



ALL WALES POLICE PENSION BOARD

TERMS OF REFERENCE

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

Version approved by All Wales Policing Group, 28th January, 2016

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.
The Scheme “Code of Practice”	means The Pensions Regulator’s [draft] 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.
“Independent Members”	means neither an Employer Representative or a Member Representative.
“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 (as amended).
“Regulations”	[The Police Pensions Regulations 2015] (as amended).
“Reporting Procedure”	means the procedure adopted by the Board setting out the Board’s procedure for reporting breaches of law and other matters.
“Scheme Managers”	The four Chief Constables in Wales. And, for the Chief Constable’s pension, the four Police and Crime Commissioners in Wales.
“Scheme”	the 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 Forces unless otherwise stated.

1. INTRODUCTION

The purpose of this document is to set out the Terms of Reference for the Police Pension Board for Wales (the “Board”). The Board is established by the Chief Constables of Gwent, South Wales, Dyfed Powys and North Wales and the Police and Crime Commissioners of Gwent, South Wales, Dyfed Powys and North Wales (the “Scheme Managers”) under the powers of Section 5 of the Public Services Pensions Act and Regulation 10 of the Regulations on 19th February, 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 10(1) of the Regulations as to assist the Scheme Managers:
- 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 Managers’ functions under the Regulations.
- 3.2 The Scheme Managers consider that assisting the Scheme Managers should be interpreted as helping the Scheme Managers, including doing work requested by the Scheme Managers in relation to such aspects of governance and administration of the Scheme as the Scheme Managers determine. The specific functions of the Board as determined by the Scheme Managers above the Board’s core statutory role are set out in Annex A to these Terms of Reference.

4. COMPOSITION OF THE PENSION BOARD

4.1 Membership

- 4.1.1 The Board shall consist of 10 voting members, as follows:

- 4.1.1.1 5 Employer Representatives; and
- 4.1.1.2 5 Member Representatives.
- 4.1.2 There shall be an equal number of Employer Representatives and Member Representatives.
- 4.1.3 There shall also be the Chair and the Deputy Chair who also have the power to vote (see below in relation to their appointment).

4.2 Appointment and Removal of Chair and Deputy Chair

- 4.2.1 The Scheme Managers will appoint the Chair and Deputy Chair of the Board when the Board is first constituted for a term of 3 years.
- 4.2.2 Where the Scheme Managers do not appoint an independent Chair:
 - 4.2.2.1 the office of Chair must be filled alternatively by an Employer Representative and a Member Representative; and
 - 4.2.2.2 where the Chair is an Employer Representative, the Deputy Chair must be a Member Representative, and vice versa.
- 4.2.3 If the Chair or the Deputy Chair's term of office:
 - 4.2.3.1 terminates by natural expiry under paragraph 4.2.1, above the Scheme Managers may re-appoint the Chair or the Deputy Chair for a further term as set out in that paragraph; or
 - 4.2.3.2 terminates for any other reason, the Scheme Managers will appoint another person to replace the outgoing party externally or from the existing membership of the Board in accordance with this paragraph 4.2.
- 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 their 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.

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 of 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 30 working days in advance of each meeting. If a Board Member decision is required as a matter of urgency, a shorter notice period will be used.

- 5.1.3 The agenda and any papers for the Board will be issued at least 10 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 15 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 either involve the likely disclosure of exempt information as required under the Data Protection and Information Security Policy.

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 in Llandrindod Wells.
- 5.2.2 Meetings should be within the times of 11:00 and 13:00 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 meet 4 times in each calendar year. The Chair may call, or agree to call, additional meetings in exceptional circumstances. There shall also be an ability for 5 of the Board members and/or the Scheme Managers to 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 5 or more Board Members are present;
 - 5.3.1.2 the Chair or the Deputy Chair are present; and
 - 5.3.1.3 there are an equal number of Employer and Member Representatives 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 Substitute members can be appointed to the Board subject to completion of nomination process and at the discretion of the Chair.
- 5.3.5 If for any reason a Board Member cannot attend a Board an appointed substitute (as per 5.3.4)(as long as they are representing the same group as the Board Member that they are substituting, for example, an employer representative substitute can only substitute an employer representative Board Member) can attend and vote at the meeting in their place. Such substitution only remains valid for the meetings that the Board Member cannot attend.

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.
- 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 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 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 Managers determine.
- 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 Managers on an annual basis.

7. EXPENSES

- 7.1 Employer and Member Representatives will be entitled to claim expenses as determined by the Scheme Managers and as set out in the Board's Financial Documents.

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 Managers with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

9. ADVICE AND INFORMATION

- 9.1 The Board may appoint professional advisers, or other advisors to advise the Board on such matters that the Board determines. This will be on a '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 should request such information and documents from the Scheme Managers that it requires to carry out its functions. The Scheme Managers 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

11.1 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 to the Scheme Managers and produce an annual report on the Board's activity.

13. REPORTING BREACHES ETC

13.1 The Board shall report breaches of law in accordance with its Reporting Procedures.

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 Officers or advisers of the Forces or other employers involved with the management of the Scheme subject to approval in advance by the Chair, or on request by the Chair;
- 14.2 Any other person requested to attend by the Chair; and
- 14.3 Any other person subject to approval in advance by the Chair.

Any such attendees will be permitted to speak on request to the Chair.

15. INDEMNITY INSURANCE

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 its operation and may review these Terms of Reference from time to time.
- 16.2 The Terms of Reference are only effective once the Scheme Managers have provided confirmation that it approves them.
- 16.3 Changes to these Terms of Reference will only be approved by the Board, with the Scheme Managers' approval.

ANNEX A

Functions of the Board above its core statutory role

The Scheme Manager considers that the Board should assist the Scheme Manager in the following matters above the Board's core statutory role:

1. advising on 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 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 recommending 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 determines 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 Procedure

Representative Board Members will be chosen by way of a nomination process, as follows:

The Employer Representative Board Members are nominated by the Scheme Managers.

The Member Representative Board Members are nominated by:

- One Board Member from the Superintendents' Association;
- Four Board Members from NARPO
- One Board Member from the Police Federation

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 3 years from the date of establishment of the Board or the date of their appointment, if later. This period may be extended to up to 12 years if jointly agreed by the Scheme Manager and Chair.

Any Board Member may be re-appointed for further terms following an appointment process.

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, for example fails to attend the necessary knowledge and understanding training then the Chair of the Board and the Scheme Manager can decide, whether the member should be given an opportunity to change their behaviour. Where issues of this nature arise, the Chair will lead responsibility for an initial informal discussion with the Board Member about the concerns.

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.

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

The Independent Members must be neither an Employer or Member Representative.

Any Independent Representative's term of office will be determined by separate terms agreed by the Chair, with the Scheme Manager's approval, but will not be longer than a period of 3 years and will be subject to ongoing review as defined in those terms. This period may be extended to up to 12 years if jointly agreed by the Scheme Manager and Chair.

Part D - Review of the Rules

The Board will keep these rules under review having due regard to the Regulations, the Code of Practice and guidance (statutory or otherwise). The Board will amend the rules as and when it sees fit.