

# LOCAL PENSIONS COMMITTEE

## TERMS OF REFERENCE

### 1. **Introduction**

- 1.1 This document sets out the terms of reference for the Local Pension Committee of Leicestershire County Council, which is the scheme manager of the Leicestershire County Council Local Government Pension Scheme (the Fund), as defined under Section 4 of the Public Service Pensions Act 2013 (and any associated legislation).
- 1.2 The Committee is constituted as a Committee of Leicestershire County Council (the Administering Authority) under Section 101 of the Local Government Act 1972. The key functions and terms of the Committee are therefore as detailed in [Leicestershire County Council's Constitution](#).
- 1.3 These Terms of Reference will also apply to any subcommittee of the Local Pension Committee.

### 2. **Purpose of the Committee**

The Committee's purpose is to safeguard and manage the employers' assets held by the Fund, which are for the purpose of ensuring that pensions and lump sum benefits can be paid to Fund members.

### 3. **Responsibility and Role of the Committee**

- 3.1 The Committee is to act on behalf of the Administering Authority in its role as a scheme manager of the Fund.
- 3.2 The Administering Authority has delegated responsibility for all decisions relating to the investment of the Fund's assets and administration of the Fund in accordance with Section 101 of the 1972 Superannuation Act (see Part 3 of Leicestershire County Council's Constitution).
- 3.3 In the conduct of the Committee's purpose, its principal duties are to:
  - 3.3.1 Exercise all functions of the Fund in line with all relevant law, statutory guidance and industry codes of best practice;
  - 3.3.2 Determine the investment and funding strategy and all other relevant policies for the Fund and deliver this in accordance with the best interests of Fund members (i.e. using the assets of the Fund to ensure over time benefits are paid to Fund members) and employers (i.e. safeguarding the Fund and making investments that will minimise the overall costs to employers);
  - 3.3.3 Ensure appropriate investment management arrangements are in place for pension funds monies including pooling of investments;
  - 3.3.4 Undertake all functions relating to LGPS Central;

*[Note: LGPS Central Limited is the company formed by eight partner funds (including the Leicestershire County Council Pension Fund) which is authorised as the operator of the Authorised Contractual Scheme (ACS), to provide investment services to the partner funds, by the Financial Conduct Authority (FCA). The company is therefore subject to the regulator's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations to the FCA and with the Companies' Acts.*

*The Fund holds dual interest in LGPS Central Ltd as shareholder of the company and as a recipient of its investment services, these are managed separately through the Shareholders Forum and the Joint Committee.]*

- 3.3.5 Establish and maintain arrangements for the effective administration of the Fund including discretionary elements of the scheme, staffing and budgetary arrangements;
- 3.3.6 Delegate functions to pension fund officers, the Investment Sub-Committee, and other service areas within the Administering Authority as the Committee may consider appropriate to ensure the smooth administration of the Fund having regard to the Scheme of Delegation to Officers as set out in Part 3 of Leicestershire County Council's Constitution;
- 3.3.7 Approve the allocation of resources for the operation and administration of the funds from Fund assets in accordance with the applicable pension regulations;
- 3.3.8 Approve responses to consultations relevant to the Fund issued by government and other bodies;
- 3.3.9 Monitor overall performance of the Fund in the delivery of services and financial performance, and consider all matters in respect of the Fund including:
  - approving the pension fund annual report and accounts;
  - approving strategies and policies;
  - setting standards for service delivery;
  - securing best value in the provision of services;
  - Managing responsible investment, including the Net Zero Climate Strategy;
  - ensuring appraisal of the control environment and framework of internal controls in respect of the Fund to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations;
  - ensuring an appropriate risk management strategy and risk management procedures;
  - Oversight of the performance of investment managers, including those appointed by LGPS Central
  - promoting, monitoring and developing continuous improvement.
- 3.3.10 Work with the Local Pension Board considering all their recommendations and determine any appropriate action(s) to be taken or provide a reason to the Board for not enacting a recommendation

made by them.

- 3.4 In addition to the duties set out in para 3.3 above, the Committee is subject to a fiduciary duty to act in the best interests of employers and Fund members, in accordance with the advice provided to the Committee from time to time in light of guidance and the law.

**4. Duties of all Members (including non-voting representatives) on the Committee**

- 4.1 Members of the Committee should at all times act in a reasonable manner in the conduct of the Committee's purpose.
- 4.2 Members who sit on the Committee act as 'quasi-trustees' and must ensure that the Fund is managed in the best interest of all its members, employers and beneficiaries. As quasi-trustees, Committee members have a clear fiduciary duty in the performance of their functions and must ensure that the Fund is managed in accordance with the regulations and do so prudently and impartially, in the best interest of all its members as above.
- 4.3 Members should be mindful that, when making decisions, they are required to put the Fund, the interests of Fund members and employers first, at the exclusion of their own personal and political interests. Members of the Committee must therefore take a non-political approach to the decisions they make.
- 4.4 Members should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings, including the participation in training as detailed below.
- 4.5 It is expected that good practice will be followed by Committee members, in so far that appointees will abide by the requirements specified in the Pension Regulator's code of practice and the Pension Act 2004 sections 247 to 249.

Training

- 4.6 Members (including substitutes) are required to undertake induction training before taking up their role, and to adhere to the policy [Pension Fund and Finance - Leicestershire Member Self-Service \(pensiondetails.co.uk\)](https://pensiondetails.co.uk), and to undertake such other training as the Administering Authority considers appropriate.

Conflicts of interest

- 4.7 All members of the Committee must declare to the Administering Authority on appointment, and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Committee in accordance with the Funds Conflict of Interest Policy.

*[Note: A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Committee. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.]*

## **5. Membership of the Committee**

5.1 The Committee shall comprise of ten voting members and three non-voting members as follows:

### Voting members

- Five County Council members.
- Two District Council members (appointments to be made by the District Councils).
- Two members of Leicester City Council.
  
- One University representative (appointment to be made by De Montfort and Loughborough Universities).

### Non-Voting members

- Up to three Employee Representatives who must be members of the Fund in either an active, deferred or retired member capacity.

5.2 Any substitution for voting Members appointed to the Pension Committee shall follow their respective Council's procedures, subject to 4.6 above.

## **6. Appointment**

6.1 County Council, district council and university representatives will be appointed by the bodies they represent on the Committee.

6.2 Employee representatives will be appointed by Fund Members by way of nominations and a vote taken at the Leicestershire County Council Pension Fund Annual General Meeting, following a transparent recruitment process which is open to all Fund Members. The recruitment process will be approved and managed by the Administering Authority. The positions will be appointed to on a rolling basis so that at least one employee representative position will become available at each of the Fund's Annual General Meeting.

6.3 A reserve employee representative shall be appointed at the Fund's AGM. The reserve representative will act as a substitute at meetings of the Committee where an elected employee representative is unable to attend.

6.4 In the event of a vacancy occurring during the course of the year the reserve employee representative shall serve on the Committee as a full member until the Fund's AGM.

## **7. Terms of Office**

- 7.1 The term of office for County, City, District and University representatives will be one year. They may be reappointed following their relevant appointment processes.
- 7.2 The term of office for employee representatives will be three years, or for such period as is remaining if a position is vacated during a three-year term, to ensure appointments are made on a rolling basis each year, as outlined in 6.2 above. An employee representative may be appointed for further terms of office, following the process set out in paragraph 6.2.
- 7.3 Committee membership may be terminated prior to the end of the term of office due if:
- 7.3.1 An employee representative is no longer a member of the Fund.
  - 7.3.2 A Committee member who no longer has the capacity to attend and prepare for meetings or to participate in required training.
  - 7.3.3 The representative is withdrawn by the nominating body.
  - 7.3.4 There is a conflict of interest which cannot be managed in accordance with the Fund's Conflict of Interest Policy.
  - 7.3.5 A Committee member becomes a member of the Local Pension Board.
  - 7.3.6 An elected member representative ceases to be an elected member of the local authority they represent.
  - 7.3.7 The university representative ceases to be employed by their appointing university.

## **8. Appointment of Chairman and Vice Chairman**

- 8.1 The Administering Authority will administer the appointment process for the Chairman and Vice Chairman and Substitute Members.
- 8.2 The Chairman will usually be nominated by the Administering Authority at its annual Council meeting
- 8.3 It will be the first business of the Committee to appoint a Chairman and Vice Chairman to sit for the term of one year following the Administering Authority's annual meeting. The Vice-Chairman will act as Chairman in the absence of the Chairman.
- 8.4 The Chairman of the Local Pension Committee, in conjunction with the Fund's Section 151 officer, will agree on the most appropriate person to act as the Fund's shareholder for the Administering Authority's interest in LGPS Central and who will be the Fund's representative at the Shareholders Forum and the Joint Committee of LGPS Central Ltd, eligible to vote on the Administering

Authority's behalf on LGPS Central company matters. This will either be a senior officer of the Administering Authority, the Chairman or Vice Chairman. They will report back to the Local Pension Committee as appropriate.

*[Note: The Shareholders' Forum acts as a supervisory body which focuses on shareholder issues. The Forum meets at least twice a year to agree certain reserved matters as set out in the Shareholders Agreement.]*

*The Joint Committee deals with the 'investor' functions and provides assistance, guidance and recommendations to individual councils, taking into consideration the conflicting demands and interests of the participants within the pool.]*

## **9. Meetings**

### Number of meetings

- 9.1 Meetings of the Committee will be held at least four times a year.

### Meeting Procedures

- 9.2 The Pension Committee is a Committee of the Administering Authority. It will therefore, subject to paragraph 9.7 below, adhere to the Meeting Procedure Rules, as set out in Part 4 of Leicestershire County Council's Constitution, and all matters of due process, so far as they do not conflict with the Committee's delegations, duties and responsibilities provided for in law and the requirements of these Terms of Reference.

### Public Access

- 9.3 The Access to Information Procedure Rules, as set out in Part 4 of Leicestershire County Council's Constitution, will apply except where any particular issue is governed by other specific legislation relevant to pensions. The Committee's meetings will therefore be open to the general public unless an exemption under relevant legislation applies. These rules also apply to any sub-committee of the Pension Committee.

### Quorum

- 9.4 A meeting is only quorate when at least one quarter of the voting members are present, subject to a minimum of 3.
- 9.5 A meeting that is or becomes inquorate may continue, but no decisions may be taken.

### Moving Recommendations and Amendments at meetings

- 9.6 Any recommendation, or amendment to a recommendation, put forward and seconded at a meeting which proposes any action which the Chairman,

and/or the Section 151 Officer and/or the Monitoring Officer (or their representatives) of the Administering Authority, considers should not be voted upon without proper professional advice being provided, either by Fund officers or other appropriate external, independent advisors, will stand adjourned to the following meeting to allow for such advice to be provided. This is to ensure the Committee is fully informed on a proposed course of action before taking a decision as is required in law, and ensuring it is able to act in the best interest of Fund members.

### Voting

- 9.7 Subject to paragraph 9.8 below, if there is an equal number of votes for and against a proposition, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.
- 9.8 In the case of an equality of votes on an amendment to a motion, the amendment will be regarded as not carried and the meeting will proceed to consider the main proposition or further amendments.
- 9.9 When casting votes Members must be explicit about the reasons for their decisions, the supporting information and expected impact.

### Officer Support and Advice

- 9.10 Officers representing the Administering Authority will be expected to produce reports for the Committee and provide advice and clarification during the Committee's meetings to enable the Committee to take informed decisions in line with the law and best practice.
- 9.11 All members of the Committee (including Employee Representatives) and Officers are expected to abide by the Member/Officer Protocol set out in Leicestershire County Council's Constitution.

## **10. Advisers to the Committee**

- 10.1 The Committee will be supported in its role and responsibilities by officers from the Administering Authority's Finance, HR, Legal and other teams as needed.
- 10.2 The Section 151 Officer of the Administering Authority acts as the Section 151 Officer for the Fund and has responsibility for appointing a Fund Actuary and a Fund Investment Consultant, as well as other external advisers as they consider necessary from time to time. The Monitoring Officer for the Administering Authority acts as the Monitoring Officer for the Fund. The Fund may, subject to any applicable regulation and legislation from time to time in force, consult with such advisers.
- 10.3 The Administering Authority will also have the ability to appoint a suitably qualified Independent Advisor to the Committee (and Investment

Subcommittee). This will be a remunerated appointment and follow a transparent recruitment process.

## **11. Expenses**

The Pension Fund may meet reasonable expenses of the Committee. Such expenses will be met by the Fund and have regard to Leicestershire County Council's Members' Allowance Scheme.

## **12. Investment Subcommittee**

12.1 The County Council has appointed the Investment Subcommittee to assist the Committee to carry out its functions. It meets occasionally on months when there are no Committee meetings. It has significant delegated powers to make decisions on behalf of the Committee.

12.2 Under the guidance of the Local Pension Committee, the Subcommittee has responsibility for appointing and monitoring the performance of Fund Managers, considering action that is in-line with the strategic benchmark agreed by the Committee, taking a pro-active approach to the Fund's investments, making timely decisions in response to, or in anticipation of, market activity, and dealing with 'tactical' issues associated with implementing the investment strategy (which is updated annually, usually at the first Local Pension Committee meeting for the calendar year), such as the timing of asset allocation changes. (These responsibilities are also exercised by the Committee.) The full list of the Subcommittee's functions is set out in Part 3 of Leicestershire County Council's [Constitution](#).

12.3 The Investment Subcommittee will consist of six voting members, all of whom will be members of the Local Pension Committee. This will include 3 County Councillors (the Chairman and Vice-Chairman of the Committee plus one other Committee member); 1 member representing Leicester City Council; 1 member representing the district councils; the member representing De Montfort/Loughborough Universities and 1 employee representative (non-voting).

## **13. Annual Meeting of Members of the Pension Fund**

An Annual Meeting of all beneficiaries of the Pension Fund is held each year. For administrative purposes only, the Chairman of the Local Pension Committee will chair this meeting. Members of the Committee will be notified of the meeting and may attend as an observer (unless they are entitled to attend as a Fund member).

*[Note: The purpose of this meeting is to enable Fund members to consider the contents of the Pension Fund Annual Report, to receive a report by the Employee Representatives of both the Committee and Local Pension Board and to elect Employee Representatives for the Committee and Board for the*

*following 12 months. Details of the meeting will be published on the Pension Fund website.]*

**14. Local Pension Board**

- 14.1 In fulfilling its functions, the Committee shall have regard to the advice of the Local Pension Board established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 in its role in assisting the Administering Authority in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme including, securing compliance with LGPS Regulations, other legislation and the requirements of the Pensions Regulator.
- 14.2 The Chair of the Local Pension Board may attend a Local Pension Committee meeting as an observer.

**Approved by the Local Pension Committee**