defend any claim, proceedings or other litigation brought by or

against BCPP, except (i) in relation to debt collection (not exceeding £500,000) in the ordinary course of the Business and (ii) in relation to any investment related claims or proceedings relevant to the ACS or other collective investment vehicles;

17. take out any third party loan(s) in respect of BCPP which (in aggregate) exceed the sum of £5,000,000;

18. form any subsidiary of BCPP, or acquire any shares in any other company, whether through subscription or transfer, such that the company concerned becomes a subsidiary of BCPP;

19. determine the composition, governance arrangements and limits of authority of any and all subsidiaries of BCPP;

20. approving and adopting a Subsequent Strategic Plan (including the Annual Budget) and/or amending any such Plan; and

21. make any capitalisation, repayment or other distribution of any amount standing to the credit of any reserve of the Company or pay or declare any dividend or other distribution to the Shareholders save that no consent will be required to pay the B Share Dividend.

PART B – Matters for approval by a Shareholder Majority only

1. enter into or materially vary any licence or other similar agreement relating to intellectual property to be licenced to or by the Company which is otherwise than in the ordinary course of the Business;

2. appoint or remove the auditors of the Company;

3. alter the Company's accounting reference date;

4. make any significant change to any of the Company's accounting or reporting practices other than conforming with any changes made to the accounting standards adopted by the Company;

5. approve the annual accounts of the Company;

6. determine the amount of, or any increase in, remuneration payable to any directors from time to time;

7. establish or amend any pension scheme (i.e. for employees of the Company);

8. subject to FCA rules, enter into any agency, distribution or similar agreement which confers or is expressed to confer any element of exclusivity as regards any goods or services the subject of such agreement or as to the area of the agreement or vary such an agreement to include any such exclusivity;

9. incur in any financial year any item or series of items of capital expenditure including finance leases (but excluding operating leases) of more than £5,000,000 (unless provided for in the Initial Strategic Plan or any Subsequent Strategic Plan);

10. enter into or vary any operating lease either as lessor or lessee, of any plant, property or equipment of a duration exceeding 5 years or involving aggregate premium and annual rental payments in excess of £100,000 (unless provided for in the Initial Strategic Plan or any Subsequent Strategic Plan);

11. adoption of (and any amendment of) any written conflicts policy;

12. approval of any conflict or potential conflict of interest any director may have which would preclude him or her from being included in the quorum of any meeting of the directors;

13. appointment of any subsequent director, any alternate director (who is not at the time a director of the Company) and including, for the avoidance of doubt any subsequent Chair in accordance with the Companies Act 2006 or otherwise; and

14. removal of any director and, for the avoidance of doubt, the Chair in accordance with the Companies Act 2006 or otherwise.

Chairman (or Vice Chairman in their absence) of the Teesside Pension Fund Committee

The nominated representative of the Council on behalf of Teesside Pension Fund on the Border to Coast Pension Partnership Joint Committee, noting that the Joint Committee shall not making binding decisions on the matters in the Terms of Reference of the Joint Committee but may make recommendations to each Authority to individually determine.

Chief Finance Officer (who is the Section 151 Officer)

- a) The nominated officer to meet and resolve any Deadlock Situation as per Clause 10 of the Shareholder Agreement
- b) The nominated officer to consider and resolve any Dispute as per Clause 13 of the Inter Authority Agreement

**TEESSIDE PENSION BOARD OF MIDDLESBROUGH COUNCIL
TERMS OF REFERENCE**

Introduction

1. This document sets out the terms of reference of the Teesside Pension Board, the Local Pension Board of Middlesbrough Council (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. Middlesbrough Council is the scheme manager for Teesside Pension Fund. The Teesside Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. The Board is established by the Administering Authority and operates independently of the Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
3. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.
4. Except where approval has been granted under regulation 106(2) of the Regulations the Board shall be constituted separately from any committee or sub-committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

Interpretation

5. The following terms have the meanings as outlined below:

'the Act'	means The Public Service Pensions Act 2013.
'Administering Authority'	means Middlesbrough Borough Council as manager and administrator of the Teesside Pension Fund.
'the Board'	means the Teesside Local Pension Board, the terms of reference for which are set out in this document
'the Board Secretary'	refers to the Head of Investments & Treasury Management who has been designated as the Secretary to the Board by the Administering Authority.
'Chief Finance Officer'	means, under Section 151 of the Local Government Act 1972 and as defined in Middlesbrough Council's

Constitution, an officer the Administering Authority is required to have who has a statutory responsibility to ensure the proper arrangement of the authority's financial affairs including the Fund.

- 'the Code'** means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
- 'the Committee'** means the Teesside Pension Committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.
- 'the Fund'** means the Teesside Pension Fund managed and administered by the Administering Authority.
- 'the Guidance'** means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.
- 'Monitoring Officer'** means the officer of the Administering Authority as required under section 5 of the Local Government and Housing Act 1989 as amended by schedule 5 para 24 of the Local Government Act 2000.
- 'the Regulations'** means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended from time to time) and all including any earlier regulations as defined in these regulations to the extent they remain applicable.
- 'Relevant legislation'** means relevant overriding legislation as well as the Pension Regulator's Codes of Practice, as they apply to the Administering Authority and the Board, notwithstanding that the Codes of Practice are not legislation.
- 'the Scheme'** means the Local Government Pension Scheme in England and Wales.
- 'Scheme Manager'** means Middlesbrough Borough Council as Administering

Authority of the Teesside Pension Fund.

Statement of purpose

6. The Board is responsible for assisting the Administering Authority:

(a) to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and

(b) to ensure the effective and efficient governance and administration of the Scheme.

7. The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.

Duties of the Board

8. The Board should at all times act in a reasonable manner in the conduct of its purpose. It will ensure that in performing their role it is:

- done effectively and efficiently and
- complies with relevant legislation and
- done by having due regard and in the spirit of the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator and any other relevant statutory or non-statutory guidance.

9. In support of this duty Board members should be subject to and abide by the Code of Conduct for Board members. The Board will adopt Middlesbrough Borough Council's Members' Code of Conduct for this purpose.

Establishment

10. The Board is established on 1st April 2015, as approved by Middlesbrough Borough Council on 1st April 2015. These Terms of Reference were updated by Middlesbrough Borough Council on 6th September 2017.

Membership

11. The Board shall consist of six voting members, as follows:

(a) Three Employer Representatives; and

(b) Three Scheme Member Representatives.

12. There shall be an equal number of Scheme Member and Employer Representatives.

Employer representatives

13. Employer representatives shall be elected members of the scheme employers of the Fund as outlined below. No elected member of the Administering Authority who is responsible for the discharge of any function of the Pension Fund under the Regulations (i.e. a member of the Teesside Pension Fund Committee) may serve as a member of the Board.

14. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

15. Substitutes shall not be appointed.

16. A total of three employer representatives shall be appointed to the Board from the following sources:

i. Two employer representatives shall be appointed from the separate Councils of Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees.

ii. One employer representative shall be chosen from all of the other scheme employers of the Teesside Pension Fund.

Scheme member representatives

17. Scheme member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.

18. Scheme member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

19. Substitutes shall not be appointed.

20. A total of three scheme member representatives shall be appointed from the following sources:

(a) Two scheme member representatives shall be appointed from the active membership and may be members of the recognised trade unions representing employees who are scheme members of the Fund.

(b) One scheme member representative shall be appointed from the pensioner members of the Fund.

21. The scheme member representatives shall represent *all* active, deferred, pensioner and dependant members irrespective of the trades unions affiliation, or lack of it.

Appointments

22. A selection panel consisting of the Chief Finance Officer, Monitoring Officer and Board Secretary shall form an appointment panel and will be responsible for all appointments to the Pension Board.

23. Subject to meeting the arrangements in paragraphs 30 to 35 below a Chair and Deputy Chair shall be appointed for the Board as follows:

- (a) The role of Chair will be rotated on a bi-annual basis with the Deputy Chair. Each of the posts will be held by one employer representative and one scheme member representative.
- (b) The existing Deputy Chair will become the Chair at the point of rotation.
- (c) A new Deputy Chair will be appointed from the appropriate representatives (i.e. employer or scheme member depending on the rotation) by the new Chair of the Pension Board. The Deputy Chair will then take over as Chair after a period of one year.

Duties of chair

24. The Chair of the Board shall:

- (a) ensure the Board delivers its purpose as set out in these Terms of Reference.
- (b) ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered.
- (c) seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached.
- (d) agree the agenda for each Board meeting.
- (e) approve minutes for Board meetings having regard to comments from other Board members and other attendees.
- (f) write reports on the work of the Board.
- (g) liaise with the Board Secretary on the requirements of the Board, including advanced notice for officers or advisors to attend and arranging dates and times of Board meetings.
- (h) undertake other tasks that may be requested by the members of the Board, within the remit of these Terms of Reference.
- (i) annually review and report on the performance of the Board.

The decision of the Chair on all points of procedure and order shall be final.

Notification of appointments

25. When appointments to the Board have been made the Administering Authority shall publish the name of Board members on Middlesbrough Council's website and the process followed in the appointment.

Terms of Office

26. The term of office as a member of the Board is four years from the date of the first Board meeting after their appointment.

27. Extensions to terms of office up to a maximum of two years may be made by the Appointment Panel with the agreement of the Board.

28. A Board member may be appointed for further terms of office using the methods set out in paragraphs 13 to 22.

29. Board membership may be terminated prior to the end of the term of office due to:

(a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.

(b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.

(c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.

(d) A Board member no longer being able to demonstrate to the administering authority their capacity to attend and prepare for meetings or to participate in required training.

(e) The representative being withdrawn by the nominating body.

(f) A Board member has a potential conflict of interest which cannot be managed in accordance with the Board's conflict policy.

(g) A Board member who is an elected member becomes a member of the Committee.

(h) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

Conflicts of interest

30. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

31. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

32. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Board Secretary, with the assistance of the Monitoring

Officer if required, shall ensure that any potential conflict is effectively managed in line with both the requirements of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

33. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act which are:

- a) a member of the Board must be conversant with:
 - i. the legislation and associated guidance of the Local Government Pension Scheme (LGPS), and
 - ii. any document recording policy about the administration of the LGPS which is adopted by the Teesside Pension 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.

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.

That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

34. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's Knowledge and Understanding Policy and Framework.

35. Board members shall adhere to the Training and Knowledge Policy document agreed by the Board and amended as necessary.

Meetings

36. The Board shall as a minimum meet two times each year.

37. The Chair of the Board with the consent of the Board membership may call additional meetings.

Quorum

38. A meeting is only quorate when at least one board member representing each of the scheme member and employer side is present, one of whom must be the Chair or Vice Chair.

39. A meeting that becomes inquorate will be rearranged at a time and date that will ensure sufficient members to allow it to be quorate.

Decision making and voting

40. It is expected that the Board will act collectively to reach a consensus.

41. Should it be required that a matter should be put to a vote, each Board Member will have an individual voting right on any matter to be decided. A motion is passed at a meeting of the Board if a majority of voting members are in favour of the motion.

42. A voting member of the Board is not permitted to appoint another voting member as their proxy.

43. The Chair will have a second or casting vote in the case of equality of votes.

44. The results of any voting outcomes will be reported in the Board minutes via reference to the number split of the vote.

Board administration and recommendations to the Pension Committee

45. The Chair shall agree with the Board Secretary an agenda prior to each Board meeting.

46. The agenda and supporting papers will be issued at least five working days in advance of the meeting except in the case of matters of urgency.

47. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board Members within fifteen working days after the meeting and subject to formal agreement by the Board via email or at their next meeting. Any decisions made by the Board should be noted in the minutes.

48. The public minutes may with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998. Separate exempt minutes will be recorded in relation to such items.

49. The Board Secretary shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.

50. The Board Secretary shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.

51. The Board Secretary shall ensure an attendance record is maintained along with advising the Administering Authority on allowances and expenses to be paid under these terms.

52. The Board Secretary shall liaise with the Administering Authority on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.

Public access to Board meetings and information

53. The Board meetings can be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

54. The following will be entitled to attend Board meetings in an observer capacity:

- (a) Members of the Committee,
- (b) Any person requested to attend by the Board.

55. Any such attendees will be permitted to speak at the discretion of the Chair.

56. In accordance with the Act the Administering Authority shall publish on the Middlesbrough Borough Council website information about the Board to include:

- (a) The names of Board members and their contact details.
- (b) The representation of employers and scheme members on the Board.
- (c) These Terms of Reference.

57. The Administering Authority shall also publish on the Middlesbrough Borough Council website other information about the Board including:

- (a) Agendas and minutes
- (b) Training and attendance logs
- (c) An annual report on the work of the Board to be included in the Fund's own annual report.

58. All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- (a) On the Middlesbrough Borough Council website.
- (b) On the Teesside Pension Fund website.
- (c) As part of the Fund's Annual Report.
- (d) As part of the Governance Policy.

59. Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act and/or they represent data covered by the Data Protection Act 1998.

60. Board members shall be entitled to attend Pension Fund Committee meetings as observers, including any exempt items.

Expenses and allowances

61.

(a) Subject to (b) below, an allowance will be made to both Employer and Scheme Member Representatives for attending meetings relating to Pension Board business (including attending training) at the rates of £100 per day or £50 per half day.

(b) The allowance will not be paid if the representative is already receiving pay or an alternative allowance in relation to the period, unless it is reduced due to them not attending their normal duties.

62. The Chair of the Pension Board will receive an annual allowance, as set by the Members' Remuneration Panel but will not be entitled to also claim the allowance under paragraph 61 above.

63. All Pension Board members will also be entitled to claim travel and subsistence allowances in accordance with the procedures and allowances that would apply to a Councillor of the Administering Authority.

Budget

64. The Board is to be provided with adequate resources to fulfil its role and a budget will be agreed in advance of each financial year by the Committee. In doing so the budget for the Board will be met from the Fund.

Core functions

65. The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

(a) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.

(b) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.

(c) Monitor complaints and performance on the administration and governance of the scheme.

(d) Review the arrangements for the training of Board members.

(e) Review the complete and proper exercise of employer and administering authority discretions.

(f) Review the compliance of particular cases, projects or process on request of the Committee.

66. The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

(a) Assist with the development of improved customer services.

(b) Monitor performance of administration, against key performance targets and indicators.

(c) Review the risk register as it relates to the Administering Authority function of the authority.

(d) Assist in the development and monitoring of process improvements on request of Committee.

67. In support of its core functions the Board may make a request for information to the Administering Authority with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

Administering Authority Consents

68. The Teesside Pension Board shall not:

(a) Question what investments decisions have or have not been made by the Administering Authority or its Committee, for the avoidance of doubt these shall include but not be limited to financial investment decisions and property related investment decisions.

(b) Amend the statements, strategies and reports prepared in compliance with Sections 57 to 61 of the LGPS Regulations.

(c) Consider or become involved in any internal dispute resolution appeals or the process itself.

(d) Enter into contracts on behalf of the Administering Authority.

(e) Dismiss any members of the Administering Authority.

(f) Use the Teesside Pension Board to act on behalf of a particular constituency or Pension Fund scheme member in general or in relation to a specific complaint at any time.

(g) Compromise the Administering Authority's ability to comply with its fiduciary duty to the Pension Fund and its members.

69. The Teesside Pension Board must seek written consent from the Chief Finance Officer before it:

(a) instructs any external advisor to provide a report of any kind;

(b) requests any external advisor to attend a meeting of the Teesside Pension Board which shall require any remuneration of any level;

(c) incurs a cost to the Pension Fund, unless it is explicitly covered within the Board's budget;

(d) can amend these terms of reference.

Reporting

70. The Board must provide minutes of each meeting to the following Committee meeting.

71. The Board should in the first instance report its requests, recommendations or concerns to the Committee via an official committee report. In support of this any member of the Board may attend a Committee meeting as an observer.

72. Requests and recommendations should be reported under the provisions of paragraphs 67 above.

73. The Board should report any concerns over a decision made by the Committee or the Administering Authority to the Committee subject to the agreement of the majority of Members present.

74. On receipt of a report under paragraph 71 above the Committee should, within a reasonable period, consider and respond to the Board.