

Wiltshire Council

Standards Committee

7 July 2020

Recommendations of the Constitution Focus Group: Part 3B of the Constitution Section 2.7 and 7 and Protocol 2 relating to Section 7

Purpose of Report

1. This report asks the Standards Committee to consider recommendations of the Constitution Focus Group in relation to Part 3B and Protocol 2 of the Constitution including:
 - Paragraphs 2.7 and 7 of Part 3B - Wiltshire Pension Fund Committee, Local Pension Board
 - Protocol 2 - Local Pension Board

Background

2. The Standards Committee has responsibility for oversight of the Council's constitution. It has established a cross party working group, known as the Constitution Focus Group, to advise and assist in carrying out this function.
3. The Focus Group met on 14 June 2019, 15 January 2020 and 24 April 2020 to review sections of the Constitution set out above.
4. The Pension Fund Committee and Board members completed a member effectiveness review in November 2018 co-ordinated by the Fund's Actuarial Consultants Hymans Robertson, following which recommendations were made in the way the Committee and Board should operate. These recommendations were considered by a focus group of key Pension Fund stakeholders in January 2019, the culmination of which led to key actions being agreed.

One of these actions was to review the existing terms of reference (ToR) under the Constitution in respect of both the Wiltshire Pension Fund Committee and Local Pension Board to ensure that;

- each ToR remained relevant to the statutory purpose of its group;
 - all members had a clearer understanding of their roles and responsibilities relative to their group and those of the other group;
 - the ToRs would be harmonised in purpose with the other group; and
 - where required, the ToR would be increased in scope, if it were silent in its content or loosened in its nature if it were found to be too prescriptive and impractical to execute in its nature.
5. The reasons for the paragraphs within each ToR becoming misaligned with each other over the past few years has been due to the increased complexity of the Fund's investment strategy requiring the creation of the Investment Sub-Committee and new pensions legislation, notably the Public Services Pensions Act 2013 which initiated the introduction of the Local Pension Board in April 2015.

6. These changes are intended to enable a more effective cascade of information throughout the rest of the Fund's documentation leading to greater efficiency of the management of the Fund.

Main Considerations

7. The Focus Group considered the existing terms of reference, detailed in **Appendices A and B**, had been lacking in content, clarity and functional execution in respect of certain procedures and that it was appropriate to recommend amendment to these paragraphs in relation to the overall operational effectiveness of the Administering Authority's Pension Fund.
8. The Focus Group therefore recommends the series of changes set out in **Appendices C and D**, a summary of which are highlighted below;

Part 3, Section 2.7 – ToR for the Wiltshire Pension Fund Committee

To create a Protocol 2A document which enhances the ToR paragraphs by either adding or amending them as described below;

Additions

- An introduction defining the formation of the Fund;
- An interpretations paragraph providing background guidance;
- A Duties of Committee paragraph concerning member conduct and registration of interests;
- A Duties of the Chairman paragraph providing clarity over the management of the Committee;
- Meetings paragraphs;
- Quorum paragraphs;
- Functions of the Committee paragraphs detailing the policy framework in which the Committee would operate; and
- Delegations paragraphs setting out its relationship with the Committee's Investment sub-Committee and officers supporting the Committee.

Amended

- Paragraph 2.7.2 was amended and retitled into two paragraphs namely "Statement of purpose" and "Reporting" to enable distinction in these functional areas;
- Paragraph 2.7.1 was amended and retitled "Membership" and separated into two paragraphs within Protocol 2A; and
- Paragraph 2.7.3 was amended and retitled "Recruitment process and term lengths". It now comprises of 8 paragraphs within Protocol 2A covering.
 - i) Elected member representatives;
 - ii) Elected Employer representatives;
 - iii) Non-voting Employee representatives;
 - iv) Appointment of Chair, Vice Chair and substitute members; and
 - v) Notification of appointment.

Part 3, Section 7, Protocol 2 – ToR for the Wiltshire Pension Fund, Local Pension Board

The key material **amendments** over and above a number of housekeeping changes designed to enhance the Board's ToR paragraphs are described below;

- It is now called Protocol 2B;
- Member Representatives, which covered “For the initial member representatives” paragraphs between 17 to 21 and “For subsequent member representatives” paragraphs between 22 to 24 have been merged and simplified into “For the member representatives” paragraphs between 17 to 22;
- Employer Representatives, which covered “For the initial employer representatives” paragraphs between 25 to 34 and “For subsequent employer representatives” paragraphs between 35 to 37 have been merged and simplified into “For the employer representatives” paragraphs between 23 to 33;
- The Appointment of Chair process between paragraphs have been altered to a less prescriptive timeframe and now cover paragraphs 36 to 42;

In all three bullet points above the basis for change highlighted by the effectiveness review was to;

- i) Reflect representation as an ongoing process now that the Board had been established;
 - ii) Make the appointment of members less prescriptive as finding candidates who could fulfil the criteria and were willing to perform the role had become an overly difficult challenge; and
 - iii) Ensure that the democratic process remained clear.
- Independent governance adviser – Paragraph 48 (now paragraph 44) was relaxed in that the Board should simply be able to use the adviser appointed by the Administering Authority for the benefit of the Committee. In practice, no conflict of interest is seen as being present, no appointment has ever been made and from a cost control viewpoint it would be an appointment which would be difficult to justify;
 - Board Administration – Paragraph 67 (now paragraph 63), the issuance of meeting packs was reduced from 7 to 5 working days to be consistent with the timeframe of other Council meeting pack issuances;
 - Public Access to Board meetings and Information – Paragraph 75 (now paragraph 70) was updated to reflect the restructure of officer appointments supporting the Board defining, by who may speak with the permission of the Chair;
 - Budget – Paragraph 83 (now paragraph 78) has been updated with a fourth allowance d) other contractual arrangements, as approved by Committee as part of the annual budget; and
 - Reporting – Paragraphs 90 to 93 (now paragraphs 85 to 88) have been reformatted to better reflect the actual reporting framework by which the Board communicates with both the Committee and publicly.

Safeguarding Implications

9. There are no safeguarding issues arising from this report.

Equalities Impact of the Proposal

10. There are no equalities impacts arising from this report.

Risk Assessment

11. There are no risk issues arising from this report.

Financial Implications

12. There are no financial implications arising from this report.

Legal Implications

13. The recommendations in this report are consistent with the council's duties under relevant legislation.

Public Health Impact of the Proposals

14. There are no public health impacts arising from this report.

Environmental Impact of the Proposals

15. There are no environmental impacts arising from this report.

Proposal

16. **To recommend Full Council approve the revisions to Part 3B of the Constitution Sections 2.7 and 7 and Protocol 2 relating to Section 7 by the implementation of Protocols 2A and 2B**

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Appendices

Appendix A – Existing Part 3, Section 2.7

Appendix B – Existing Part 3, Section 7, Protocol 2

Appendix C – Revised Part 3, Protocol 2A

Appendix D – Revised Part 3, Section 7, Protocol 2B

Background Papers

[Part 3 of the Constitution](#)