

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

TEESSIDE PENSION BOARD REPORT

11 APRIL 2022

DIRECTOR OF FINANCE – IAN WRIGHT

Proposed Changes to Teesside Pension Board's Terms of Reference

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to ask member of the Teesside Pension Board ('the Board') to agree to a proposed change to the Board's Terms of Reference to allow greater flexibility in appointing Board members in 'difficult to recruit' situations.

2. RECOMMENDATION

- 2.1 That the Board approves the proposed change to the Board's Terms of Reference set out in paragraph 5 below and asks Middlesbrough Council ('the Council') to effect this change at its annual meeting scheduled for 25 May 2022.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications resulting from this report.

4. APPOINTMENT OF BOARD MEMBERS

- 4.1 At present, the Board's Terms of Reference sets out that the Board should have six members, three drawn from the scheme employers and three from scheme members, and that these should be selected as follows:

Scheme employer representatives

- Two employer representatives shall be appointed from the separate Councils of Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees.
- One employer representative shall be chosen from all of the other scheme employers of the Teesside Pension Fund.

Scheme member representatives

- Two scheme member representatives shall be appointed from the recognised trade unions representing employees who are scheme members of the Fund.
- One scheme member representative shall be appointed from the pensioner members of the Fund.

4.2 Recent attempts to fill Board vacancies have had mixed results. A pensioner representative was successfully appointed following a selection process after four applicants responded to an article placed in the newsletter sent to the Fund's pensioners. However despite emails to all relevant employers, followed by a further more targeted email to all the larger employers in that group, no volunteer has come forward to take up the "other scheme employers" place on the Board and a vacancy remains.

5. PROPOSED CHANGE TO THE BOARD'S TERMS OF REFERENCE

5.1 In order to avoid a situation where a Board vacancy exists for a long time, the proposed solution is to ask the Council at its annual meeting on 25 May 2022 to agree to amend the Board's Terms of Reference to provide additional flexibility in appointment situations where a vacancy has proved difficult to fill.

5.2 This would be achieved by adding the following sentence to paragraph 22 of the existing Terms of Reference:

"In circumstances where no suitable volunteers apply from a particular employer or membership group and a Board vacancy remains, the selection panel is able to appoint another suitable individual to that vacancy from outside that particular membership group, always ensuring that only scheme member representatives are appointed to a scheme member vacancy and only scheme employer representatives are appointed to a scheme employer vacancy."

5.3 The amended paragraph 22 is shown in context in a 'tracked changes' version of the Terms of Reference attached at Appendix A.

5.3 If the Board agrees, and the Council adopts this change, this would mean (for example) if there continued to be a vacancy from the 'other employers' group this could be filled by a representative from one of the four main employers in the Fund. Similarly, if a future recruitment failed to fill one of the scheme member places (pensioner or trade union representative), another suitable scheme member representative could be appointed by the selection panel.

5.4 The advantage of this approach is it avoids the possibility of the Board going for long periods with vacancies, which makes it harder to achieve quorum at meetings.

6 NEXT STEPS

- 6.1 If the Board agrees to the recommendation, the proposed change will be put to the Council's annual meeting on 25 May 2022 and, assuming it is agreed, further steps will be taken to identify potential candidates for the current Board vacancy (if it still remains).
- 6.2 In the meantime, the Head of Pensions Governance and Investments will continue to work with colleagues in XPS Administration to identify suitable individuals in the 'other employers' group who may wish to join the Board.

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040