



PAPER B

Purpose: For Decision

Committee report

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| Committee | PENSION BOARD |
| Date | 11 JULY 2017 |
| Title | REVISION OF PENSION FUND COMMITTEE TERMS OF REFERENCE |
| Report of | Technical Finance Manager |

EXECUTIVE SUMMARY

1. This report presents to the board proposals for the amendment of the terms of reference for the Isle of Wight Pension Fund Committee.
2. Board members are asked to discuss the two alternative terms of reference, and recommend the agreed changes to the Pension Fund Committee for adoption at their next formal meeting.

BACKGROUND

3. The Isle of Wight Pension Fund Committee was originally set up to be an investment committee, overseeing the investment strategy of the fund. Over time its remit increased to cover wider aspects of the governance and administration of the fund, but the terms of reference were never updated to reflect this broader remit.
4. The Public Services Pensions Act 2013 introduced a framework for governance and administration of public service pension schemes, including the Local Government Pension Scheme (LGPS). As well as introducing Local Pension Boards to assist the scheme manager in ensuring efficient and effective administration and governance of the scheme, the Act provided for extended regulatory oversight by the Pensions Regulator.
5. In order to ensure that the Isle of Wight Pension Fund complies with the pension regulators Code of Practice for Governance and administration of public service pension schemes, it is necessary to revise the committee's terms of reference to ensure they reflect the full range of the committee's responsibilities.
6. The current version of the committee's terms of reference, as presented within the draft constitution approved at the May 2017 full council meeting, is

attached to this report as Appendix 1.

7. A draft revised terms of reference proposed by members of the pension board is attached at Appendix 2. This draft adds a number of tasks and responsibilities to the existing terms of reference, based on guidance on scheme management from the Pension Regulator's website.
8. An alternative draft revised terms of reference proposed by officers of the council is attached at Appendix 3. This version is more succinct, and refers to the broad requirements of legislation, regulation and guidance rather than listing specific tasks which ensures that any amendments to the legislation, etc. will not require the terms to be revised on each occasion. (Please note the footnotes to appendix 3 will not be replicated in the final terms of reference, but are provided to inform the discussions at the meeting).

STRATEGIC CONTEXT

9. Good governance arrangements are essential to the delivery of the council's services and the decision making process that supports this.

FINANCIAL / BUDGET IMPLICATIONS

10. Amending the committee's terms of reference will not incur any direct costs.

LEGAL IMPLICATIONS

11. The council has delegated the functions of administering authority to the pension fund committee under Section 101 of the Local Government Act 1972.
12. Updating the committee terms of reference will ensure continued compliance with the Public Services Pensions Act 2013, various Local Government Pension Scheme (LGPS) Regulations, and the Pensions Regulator's code of practice.

EQUALITY AND DIVERSITY

13. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
14. The proposed changes to the terms of reference of the pension fund committee are not considered to have any impacts upon the protected characteristics.

RISK MANAGEMENT

15. There is no standard template for the terms of reference of the pension committee, as it is for each administering authority to determine how their pension fund is governed.
16. Should the terms of reference for the committee fail to represent the whole remit of its operation could result in areas of its business not being considered on a regular basis.
17. Without complete coverage of the areas of responsibility, it will be difficult to evidence that good standards of governance and administration are being achieved, which could lead to intervention by the Pensions Regulator.

RECOMMENDATION

18. The board is asked to discuss the revised content of the terms of reference for the pension fund committee, and recommend the agreed version to the next pension fund committee meeting.

APPENDICES ATTACHED

19. [Appendix 1](#) – current pension committee terms of reference from draft Constitution approved at full council 17 May 2017
20. [Appendix 2](#) – draft terms of reference proposed by the pension board
21. [Appendix 3](#) – draft terms of reference proposed by the Technical Finance Manager

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