

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

Version adopted on 28 April 2015 and approved 16 June 2015

1. INTRODUCTION

The purpose of this document is to set out the Terms of Reference for the Police Pension Board for Northumbria Police (the “**Board**”). The Board is established by the Chief Constable of Northumbria Police (the “**Scheme Manager**”) under the powers of **Section 5** of the PSPA and Regulation 13 of the Regulations on 6 March 2015.

2. 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.

3. FUNCTIONS OF THE BOARD

3.1 The role of the Pension Board is defined by Regulation 13(1) of the Regulations as to assist the Scheme Manager:

3.1.1 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

3.1.1.3 any requirements imposed by the Pensions Regulator in relation to the Scheme (and any statutory pension scheme that is connected with it); and also

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

3.2 The Scheme Manager considers that assisting the Scheme Manager will include undertaking matters requested by the Scheme Manager in relation to such aspects of governance and administration of the Scheme as the Scheme Manager determines and specifically, but without derogation from the generality of the Regulations above, as set out in Annex A below.

3.3 In undertaking its functions the Board shall take into account the guidance contained in The Code.

4. COMPOSITION OF THE PENSION BOARD

4.1 Membership

4.1.1 Subject to sub-clause 4.1.3 below, the Board shall consist of six voting members, as follows:

4.1.1.1 Three Employer Representatives; and

4.1.1.2 Three Member Representatives.

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

4.1.3 In addition to the voting members set out at sub-clause 4.1.1 above, the Board shall also comprise:

4.1.3.1 a Chair and a Deputy Chair who shall not both be an Employer Representative or a Member representative and who shall both also have the power to vote, and,

4.1.3.2 with the approval of the Scheme Manager, may also include up to four Independent Members who shall not be entitled to vote.

4.2 Appointment and Removal of Chair and Deputy Chair

4.2.1 The Scheme Manager will appoint a Chair and a Deputy Chair of the Board when the Board is first constituted for a term of two years.

4.2.2 Where the Scheme Manager appoints a Chair who is also an Employer or Member representative the Chair and Deputy Chair must alternate their roles annually (to the intent that so long as the Chair remains an Employer or Member representative, they will continue such annual alternation ;

4.2.3 If the Chair or the Deputy Chair's term of office:

4.2.3.1 terminates by effluxion of time under paragraph 4.2.1, above the Scheme Manager may re-appoint the Chair or the Deputy Chair for a further term(s) of two years duration for each further term; or

4.2.3.2 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 for a term of 2 years.

- 4.2.4 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.
- 4.2.5 The role of the Deputy Chair is to assist the Chair in carrying out his/her functions and to carry out those functions if the Chair is not present.
- 4.2.6 The Chair or Deputy Chair may delegate any of their functions apart from the responsibility to appoint Board Members save that such delegation may only be made to another Board Member.

4.3 Appointment and 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 ADMINISTRATION

5.1 Notice of Meetings, Agendas and Minutes

- 5.1.1 The Chair of the Board will prepare an agenda for the Board prior to each Board meeting. The agenda shall be approved by the Scheme Manager before it is circulated.
- 5.1.2 Notice of meetings should be provided to all Board Members ten working days in advance of each meeting. If a Board Member decision is required as a matter of urgency, a shorter notice period may be given.
- 5.1.3 The agenda and any papers for the Board will be issued at least five 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 Members within ten working days after the meeting. These minutes will be subject to formal agreement by the Chair taking consideration of comments by Board Members (which may be done electronically between meetings).

- 5.1.5 The minutes may, at the discretion of the Chair, be edited to exclude items on the grounds that they would involve the likely disclosure of information which is exempt from disclosure by law

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 office of Northumbria Police, Newcastle City Centre Police Station, Forth Banks, Newcastle upon Tyne, NE1 3PH
- 5.2.2 Meetings should be within the times of 09:00 to 17:00 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 routinely meet up to three times in each calendar year. The Chair may call, or agree to call, additional meetings in exceptional circumstances. Any two of the Board members and/or the Scheme Manager may also 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 at least four Board members are present two of whom must be Employer representatives and two of whom Member representatives ; and,
 - 5.3.1.2 the Chair and/or Deputy Chair are 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 maintained and reported to the Scheme Manager on at least an annual basis.
- 5.3.4 If for any reason a Board Member cannot attend a Board meeting they are not permitted to send a proxy in their place to attend and vote at the meeting.

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. All votes carry equal weight.
- 5.4.5 If there is a tied vote on any issue, the Chair has a casting vote.
- 5.4.6 The results of any voting outcomes will be reported in the Board Minutes.

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

- 5.5.1 Subject to the approval of the Scheme Manager, 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 non-employee 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 Manager determines.
- 6.2 The terms of the budget shall be as set out in the Board's Financial Documents. The amount of the budget shall be as notified to the Board by the Scheme Manger on an annual basis.

7. FEES AND EXPENSES

7.1 Fees and expenses of Board Representatives will be determined in accordance with the provisions set out at 7.2.

7.2 Fees

7.2.1 If 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.

7.2.2 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.

7.2.3 Payments to any Independent Member will be in accordance with the terms of any contract for their services or otherwise as determined by the Scheme Manager.

7.3 Expenses

In addition, Employer and Member Representatives will be entitled to claim expenses as determined by the Scheme Manager

8. CONFLICTS OF INTEREST

8.1 The members of the Board shall always act within these Terms of Reference and in accordance with the Board's Conflict of Interest Policy.

8.2 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.

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

8.3.1 the conflicts of interest requirements of the PSPA and the Regulations; and

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

8.3.3 in accordance with the Board's Conflict of Interest Policy.

8.4 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 of establishing whether there is any conflict of interest.

9. ADVICE AND INFORMATION

9.1 Subject to the approval of the Scheme Manager, the Board may appoint professional advisers, or other advisors to advise the Board on such matters that the Board determines. This will be on an 'as required' basis. For the avoidance of doubt, any expert adviser is not a Board Member.

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

9.3 The Board will be supported in its role and responsibilities by any Independent Member.

9.4 The Board may request such information and documents from the Scheme Manager as it requires to carry out its functions. The Scheme Manager 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

10.2.2 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 Board's 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 BOARD'S ACTIVITIES

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

12.2 The Chair shall also report to the Scheme Manager.

13. REPORTING BREACHES ETC

The Board shall report breaches of law in accordance with its Reporting Procedure to the Scheme Manager.

14. ACCESS TO THE PUBLIC AND PUBLICATION OF PENSION BOARD INFORMATION

The following will be entitled to attend Board meetings in an observer capacity:

14.1 a Representative of the Police and Crime Commissioner.

14.2 other officers or advisers of the Force or other employers involved with the management of the Scheme subject to approval in advance by the Chair, or on request by the Chair;

14.3 any other person requested to attend by the Chair; and

14.4 any other person subject to approval in advance by the Chair.
Any such attendees will be permitted to speak on request to the Chair⁵¹.

15. [INDEMNITY/INSURANCE]

To follow

16. REVIEW, INTERPRETATION AND PUBLICATION OF TERMS OF REFERENCE

16.1 These Terms of Reference have been agreed by the Board. The Board will monitor and evaluate their operation and may review these Terms of Reference from time to time subject to the approval of the Scheme Manager.

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

16.3 Changes to these Terms of Reference may only be approved by the Board, with the Scheme Manager's approval.

17. DEFINITIONS AND INTERPRETATION

The following words apply to the Terms of Reference:

“Board Member”	means a member of the Board (this includes a reference to an 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 Code of Practice no. 14 entitled “ <i>Governance and administration of public service pension schemes</i> ”.
“Conflicts of Interest”	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.
“ the Force”	means Northumbria Police.
“Independent Members”	means neither an Employer Representative nor a Member Representative and, for the avoidance of doubt, does not include the Chair and Deputy Chair.
“Member Representative”	means a person appointed to the Board for the purpose of representing members of the Scheme and any connected scheme.

“Police Pension Board Member Appointment and Removal Rules”	the document adopted by the Board setting out the nomination and selection procedure and how Board Members are to be appointed and removed.
“PSPA”	the Public Service Pensions Act 2013 (and any subsequent amendment, modification and re-enactment thereof)).
“Regulations”	The Police Pensions Regulations 2015 (and any subsequent amendment or modification thereof).
“Reporting Procedure”	means the procedure adopted by the Board setting out the Board’s procedure for reporting breaches of law and other matters.
“Scheme”	the Northumbria Police Pension Scheme.
“Knowledge and Understanding and Training Policy”	means the training policy as adopted by the Board.

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

ANNEX A

Functions of the Board in addition to its core statutory role

The Scheme Manager considers that, pursuant to sub-clauses 3.1.2 & 3.2 above, the Board should assist the Scheme Manager in the following matters in addition to 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. scrutinising 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. overseeing the procurement of administration services, making recommendations on the scope of the service, budget, evaluation criteria and signing off preferred provider proposals;
7. commissioning additional services from the administrator to meet changing needs of membership and employers;
8. ensuring the scheme administrator supports employers to communicate the benefits of the Scheme;
9. ensuring the administrator supports members with a range of tools to improve their understanding of their pension benefits;
10. developing and managing an internal controls risk management framework;
11. improve pension data quality;
12. overseeing the development of processes and systems to incorporate any new statutory requirements;
13. overseeing and providing challenge to Scheme budget forecasting;

14. ensuring that there is an effective audit strategy is in place for the Scheme and approving and monitoring audit delivery plans;
15. 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; and

any such other matters as the Scheme Manager may determine from time to time.

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

Suitable board members will be selected and nominated by the Chair from the following eligibility criteria ('the eligibility criteria')

- The Employer Representative Board Members – As employees of The Force with the requisite knowledge and skills.
- The Member Representative Board Members – As a member of either the Scheme, and/or a recognised staff association and/or an established pensioner organisation.

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 two years from the date of establishment of the Board or the date of their appointment, if later.
- This period may be extended by up to one year if jointly agreed by the Scheme Manager and Chair.
- Any Board Member may be re-appointed for further terms following an appointment process.
- 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.
- 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, the Chair may terminate the Member's appointment subject to following a reasonable process (which may include steps to seek to resolve any particular issues experienced by the Board Member without proceeding to termination of appointment) and with the approval of the Scheme Manager.

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

- Any Independent Members must be neither an Employer nor Member Representative.
- Any Independent Representative's term of office will be determined by individual terms agreed by the Chair, with the Scheme Manager's approval, but will not be longer than a period of two years and will be subject to on-going review as defined in those terms.

Part D - Review of the Rules

The Board will keep these Terms of Reference under review having due regard to the Regulations, the Code of Practice and guidance (statutory or otherwise). The Board may amend the Terms of Reference as and when it considers it appropriate to do so subject to the approval of the Scheme Manager.