**Terms of Reference**



**Police Pension Board Terms of Reference for the**

**Police Pension Board for North West Regional Police Pension Board**

Version updated on 15/09/2022 and approved by the Board

#  **INTRODUCTION**

The purpose of this document is to set out the Terms of Reference for the Police Pension Board for Northwest Regional Police Pension Board (the “**Board**”). The Board if established by the Chief Constables of Lancashire, GMP, Cumbria, Cheshire, and Merseyside (and are known collectively as the “**Scheme Manager**”) under the powers of **Section 5** of the PSPA and Regulation 10 of the PSPA and Regulation 10 of the Regulations on 1st April 2015.

#  **POWERS OF THE POLICE PENSION BOARD**

The Board will exercise all its powers and duties in accordance with the law and this Terms of Reference.

#  **FUNCTIONS OF THE BOARD**

3.1 The role of the Pension Board is defined by Regulation 10(1) of the Regulations as to assist the Scheme Manager to secure compliance with:

3.1.1.1 the regulations.

3.1.1.2 any other legislation relating to the governance and administration of the Scheme (and any statutory pension scheme that is connected with it); and any requirements imposed by Pensions Regulator in relation to the Scheme (and any statutory pension scheme that is connected with it); and also

3.1.1.3 in the performance of the Scheme Manager’s functions under the Regulations.

3.2 The Scheme Manager considers that assisting the Scheme Manager determines. The specific functions of the Board as determined by the Scheme Manager above. The Board’s core statutory role is set out in Annex A to these terms Reference.

# **4. THE COMPOSITION OF THE PENSION BOARD**

4.1 **Membership**

4.1.1 The Board shall consist of **11** voting members, as follows:

4.1.1.1 **5 Employer representatives of the scheme managers:**

 GMP

 Cumbria

 Lancashire

 Cheshire

 Merseyside

4.1.1.2 5 Member representatives:

 Police Federation

Chief Police Officer Staff Association (CPOSA)

National Association of Retired Police Officers (NARPO)

Police Superintendents Association (PSA)

4.1.2 There shall be an equal number of Employer Representatives and member representatives.

4.1.3 There shall be representative for the 5 PCCs who will be nominated by the 5 PCCs to represent them at the Board in a non-voting capacity.

 There shall also be the Chair and the Deputy Chair who also have the power to vote 9 see below in relation to their appointments).

4.2 **Appointment and Removal of Chair and Deputy Chair**

4.2.1 The Scheme Managers will appoint the Chair when the Board is first constituted for a term of 4 years.

4.2.2 The Board will appoint a Deputy Chair from employer and employee representatives on a rotating basis for a period of a maximum of 36 months.

4.2.3 Where the Scheme Manager does not appoint an independent Chair the office of Chair must be filled alternatively by Employer Representative and a Member Representative; and

4.2.3.1 where the Chair is an Employer Representative, the Deputy Chair must be a Member Representative, and vice versa.

4.2.4 If the chair or the Deputy Chair’s term of office:

4.2.4.1 terminates by natural expiry under paragraph 4.2.1, above the Scheme Manager may re-appoint the Chair. The Board may reappoint the Deputy Chair for a further term as set out in that paragraph; or

4.2.4.2 terminates for any other reason, the Scheme Manager will appoint another person to replace the outgoing party externally or from the existing membership of the Board in accordance with this paragraph 4.2.

4.2.5 The Chair will ensure that meetings are properly conducted and the decision of the Chair on all points of procedure and order shall be final.

4.2.6 The role of the Deputy Chair is to assist the Chair in carrying out their functions and to carry out those functions if the Chair is not present.

4.2.7 The Chair or Deputy Chair may delegate any of their functions apart from the responsibility to appoint Board Members.

4.3 **APPOINTMENT OF REMOVAL OF BOARD MEMBERS**

4.3.1 The Chair of the Board shall appoint the Employer Representatives and Member Representatives, subject to the approval of the Scheme Manager.

4.3.2 The eligibility and selection criteria for selecting Board Members and details as to how Board Members are to be removed are set out in the Police Pension Board Member Appointment and Removal Rules at Annex B.

# **5. DECISION MAKING AND ADMINISTRAITION**

5.1 **Notice of Meetings, Agendas and Minutes**

5.1.1 The Chair of the Board will prepare an agenda of the Board prior to each Board meeting and needs to reflect any issues raised by scheme managers.

5.1.2 Notice of meeting should be provided to all Board Members on an annual rotation so that the next three meetings are always in the calendar. If a Board Member decision is required as a matter of urgency, a shorter notice period will be used.

5.1.3 The agenda and any papers for the Board will be issued at least 7 working days (where practicable) in advance of the meeting except in the case of matters of urgency.

5.1.4 Minutes of each meeting including all actions and agreements will be recorded and circulated to all Board.

5.1.5 Members within 14 working days after the meeting, these minutes will be subject to formal agreement.

 5.1.6 The minutes may, at the discretion of the Chair, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as required under the Data Protection and Information Security Policy.

**5.2 Location and Timing**

5.2.1 Subject to the ability of the Board to meet by telephone or by other electronic means as set out in paragraph 5.3.2 below, the Board will normally meet at an agreed venue

5.2.2 Meetings should be within the times of 10.30am and 4pm on a normal working day apart from in exceptional circumstances agreed by all Board members and other individuals expected to attend the Board.

5.2.3 The Board will meet 4 times in each calendar year. The Chair may call, or agree to call, additional meetings in exceptional circumstances. There shall also be an ability for 50% of Board members and/or any of the Scheme Managers to require a special meeting to be convened on notice.

**5.3 Quorum and Appointment of Proxies**

 5.3.1 A meeting of the Board is quorate when:

5.3.1.1 50% of the members, excluding the Chair, are present.

 5.3.1.2 the Chair or the Deputy Chair are; and

 5.3.1.3 There is at least 1 representative from either employee or employer representatives present.

 5.3.2 The Board may meet in person, by telephone or by other electronic means, so long as each Board Member can contribute to the business of the meeting simultaneously.

 5.3.3 All Members of the Board are expected to regularly attend meetings. Records of attendance of all Members will be recorded in the minutes and reported to the Scheme Managers on at least an annual basis. Members should attend at least 2 out of the 4 meetings held each year.

5.4 **Voting and Decision-making**

 5.4.1 Where all the Board Members are present at the meeting, a decision will require approval of a majority of Board Members present at the meeting.

 5.4.2 Where a majority of the Board Members are present at the meeting, unanimous approval of all Board Members present is required.

 5.4.3 The Board Members may also make decisions by written resolution signed by all of the Board Members.

5.4.4 Each Employer and Member Representative on the Board will have an individual voting right. The Chair and Deputy Chair also have voting rights. Each voting right carries equal weight.

5.4.5 The Independent Member(s) do not have a coting right. The PCC representative does not have a voting right.

5.4.6 If there is a tied vote on any issue, the Chair has a casting vote. The results of any voting outcomes will be reported in the Board Minutes.

5.5 **Creation of Working Groups/Sub Boards**

5.5.1 The Board has the power to set up working groups or sub-boards on whatever terms that the Board determines.

5.5.2 If the Board decides to create a working group or sub- board then it will prepare terms of reference for each of these sub-committees.

# **6. BUDGET**

6.1 The board will have a budget for the following purposes:

 6.1.1 Fees and expenses for Board Members;

 6.1.2 Legal, technical and other professional advice;

 6.1.3 Cost of secretarial support.

 6.1.4 Accommodation and administrative support to conduct its meetings and other business accommodation costs;

 6.1.5 training for members; and

 6.1.6 anything else that the Scheme Managers determine

6.2 The terms of the budget shall be as set out in the Vaord’s Financial, fees and Expenses Document. The amount of the budget shall be as notified to the Board by the Scheme Managers on an annual basis.

# **7. FEES AND EXPENSES**

7.1 Fees and expenses of Board Members will be as set out in the Boards Financial, Fees and Expenses Document. A summary of this is set out below.

7.2 **Fees**

 7.2.1 Fees will be paid to the Independent Chairman for attending an damaging the meetings at a rate as determined by the Scheme Managers.

 7.2.2 In the addition, of the Chair is an Employer or Member Representative, they shall be paid such fees and at such rates and for such functions as determined by the Scheme Manager

 7.2.3 It is hoped that the employer of Representatives on the Pension Board will allow their employee time off to allow the Representative to perform the role within their normal working day.

 7.2.4 Payments to any Independent Member will be in accordance with the terms of their contract.

7.3 **Expenses**

 7.3.1 In addition, Employer and Member Representatives will be entitled to claim expenses as determined by the Scheme Managers and as set out in the Boards’ Financial, Fees and Expenses Document.

# **8. CONFLICTS OF INTEREST**

8.1 The members of the Board shall act within these Terms of Reference and in accordance with the Board’s Conflict of Interest Policy. Though members of the Board include representatives of specific categories of stakeholder (i.e. scheme members and employers) each Board Member is required to have due regard to the role of the Board as outlined in these Terms of Reference. Accordingly, all members are expected to work jointly with the key purpose of oversight of the management of the Scheme, putting aside any individual views of any stakeholders, this should not prevent Board Members from sharing their knowledge on how matters might impact specific stakeholders of the scheme.

8.2 The Chair of the Board must be satisfied that the Board is acting within:

 8.2.1 The conflicts of interest requirements of the PSPA and the Regulations;(and)

 8.2.2 in the spirit of the Code of Practice in relation to conflicts of interest; and

 8.2.3 in accordance with the Board’s conflict of Interest Policy.

8.3 Each member of the Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Scheme manager with such information as he or she reasonably requires for the purposes demonstrating that there is no conflict of interest.

# **9. ADVICE AND INFORMATION**

9.1 The Board may appoint professional advisers, or other advisors to advise the Board on such matters that the Board determines. This will be on a ‘as required’ basis. For the avoidance of doubt, any expert advised is not a Board member.

9.2 The Process of their appointment and agreeing their fees shall be on terms as the Board determines.

9.3 The Board should request such information and documents from the Scheme Managers that it requires to carry out its functions. The Scheme Managers will be required to consider positively all reasonable requests in relation to the role of the Board whilst being mindful of value for money.

# **10. KNOWLEDGE AND SKILLS**

10.1 Under the requirements of the PSPA, a member of the Board must be conversant with:

10.1.1 the rules of the Scheme; and

10.1.2 any document recording policy about the administration of the Scheme which is for the time being adopted in relation to the Scheme.

10.2 In addition, a member of the Board must have knowledge and understanding of:

10.2.1 the law relating to pensions; and

10.2.1 any other matters which are prescribed in regulations.

 The degree of knowledge and understanding referred to above is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Board.

10.3 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 Board and therefore must comply with the Boards’ Knowledge and Understanding and Training Policy.

# **11. STANDARDS OF CONDUCT**

The Code of Conduct shall apply in relation to the standards of conduct of Board Members.

# **12. REPORTING ON THE BOARDS ACTIVITIES**

12.1 The Chair shall provide the approved minutes of each meeting to the Scheme Managers and produce annual reports on the Board’s activity.

12.2 The Chair, where required, will respond to requests for information on the pension board.

# **13. REPORTING BREACHES**

 The Board shall report breaches of law in accordance with its Reporting Procedures.

# **14. ACCESS TO THE PUBLIC AND PUBLICATION OF PENSION BAORD INFORMATION**

 The following will be entitled to attend Board meetings in an observers capacity at the discretion of the Chair:

14.1 Other officers or advisers of the Force or other employers involved with the manager of the Scheme subject to approval in advance by the Chair or on request by the Chair.

14.2 Any other person requested to attend by the Chair.

14.3 Any other person subject to approval in advance by the Chair.

14.4 Any such attendees will be permitted to speak on request to the Chair.

# **15. INDEMINITY/SINSURANCE**

 The Board and Board Members will be indemnified in the performance of their duties by the Scheme Managers who they are assisting.

# **16. REVIEW, INTERPRETATION AND PUBLICATION OF TERMS OF REFERENCE**

16.1These Terms of Reference have been agreed by the Board. The Board will monitor and evaluate its operation and may review these Terms of Reference every 12 months.

16.2 The Terms of Reference are only effective once the Scheme Manager has provided confirmation that if approves them.

16.3 Changes to these Terms of Reference will only be approved by the Board m with the Scheme Manager’s approval.

# **17. DEFENITIONS AND INTERPRETATION**

The following words apply to the Terms of Reference:

**“Board Member”** means a member of the Board (this includes a reference Employer Representative, Member Representative and an independent Member).

**“Chair”** Means the appointed Chairperson of the Pension Board.

**“Code of Conduct”** means the code of conduct adopted by the Board.

**“Code of Practice”** means The Pensions Regulator’s (draft) Code of Practice no.14 entitled “*Governance and administration of public service pension schemes”* is as defined in the PSPA.

**“Conflicts of Interest Policy”** means the policy on conflicts of interest as adopted by the Board.

**“Deputy Chair”** means the appointed deputy chairperson of the Board.

“**Employer Representative**” means a person appointed to the Board for the purpose of representing employers for the Scheme and any connected scheme.

“**Independent Members**” means neither an Employer Representative or a Member Representative.

**“Police Pension Board**

**Member Appointment**

**and Removal Rules”**

**“PSPA”** the document adopted by Board setting out the nomination and selection procedure and how Board Members are to be appointed and removed.

The Public Service Pensions Act 2013 (as amended)

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| --- | --- |
| **“Regulations”** | [The Police Pensions Regulations 2015] (as amended). |
| **“Reporting Procedure”** | means the procedure adopted by the Board setting out the Board’s procedure for reporting breaches of law and other matters.the Chief Constable.the Police Pension Scheme.means the training policy as adopted by the Board. |
| **“Scheme Manager”****“Scheme”****“Knowledge and Understanding and Training Policy”** |

All references to job titles of officers are to officers within the Force unless otherwise stated.

# **ANNEX A**

### **Functions of the Board above its core statutory role**

The Scheme Manager considers that the Board should assist the Scheme Manager in the following matters above the Board’s core statutory role:

1. Setting the scope and direction of Scheme administration and any new strategic approach.
2. Developing communications link with Scheme Advisory Board to receive advice from it and escalate issues to it.
3. Scrutinizing the level and quality of service, challenging and directing service providers to improve Scheme performance, focusing on continuous improvement and value for money and identifying opportunities to enhance the range and quality of services offered by the Scheme.
4. Challenging the performance of the service providers; benchmarking the scheme administration, identifying and promoting good practice and addressing any areas of weakness with the service providers.
5. Establishing the effectiveness, efficiency, and value for money of Scheme administration.
6. Monitoring the procurement of administration services.
7. Ensuring the scheme administrator supports employers to communicate the benefits of the Scheme.
8. Ensuring the administrator supports members with a range of tools to improve their understanding of their pension benefits.
9. Developing and managing an internal controls risk management framework;
10. The board should assist the scheme manager to,Improve pension data quality.
11. Ensuring the development of processes and systems to incorporate any new statutory requirements.
12. Ensuring that there is an effective audit strategy in place for the Scheme and monitoring audit delivery plans.
13. Monitoring common areas of complaints and disputes and addressing issues arising from cases referred to the internal dispute resolution procedure and/or the Pension Ombudsman.
14. Ensuring that Returns, Breaches, and potential Breaches are reported to The Pension Regulator as appropriate.
15. Supporting Board members in maintaining up to date knowledge of relevant pension regulations.
16. Any such other matters as the Scheme Manager determines from time to time.

**Governance and administration risks**

To what do the top three governance and administration risks on your register / facing your scheme relate?

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| Remediation (McCloud judgement) |
| Record-keeping (i.e. receipt & management of correct data) |
| Securing compliance with changes in scheme regulations |
| Funding or investment  |
| Cyber risk |
| Recruitment and retention of staff or knowledge  |
| Lack of resources/time  |
| Systems failures (IT, payroll, administration systems, etc)  |
| Administrator issues (expense, performance, etc) |
| Guaranteed Minimum Pension (GMP) reconciliation |
| Production of annual benefit statements |
| Lack of knowledge, effectiveness or leadership among key personnel |
| Receiving contributions from the employer(s) |
| Other |

## **ANNEX B**

### Police Pension Board Appointment and Removal Rules

These rules set out the procedures which have been agreed and adopted by the Board for the appointment and removal of Representative (ie the Employer and Member Representatives) and Independent Board Members.

### Part A – Appointment of Representative Board Members Nomination and Selection Procedure

Representative Board Members will be chosen by way of a two stage nomination and selection process, as follows:

### STAGE 1 - Nomination Process

* The Employer Representative Board Members are nominated by the relevant force areas Director of Resources or Pay and Pensions Manager.
* The Member Representative Board Members are nominated by the respective association that are representing the northwest region forces.
* Individuals are only eligible to be nominated as a Board Member if they meet the Eligibility Criteria. The Eligibility Criteria is as follows:
	+ The Employer Representatives are appointed for the purposes of representing the employers of the Scheme.
	+ The Member Representatives are either a member of the scheme or a member of relevant staff association.

### STAGE 2 – Selection Process

The Board Members are selected as follows - the Chair is selected by the Scheme Managers. The Vice Chair is selected by the Board. The Chair will appoint the Employer and Employee representatives subject to the approval of the Scheme Managers.

### Part B – Term of Office and Removal of Representative Employer and Member Representative Board Members

* Employer and Member Representatives are appointed for a period of 4 years from the date of establishment of the Board or the date of their appointment, if later.
* Any Board Member may be re-appointed for further terms following an appointment process.
* An appointment will automatically cease if:
	+ a Board Member no longer meets the Eligibility Criteria;

a Board Member has a conflict of interest which, in the opinion of the Scheme Manager, cannot be managed in accordance with the Board’s Conflicts of Interest Policy;

* + a Board Member dies or, in the opinion of the Board, becomes incapable of acting; and
	+ a Board Member wishes to resign, and has given one month’s notice in writing to the Chair.
* Further, if a Board Member fails to attend meetings or otherwise comply with the requirements of being a Board Member, for example fails to attend the necessary knowledge and understanding training then the Chair of the Board and the Scheme Manager can decide, whether the member should be given an opportunity to change their behaviour. Where issues of this nature arise, the Chair will lead responsibility for an initial informal discussion with the Board Member about the concerns.
	+ Where a vacancy arises for a representative member mid–term, the Chair and Scheme Manager will consider and agree on the process to be used to fill that vacancy.

### Part C – Appointment and Removal of Independent Representative(s)

* + The Independent Members must be neither an Employer or Member Representative.
	+ Any Independent Representative’s term of office will be determined by separate terms agreed by the Chair, with the Scheme Manager’s approval, but will not be longer than a period of 6 years and will be subject to ongoing review as defined in those terms.

### **Part D - Review of the Rules**

The Board will keep these rules under review having due regard to the Regulations, the Code of Practice and guidance (statutory or otherwise). The Board will amend the rules as and when it sees fit.