

Report of:	Executive Member for Environment, Finance and Governance and Director of Legal and Governance Services
Submitted to:	Council
Date:	25 May 2022
Title:	Proposed Changes to Teesside Pension Board's Terms of Reference
Report for:	Decision
Status:	Public
Strategic priority:	All
Key decision:	No
Why:	Not applicable
Urgent:	No
Why:	Not applicable

Executive summary

Council is asked to approve changes to the Teesside Pension Board's Terms of Reference to allow greater flexibility in the appointment of new Members.

The implications of the recommendation have been considered by the appropriate officers of the Council and are set out in the main body of the report.

If there continues to be a vacancy from the 'other employers' group there is a possibility of the Board going for long periods with vacancies which could result in meetings being inquorate.

The proposed amendment was agreed by the Teesside Pension Board at a meeting held on 11 April 2022.

Purpose

1. To seek approval of a proposed change to the Board's Terms of Reference to allow greater flexibility in appointing Board members.

Background and relevant information

2. 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.

3. 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.
4. In order to avoid a situation where a Board vacancy exists for a long time, the Teesside Pension Board proposes to amend the Board's Terms of Reference to provide additional flexibility in appointment situations where a vacancy has proved difficult to fill. Any amendment to the Teesside Pension Board's current Terms of Reference requires Council approval.

What decision(s) are being recommended?

5. That Council approves an amendment to the Teesside Pension Board's Terms of Reference. 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."

The amended paragraph 22 is shown in context in a 'tracked changes' version of

the Terms of Reference attached at Appendix A.

Rationale for the recommended decision(s)

6. If there continues to be a vacancy from the 'other employers' group this can 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 can be appointed by the selection panel.

Other potential decision(s) and why these have not been recommended

7. Do Nothing. If this option was selected there is a possibility of the Board going for long periods with vacancies which could result in meetings being inquorate.

Impact(s) of the recommended decision(s)

Legal

8. There are no legal implications in respect of the recommended decision.

Strategic priorities and risks

9. The relevant risks this decision would influence are cited below, with an explanation as to why they are relevant and how it would affect each risk.

Risk No	Risk Description	Impact
O8-054	Failure to adhere to Local Code of Corporate Governance and deliver governance improvements outlined in the Annual Governance Statement.	This decision will ensure that the Teesside Pension Board continues to be able to meet regularly and adhere to the Local Code of Corporate Governance.

Human Rights, Equality and Data Protection

10. The subject of this report is not a function or service that is new or being revised. It is considered that an equality impact assessment is not required.

Financial

11. There are no financial implications arising from the content of this report.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Amend Terms of Reference	Democratic Services Officers	25 May 2022

Appendices

1	Copy of the Teesside Pension Board's Terms of Reference
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Background papers

Body	Report title	Date

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