

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD  
06 AUGUST 2020

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### Member Effectiveness review - update

#### Purpose of the Report

1. To update the Board on the changes to the terms of reference for both the Pension Fund Committee & Local Pension Board as part of the member effectiveness review.

#### Background

2. 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 groups 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.
3. 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.
  4. After three reviews by the Council's Constitutional Focus Group, including the implementation of a separate focus group involving Legal Services and a review by the Standards Committee on 7<sup>th</sup> July, both ToR's were approved by full council on 21<sup>st</sup> July & now form part of the Council's Constitution.
  5. For your information a summary of the changes in respect of each ToR is set out 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 Chair 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;
- Delegations paragraphs setting out its relationship with the Committee’s Investment sub-Committee and officers supporting the Committee; and
- A Reporting paragraph detailing attendance & the Committee’s reporting to the Board.

#### **Amendments**

- 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** – To amend the Protocol 2 document which enhances the ToR paragraphs by amending them as described below;

#### **Amendments**

- It is now called Protocol 2B;
- Interpretations, the member “Other” has been added to support paragraphs 38 & 39 (now paragraphs 34 & 35).
- Duties of the Board (paragraph 7) the term “abide” has been replaced by the term “declarations” & the code of conduct referred to is clarified as the Administering Authority’s code of conduct.
- 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 has been altered to a less prescriptive timeframe and is now covered in 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 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.

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

### **Considerations for the Board**

7. As a result of these changes to the Council's constitution officers anticipate that the following actions will now take place;
  - A review of the Fund's Governance Compliance Statement & Investment sub-Committee ToR to ensure that they are consistent with Protocols 2A & 2B & that they are fully aligned with the Fund's current operational structure; &
  - A further review of each groups ToR on publication of the the Scheme Advisory Board's Good Governance review to ensure that the findings are reflected in each ToR.

### **Environmental Impact of the Proposal**

8. Not applicable.

### **Financial Considerations & Risk Assessment**

9. There are no financial considerations expected.

### **Legal Implications**

10. There are no material legal implications from this report.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

11. There are no known implications currently.

### **Proposals**

12. The Board is asked to note the changes to the Pension Fund Committee and Board's ToRs & the next steps outlined under point 7.

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Unpublished documents relied upon in the production of this report:           NONE