

**Report To:** **GMPF LOCAL PENSION BOARD**

**Date:** 29 March 2018

**Reporting Officer:** Sandra Stewart, Director of Pensions  
Euan Miller, Assistant Director of Pensions (Funding and Business Development)

**Subject:** **LOCAL BOARD TERMS OF REFERENCE**

**Report Summary**

The Terms of Reference for the Local Board require periodic review by the Administering Authority. One of the areas that the Terms of Reference suggests should be reviewed is the appropriate number of Board members, which should be conducted in liaison with the Board.

This presents a good opportunity to discuss the composition of the Board and in particular, whether it contains an appropriate range of skills and experience, and whether it effectively represents employer and Scheme member interests.

The Board is also asked to provide its thoughts on appropriate terms of office for Board members, which requires clarification following the Board's expansion from 4 to 10 members.

The current Terms of Reference are attached as **Appendix 1** to this report.

**Recommendations:** The Board is asked to provide comment on the composition of the Board and appropriate terms of office for Board members.

**Policy implications:** None

**Financial Implications:** None

**(Authorised by the Section 151 officer**

**Legal Implications:** The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

**(Authorised by the Solicitor to the Fund)**

The 2015 Governance Regulations require employer and member representatives to have the "capacity" to represent employers and members respectively. Board members are also required to acquire appropriate "knowledge and understanding" of pension matters, under the Pensions Act 2004.

**Risk Management:** The purpose of the Local Board is to oversee compliance type activities and to support effective and efficient governance of the Fund. Thus its role is likely to focus on mitigating risks.

**ACCESS TO INFORMATION:** **NON-CONFIDENTIAL**

**This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**

**Background Papers:** For further information please contact Euan Miller, Assistant

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## **1. INTRODUCTION**

- 1.1 The Terms of Reference for the Local Board were initially adopted in February 2015 and last revised in July 2015. The current Terms of Reference are attached as **Appendix 1** to this report.
- 1.2 The Terms of Reference for the Local Board require periodic review by the Administering Authority. One of the areas that the Terms of Reference suggests should be reviewed is the appropriate number of Board members, which should be conducted in liaison with the Board.

## **2. BACKGROUND**

- 2.1 To allow it to be established expediently, the GMPF Local Board was initially comprised of 2 employer representatives and 2 employee representatives ('2+2' - there is a requirement for equal numbers of each).
- 2.2 This was increased soon after establishment to '4+4' and then to '5+5' with the addition of the pensioner representative and the representative of non-local authority employers.
- 2.3 The current process for allocating seats on the Board is set out in paragraphs 5 to 13 of the Terms of Reference.
- 2.4 The only change to the Board membership since the expansion to 10 members is the retirement of the original Board Chair (one of the employer representatives) and the appointment of Councillor Fairfoull as his replacement.

## **3. PROPOSED REVIEW OF TERMS OF REFERENCE**

- 3.1 The Terms of Reference set the terms of office for the initial board members to run until September 2016 but give the Administering Authority the power to extend these (paragraphs 18 to 20). However the Terms of Reference are silent on the terms of office of the members who have subsequently joined.
- 3.2 Prior to its formal review, the Administering Authority would appreciate the Board's views on appropriate terms of office, bearing in mind a desire to retain knowledge, skills and experience.
- 3.3 As well as giving consideration to appropriate terms of office, this paper is designed to facilitate wider discussion on the composition of the Board, whether it contains an appropriate range of skills and experience, and whether it effectively represents employer and Scheme member interests.
- 3.4 Board members may wish to refer to guidance on establishing and operating Local Pension Boards issued by the LGPS Scheme Advisory Board in 2015. This is available on the link below:

[http://lgpsboard.org/images/Guidance/LGPS Board Guidance FINAL PUBLISHEDv1%201clean.pdf](http://lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf)

## **4. RECOMMENDATIONS**

- 4.1 As set out on the front of the report.