



South Tyneside Council

Local Pension Board
Date: 20th October 2021

Role of the Local Pension Board (for decision)

Report of the Head of Pensions

Purpose of Report

1. This report has been prepared for the assistance of new members to the Board to provide an overview of the governance arrangements.
2. The Board is also asked to appoint a Vice Chair for the period 2021/22 to 2023/24.

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Background

3. The Public Service Pensions Act 2013 introduced the requirement for Local Pension Boards in the Local Government Pension Scheme. This was implemented through the Local Government Pension Scheme Regulations 2013 which required administering authorities to establish Local Pension Boards by no later than 1 April 2015.
4. South Tyneside Council (**the Council**) established the Local Pension Board for the Tyne and Wear Pension Fund (**the Board**) on 12 March 2015. The Board has been in operation since this date and is now entering the start of its third Board Term.
5. This report will provide an overview of:
 - the Administering Authority;
 - the role of the Board;
 - appointments to the Board for the period 2021/22 - 2023/24; and
 - the Governance Arrangements for the Board.
6. In addition to the above, the Board will also be asked to appoint to the role of the Vice Chair.

The Administering Authority

7. The Council is named in the LGPS Regulations 2013 (and earlier iterations) as the administering authority of that part of the Local Government Pension Scheme covering the administrative areas of the five metropolitan borough council areas in Tyne and Wear (i.e. Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland) and also Northumberland County Council.
8. The Council has delegated its role as the administering authority to Pensions Committee. Decision making powers for the administering authority are thereby vested in Pensions Committee, with Committee being given a wide remit to *“to deal with all matters arising from the Council’s function and responsibilities as the administering authority for the Tyne and Wear Pension Fund”* (Article 10.1 of the Council’s Constitution).
9. Pensions Committee is made up of:
 - Eight elected members from South Tyneside Council;
 - One elected member (and one substitute) from each of the other participating local authorities;

- Three scheme member representatives (provided by the Trade Unions); and
 - Three Scheme employer representatives.
10. Whilst the Council's Constitution delegates the decision-making powers for the administering authority to Pensions Committee, the Constitution also allows for certain officers to exercise delegated powers. Such powers are vested in the senior management team for the Pensions Service.

The Role of the Local Pension Board

11. Pensions Committee is a formal committee of the Council with decision-making powers under section 101 of the Local Government Act 1972. This is not the case for the Local Pension Board. Whilst the Board is a Committee of the Council, it is not a 'section 101 Committee' and, consequently, does not have the power to make formal and binding decisions on behalf of the Council.
12. The role of the Board is largely set out in three places; the Public Services Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 and South Tyneside Council's constitution. Relevant extracts from each of these sources are set out in Appendix A for information purposes.
13. Whilst the wording of the above respective sources all differs slightly on the role of the Board, it can be summarised as assisting the administering authority with:
- Securing compliance with the LGPS Regulations;
 - Securing compliance with any other legislation relating to the governance and administration of the Scheme;
 - Securing compliance with any requirements imposed by the Pensions Regulator; and
 - Ensuring the effective and efficient governance and administration of the Scheme.
14. The role of the Board is complementary to the governance of the Pension Fund and the Board can be seen as being there to assist the administering authority. Local Pension Boards have been described as acting as a "critical friend" to those charged with administering a pension scheme.
15. Under the terms of the Council's Constitution, the Board is to report to Pensions Committee. This is achieved through the Chair's report to Pensions Committee on a quarterly basis and a more detailed Annual Report.

Appointments to the Board for the period 2021/22 - 2023/24

16. The Council's Constitution provides that the Board shall consist of eight members. This is to be made up of four member representatives (provided by the Trade Unions) and four employer representatives (including one from the Council). All Board members have voting rights.
17. Appointments to the Local Pension Board are made for a period of three years, unless a vacancy arises part way through a Board Term.
18. As you will be aware, an exercise has recently been undertaken to appoint the members of the Board for the period 2021/22 to 2023/24. The appointments made by Full Council were:

Name	Member / Employer Representative	Employer / Trade Union	Continuing Member?
Nicholas Wirz	Member	Unison	Yes
Tony Carr	Member	Unison	No
John Pearson	Member	GMB	Yes
Tom Hunter	Member	GMB	Yes
Cllr Doreen Purvis	Employer	South Tyneside Council	No*
Michael Brodie	Employer	North East Regional Employers Organisation	Yes
Rachel Dunn	Employer	NCG	No
David Keetley	Employer	Gateshead College	No

(* Cllr Purvis has previously been a member of Pensions Committee and the Local Pension Board)

The Governance Arrangements for the Board

19. Whilst the role of the Board is mainly set out in legislation and the Council's Constitution, this is supplemented by additional documentation comprising:
- Governance Statement;
 - Conflicts of Interest Policy; and

- Core Functions.

20. The above documents (collectively called **the Governing Documents**) were reviewed and updated earlier this year. The Governing Documents came into effect from May 2021, once the new Board was appointed.
21. Whilst the Governing Documents have been circulated to Board Members via email, further copies are appended to this report for information purposes (Appendix B).

Chair and the Vice Chair

22. The Governance Statement for the Board provides for the roles of a Chair and Vice Chair. The appointments are to be shared between an employer representative and a member Representative on a rotating, equal and opposite basis (i.e. when the Chair is an employer representative, the Vice Chair shall be a member representative and vice versa).
23. Under the terms of the old Governance Statement (which applied until May 2021), the former Vice Chair automatically ascends to the role of the Chair for the next Board Term. Although this provision has been removed from the new Governance Statement, and will therefore not be extended to the new Vice Chair, the outgoing Vice Chair will automatically ascend to the role of the Chair for the new Board Term. This means that the Chair of the Board for the period 2021/22 to 2023/24 shall be Nicholas Wirz.
24. Whilst the position of the Chair of the Board has been filled for the new Board Term, the Board still needs to appoint its Vice Chair. As the new Chair of the Board is a member representative, it is necessary for the Vice Chair to be an employer representative.
25. The appointment of the Vice Chair is a decision for the Board, with each member of the Board (irrespective of being a member or employer representative) having voting rights.

Resignation and Subsequent Appointment Process

26. John Pearson has confirmed that he is standing down from the Local Pension Board. John's resignation from the Board will take effect after today's meeting.
27. John has been a Member Representative on the Board since its formation in 2015. We are very grateful to John for his excellent service to the Fund and thank him for this.
28. A process is now underway to seek a new Member Representative to replace John for the remainder of the Board Term. All relevant Trade Unions have been written to in order to seek nominations.

29. The Board will be informed once a new Member Representative has been appointed.

Recommendation

30. The Board is asked to:

- note the role of the Board and its governance arrangements;
- appoint a Vice Chair for the period 2021/22 to 2023/24;
- note the appointment process for a new Member Representative for the Local Pension Board.

Reason for Recommendations

31. To ensure that the Local Pension Board has appropriate governance arrangements.

APPENDIX A**Extracts from the Public Sector Pensions Act 2013**Section 5: Local Pension Board

- (1) Scheme regulations for a scheme under section 1 must provide for the establishment of a board with responsibility for assisting the scheme manager (or each scheme manager) in relation to the following matters.
- (2) Those matters are—
- (a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
 - (b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
 - (c) such other matters as the scheme regulations may specify.
- (3) In making the regulations the responsible authority must have regard to the desirability of securing the effective and efficient governance and administration of the scheme and any connected scheme.
- (4) The regulations must include provision—
- (a) requiring the scheme manager—
 - (i) to be satisfied that a person to be appointed as a member of the board does not have a conflict of interest, and
 - (ii) to be satisfied from time to time that none of the members of the board has a conflict of interest;
 - (b) requiring a member of the board, or a person proposed to be appointed as a member of the board, to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of provision under paragraph (a);
 - (c) requiring the board to include employer representatives and member representatives in equal numbers.
- (5) In subsection (4)(a) “conflict of interest”, in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).
- (6) In subsection (4)(c)—
- (a) “employer representatives” means persons appointed to the board for the purpose of representing employers for the scheme and any connected scheme;

(b) “member representatives” means persons appointed to the board for the purpose of representing members of the scheme and any connected scheme.

(7) Where the scheme manager of a scheme under section 1 is a committee of a local authority, the scheme regulations may provide for that committee also to be the board for the purposes of this section.

(8) In this Act, a board established under this section is called a “pension board”.

Local Government Pension Scheme Regulations 2013 (as amended)

Regulation 106: Local Pension Boards: Establishment

(1) Each administering authority shall no later than 1st April 2015 establish a pension board ("a local pension board") responsible for assisting it-

- (a) to secure compliance with-
 - (i) these Regulations,
 - (ii) any other legislation relating to the governance and administration of the Scheme and any connected scheme(59), and
 - (iii) any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and
- (b) to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

(8) A local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

Regulation 107: Local Pension Boards: Membership

(1) Subject to this regulation each administering authority shall determine-

- (a) the membership of the local pension board;
- (b) the manner in which members of the local pension board may be appointed and removed;
- (c) the terms of appointment of members of the local pension board.

(2) An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that-

- (a) a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and

(b) a person to be appointed to the local pension board as a member representative has the capacity to represent members.

(3) Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)-

(a) no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and

(b) any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.

South Tyneside Council Constitution

Local Pension Board

10.11 The Local Pension Board will consist of 8 members. The relevant Trade Unions will nominate triennially 4 representatives to sit on the Local Pension Board as member representatives in a voting capacity.

10.12 The employers who participate in the Fund (other than South Tyneside Council) will nominate triennially 3 representatives to sit on the Local Pension Board as employer representatives in a voting capacity.

10.13 The Council will appoint 1 South Tyneside Councillor, independent of Pensions Committee and the discharge of the functions of the Administering Authority, to sit on the Local Pension Board as an employer representative in a voting capacity.

10.14 The responsibilities to be discharged by the Local Pension Board include:

10.14.1 To secure compliance with the Local Government Pension Scheme Regulations 2013 (as amended) and any other legislation relating to the governance and administration of the Fund;

10.14.2 To secure compliance with any requirements imposed by the Pensions Regulator in relation to the Fund;

10.14.3 To ensure the effective and efficient governance and administration of the Fund; and

- 10.14.4 To provide the Pensions Committee with such information as it requires to be satisfied from time to time that none of the members of the Local Pension Board or person to be appointed as a member of the Local Pension Board has a conflict of interest.
- 10.15 The Local Pension Board will report to the Pensions Committee.
- 10.16 The Council has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.
- 10.17 The Council recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.
- 10.18 Accordingly, the Council requires the Pensions Committee and Local Pension Board to ensure that they have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the Local Government Pension Scheme finance knowledge and skills for those responsible for financial administration and decision-making.
- 10.19 These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Framework.
- 10.20 The Pensions Committee and Local Pension Board will report on an annual basis how these policies have been put into practice throughout the financial year.
- 10.21 The Council has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Corporate Director Business and Resources, who will act in accordance with the Council's practices and, where s/he is a CIPFA member, with CIPFA Standards of Professional Practice.

APPENDIX B

TYNE AND WEAR PENSION FUND

GOVERNANCE STATEMENT FOR THE LOCAL PENSION BOARD

DATED: 2 FEBRUARY 2021

Introduction

1. South Tyneside Council is the administering authority of the Tyne and Wear Pension Fund (the 'Administering Authority') a Scheme Manager as defined in section 4 of the Public Service Pensions Act 2013 ('the Act').
2. The Administering Authority has delegated its pension functions to a Pensions Committee ('the Committee'). The Committee deals with all matters arising from the Scheme Manager's functions and responsibilities as the Administering Authority for the Tyne and Wear Pension Fund ('the Fund').
3. In accordance with Section 5 of the Act and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), the Local Pension Board ('the Board') was established by the Administering Authority on 12 March 2015. This document sets out the governance arrangements of the Board.
4. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore has no powers in respect of the functions of the Administering Authority.
5. The creation of the Board does not change the core role of the Administering Authority or the way it delegates its pension functions to Committee. The Committee will at all times be responsible for managing, administering and investing the Fund. The Committee is at all times responsible for making all decisions relating to the operation of the Fund. The Board does not share these responsibilities directly, but will ensure that the Committee and those delegated with responsibilities by Committee, comply with Scheme regulations and other legislation relating to the governance and administration of the Fund.

Powers of the Pension Board

6. The Board will exercise all its powers and duties in accordance with the law relating to local pension boards and this Governance Statement.

7. The Board shall have the power to do anything which is calculated to facilitate, or is incidental to, the discharge of any of its functions.

Accountability

8. The Board will be collectively and individually accountable to the Committee.

Role of the Pension Board

9. The purpose of the Board is to assist the Administering Authority in its role as the Scheme Manager of the Fund. Such assistance is to:
 - a) secure compliance with the Regulations and any other legislation relating to the governance and administration of the Scheme;
 - b) secure compliance with any requirements imposed by The Pensions Regulator in relation to the Scheme; and
 - c) secure compliance to ensure the effective and efficient governance and administration of the Scheme.

Duties of the Board

10. The Board should at all times act in a reasonable manner in the conduct of its role and purpose. In support of this duty Board members should be subject to and abide by the Code issued by The Pensions Regulator.
11. The Board shall help ensure that the Fund is managed and administered effectively and efficiently and complies with the Code.
12. The Board shall meet on a quarterly basis, or such other period determined by the Administering Authority, in order to discharge its duties and responsibilities effectively.
13. The Board will receive the final reports, minutes and agendas relating to all Committee and Investment Panel meetings, including exempt items.
14. Insofar as it relates to the role of the Board, it may also;
 - a) request and receive information and reports from any other body or officer responsible for managing and administering of the Fund; and
 - b) examine decisions made or actions taken by Committee or Investment Panel or any other body or officer responsible for managing or administering the Fund.
15. Any further requests for information and advice are subject to the approval of the Corporate Director Business and Resources, who will be required to

consider positively all reasonable requests in relation to the role of the Board whilst being mindful of value for money.

16. The Board may make reports or recommendations to the Committee insofar as they relate to the role of the Board. Any such reports or recommendations must be provided at least 10 working days in advance of the next Committee meeting.

Appointment of members of the Pension Board

17. The Board shall consist of eight (8) voting members, as follows:

- a) Four (4) Member representatives; and
- b) Four (4) Employer representatives.

18. This ensures there are an equal number of Member and Employer representatives on the Board.

19. There shall be no other representatives appointed to the Board.

20. The Trade Unions known to have participating members in the Fund will be asked to nominate triennially the four (4) Member representatives who must have capacity to represent all Scheme members of the Fund.

21. Member representatives must be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

22. The employers who participate in the Fund (other than South Tyneside Council) will nominate triennially three (3) Employer representatives to sit on the Board. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing Scheme employers in a similar capacity.

23. The Council will appoint one (1) South Tyneside Councillor to sit on the Board as an Employer representative. No elected member of the Council who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

24. Employer representatives must have capacity to represent all employers of the Fund. Employer representatives must also be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

25. Substitutes shall not be appointed for either Member or Employer representatives.

26. The Administering Authority will appoint a Lead Officer to the Board to assist the Board in its work programme.
27. Each Board member and the Lead Officer should endeavour to attend all Board meetings during the year. The Board will have a regular quarterly meeting following the Committee's quarterly meeting. Additional meetings will be called should any aspect of the Fund require additional review.
28. In the event of consistent non-attendance by any Board member, the tenure of that membership should be reviewed by the other Board members in liaison with the Committee.

Term of Office

29. Subject to paragraph 32, each Member representative and Employer representative so appointed shall serve for a fixed three (3) year period ('the Board Term') which can be extended for further period(s) subject to re-nomination and reappointment.
30. A Board member may be appointed for further terms of office subject to re-nomination by the relevant Trade Union or Employer and the re-appointment being confirmed by the Administering Authority.
31. Board membership may be terminated prior to the end of the term of office due to:
 - a) A Member representative no longer being a representative of the body on which their appointment relied;
 - b) An Employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
 - c) An Employer representative who is an elected member becomes a member of the Committee or Audit Committee or ceases to represent his constituency;
 - d) A Board member no longer being able to demonstrate to the Committee their capacity to attend and prepare for meetings or to participate in required training;
 - e) A Board Member being withdrawn by the nominating Trade Union and a replacement identified;
 - f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy;
 - g) A Board member dies or becomes incapable of acting; or

h) A Board member could cease to be a Board member if they fail to attend two (2) consecutive Board meetings and/or training sessions without the prior unanimous agreement of all other Board members.

32. Where a Member or Employer representative leaves their position part way through a Board Term, a replacement Member or Employer representative (as appropriate) may be appointed for the remainder of that Board Term.

Appointment of Chair and Vice Chair

33. Subject to the meeting arrangements in paragraphs 51 to 55 below a Chair and Vice Chair shall be appointed for the Board by the Employer and Member representatives of the Board on a rotating basis with the term of office shared between an Employer and a Member representative on an equal and opposite basis. As far as reasonably possible, the Chair shall have previous experience of being a Board Member.

34. Subject to paragraph 35, the appointment of a Chair of the Board shall be for the entire Board Term.

35. When the Chair leaves the Board, or otherwise resigns as Chair, part way through a Board Term, the Board shall appoint a new Chair for the remaining duration of that Board Term. The new Chair will be from the same category of membership (i.e. Member or Employer representative) as the departing Chair.

Duties of chair

36. The Chair of the Board:

- a) Shall ensure the Board delivers its purpose as set out in this Governance Statement;
- b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
- c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when a consensus cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

Notification of appointments

37. When appointments to the Board have been made, the Administering Authority shall publish on the Fund's website the name of Board members and outline the appointment process followed.

. Knowledge and Skills

38. A member of the Board must be conversant with:

- a) The legislation and associated Guidance of the Scheme.
- b) Any document recording policy about the administration of the Scheme, which is for the time being adopted by the Fund.

39. A member of the Board must have knowledge and understanding of:

- a) The law relating to pensions, and
- b) Any other matters which are prescribed in Regulations.

40. Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 9 above. The Administering Authority has established and shall maintain a Training Policy for both the Committee and the Board. The Training Policy addresses the knowledge and understanding requirements that apply to Board members under the Act as well as setting out how knowledge and understanding is acquired, reviewed and updated. Board members must also have regard to the duties required in respect of knowledge and understanding in the Act and the Code.

41. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Act, the Code and the Training Policy. Persons appointed to the Board will have full access to the Committee training programme and further training, as required. The Board has adopted the key recommendations of the CIPFA Pensions Panel Technical Knowledge and Skills Framework for Local Pension Boards.

42. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board. Board members will regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

43. 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 duties as a member of the Board.

Standards of Conduct

44. Members of the Board will act in accordance with the general obligations contained in the Council's Members Code of Conduct and will observe the Code of Conduct set out in Part E of Council's Constitution as if they were co-opted members of the Council.

45. The role of Board members requires the highest standards of conduct and therefore the “Seven Principles of Public Life” will be applied to all Board members and are embodied in their policy relating to conflicts of interest.

46. These are:

- a) Selflessness.
- b) Integrity.
- c) Objectivity.
- d) Accountability.
- e) Openness.
- f) Honesty.
- g) Leadership.

Conflicts of Interest

47. The policy for managing conflicts of interest is set out in a separate policy document.

48. All members of the Board 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 Board.

49. 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 Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

50. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the Board's conflicts policy and the requirements of the Code.

Board Meetings

51. The Board shall as a minimum meet four (4) times each year.

52. Meetings shall normally take place at an office of the Council, although virtual meetings shall also be permitted should the Administering Authority deem this appropriate.

53. Meetings shall normally take place between the hours of 9am and 5pm, Monday to Friday, on a Council working day apart from in exceptional circumstances agreed by all Board members and any other individual(s) expected to attend the Board meeting.
54. All Board members present during the whole or part of a meeting must sign their names on the attendance sheets before the conclusion of every meeting to assist with the record of attendance. Attendance will be documented by an Officer in the event of virtual meetings.
55. The Chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing, video calls and e-mails.

Quorum

56. A meeting is only quorate when at least 50% of both Member Representatives and Employer Representatives are present. Therefore, quorum for Board meetings will be two (2) Member representatives and two (2) Employer representatives.
57. If, during any meeting, the Chair counts the number of Board members and declares that there is not a quorum present, the meeting will be postponed. Any member can tell the Chair that there is not a quorum present.
58. If a meeting is postponed, the Chair will decide when the Board will deal with any business which remains outstanding from the meeting. If the Chair does not set a date, the Board will deal with it at their next ordinary meeting.

Decision Making and Voting

59. It is expected that the Board will act collectively to reach a consensus.
60. Should it be required that a matter should be put to a vote, each Board member will have an individual voting right on any matter to be decided. A motion is passed at a meeting of the Board if a majority of voting members are in favour of the motion.
61. A voting member of the Board is not permitted to appoint another voting member as their proxy.
62. The Chair will have a second or casting vote in the case of equality of votes.
63. The results of any voting outcomes will be reported in the Board minutes.

Work Programme

64. The Board will agree a work programme for forthcoming meetings and the Chair shall agree with the Lead Officer an agenda prior to each Board meeting. The agenda and any supporting papers for the Board will be issued five (5) business days in advance of the meeting, except in the case of matters of urgency.
65. At each meeting, the Board will only deal with business that is set out on the agenda paper unless the Chair decides that a matter is urgent. If this happens, the Chair will announce at the beginning of the meeting after apologies have been announced that an extra matter will be placed before the Board, and will explain why the matter is so urgent. The reasons will be recorded in the minutes of the meeting.
66. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to the Chair for comments within a reasonable period following a meeting. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.
67. The minutes may with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by Data Protection Legislation.
68. The Lead Officer shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework, the Guidance and other guidance or legislation.
69. The Lead Officer shall arrange such advice as is required by the Board subject to such conditions as are contained in paragraph 94 below with regards the use of the budget set for the Board.
70. The Lead Officer shall liaise with the Committee on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.
71. The Board will inform the Committee of all its actions and agreements by submitting its minutes to the Committee and reporting on a regular basis in a format to be agreed with the Committee.
72. The Board will prepare and produce an annual report on its work for inclusion in the Fund's Annual Report and Accounts.

73. An officer of Democratic Services will attend Board meetings to take minutes and provide other appropriate administrative support.

Public access to Board meetings and information

74. Board meetings are not meetings of the Council open to the general public.

75. Only the following will be entitled to attend Board meetings in an observer capacity:

- a) Members of the Committee
- b) Any person requested to attend by the Board.

76. Any such attendees will be permitted to speak at the discretion of the Chair.

Board Review Process

77. The Board will undertake each year a formal review process to assess how well it and the Board members are performing with a view to seeking continuous improvement in the Board's performance. Any issues arising will be raised with the Committee.

Access to Advisors, Fund Officers and Others

78. The Board is supported in its role and responsibilities through the assistance and consultation of Fund Officers and advisers and shall, subject to any conflicts of interest and subject to any applicable regulation and legislation from time to time in force, consult with such advisers to help better perform its duties including:

- a) The Head of Pensions, Principal Investment Manager, Principal Pensions Manager and Principal Governance and Funding Manager;
- b) Solicitor (Pension Fund Team);
- c) The Fund's Actuary;
- d) The Fund's Investment Adviser;
- e) The Fund's Investment Managers;
- f) The Chair and Vice-Chair of the Committee;
- g) The Fund's External Auditor;
- h) The Fund's Internal Auditor;
- i) The Critical Friend; and

- j) Other advisers.

Reporting Procedures

- 79. The Board should in the first instance report its requests, recommendations or concerns to the Committee. In support of this, any member of the Board may attend a Committee meeting as an observer.
- 80. The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of Board members provided that all Board members are present. If not all Board members are present then the agreement should be of all Board members who are present, where the meeting remains quorate.
- 81. On receipt of a report under paragraph 79 above the Committee should, within a reasonable period, consider and respond to the Board.
- 82. Where the Board is not satisfied with the response received from Committee or where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee and has not been rectified within a reasonable period of time, the Board may escalate the breach.
- 83. The appropriate internal route for escalation is for the Board to advise the Chair and Vice-Chair of Committee of its intention to raise the matter with the Council's Audit Committee. If the matter is subsequently raised with Audit Committee, they will consider and review the matter and provide a recommendation to the Board and Committee, as considered appropriate.
- 84. In exceptional circumstances, the Board may report concerns to the National Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation detailed in paragraph 83 above.
- 85. Board members are also subject to the requirements to report breaches of law under the Act and the Code (including, where appropriate, to the Pensions Regulator directly) and the whistleblowing provisions set out in the Council's whistle blowing policy.

Publication of Pension Board information

- 86. In accordance with the Act the Administering Authority shall publish information about the Board to include:
 - a) The names of Board members and their contact details.
 - b) The representation of employers and members on the Board.
 - c) The role of the Board.

d) This Governance Statement.

87. The Administering Authority shall also publish other information about the Board including:

- a) Agendas and minutes
- b) Training and attendance logs
- c) An annual report on the work of the Board to be included in the Fund's Annual Report and Accounts.

88. All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- a) On the Fund's website.
- b) As part of the Fund's Annual Report.
- c) As part of the Governance Compliance Statement.

89. Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Legislation.

Date Protection

90. The Administering Authority is and remains the data controller responsible for data protection compliance. Since the Board is not a separate legal entity processing personal data, it cannot be a data controller itself. The Board must comply with the Data Protection Legislation and the Council's data protection policy and ensure that personal data processing by the Board is in accordance with legal requirements and the Council's policies.

Freedom of Information

91. Administering Authorities are already Freedom of Information public authorities. The Board is not a legal entity in its own right and so cannot be a Freedom of Information public authority in its own right. However, the Board will be part of that same legal entity as the Administering Authority, and so the Board will already be part of that Freedom of Information public authority. Accordingly, information records created or obtained by the Board will be accessible from it, or any part of its Administering Authority under Freedom of Information legislation.

Expenses and allowances

92. The expenses of the Board, in particularly training costs, will be regarded as part of the costs of the administration of the Fund and will be met out of the Fund.
93. The Administering Authority will not pay allowances for Board members. Reasonable expenses only will be paid to Board members.

Budget

94. The Board is to be provided with adequate resources to fulfil its role. In doing so a reasonable budget for the Board will be met from the Fund. However, the Board must seek approval from the Section 151 Officer for any expenditure it wishes to make. The Section 151 Officer has absolute discretion in respect of any application by the Board.

Interpretation

95. Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Committee. The Committee will monitor and evaluate the operation of the Board and may review this Governance Statement from time to time.

Definitions

96. The following terms have the meanings as outlined below:

'Act'	The Public Service Pensions Act 2013.
"Chair"	means the Chair of the Board and is used to give reference to duties to be performed or authorities exercised by the Chair.
'Code'	means the Pension Regulator's Code of Practice No 14 entitled 'Governance and Administration of Public Service Pension Schemes' or any successor document issued by the Pensions Regulator.
'Committee'	means the pensions committee established by the Administering Authority who has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.
"Council"	means South Tyneside Council.
"Critical Friend"	means other Scheme Managers that have made themselves available to offer their collective

expertise and knowledge to the Board, as required.

Data Protection Legislation

all relevant data protection legislation in place in England and Wales at the relevant time including, but not limited to, the Data Protection Act 2018 and General Data Protection Regulations.

“the Fund”

means the Tyne and Wear Pension Fund managed and administered by the Administering Authority.

“the Guidance”

means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

“the Lead Officer”

means the Lead Officer for the Board and is used to give reference to duties to be performed by the Lead Officer.

“LGPS”

means the Local Government Pension Scheme.

“Regulations”

means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).

“Scheme”

means the Local Government Pension Scheme in England and Wales.

“Scheme Manager”

means South Tyneside Council in its capacity as the Administering Authority of the Tyne and Wear Pension Fund, a Scheme Manager as defined under Section 4 of the Public Service Pensions Act 2013.

Section 151 Officer

the Officer appointed by the Council under section 151 of the Local Government Act 1972.

Tyne and Wear Pension Fund

Local Pension Board

Policy for Managing Conflicts of Interest

Conflicts of Interest

1. A conflict of interest is defined in Section 5(5) of the Public Service Pensions Act 2013 as:

"In relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."
2. A conflict of interest may arise when Local Pension Board members:
 - a. must fulfil their legal duty to assist the Administering Authority in securing compliance with the Scheme regulations, other legislation relating to governance and administration of the Scheme and the requirements of the Pensions Regulator or any other matter for which they are responsible, and
 - b. at the same time they have either:
 - i. a separate personal interest (financial or otherwise), or
 - ii. another responsibility in relation to that decision, giving rise to a possible conflict with their first responsibility.
3. Actual conflicts of interest, which are interests likely to prejudice a Local Pension Board member's exercise of their functions, are prohibited by the Public Service Pensions Act 2013. They cannot be managed. Only potential conflicts of interest can be managed.

Role and Responsibilities of the Administering Authority

4. In relation to the Local Pension Board, Scheme regulations include provision requiring an Administering Authority to:
 - a. be satisfied that a person to be appointed as a member of the Local Pension Board does not have a conflict of interest

and
 - b. be satisfied from time to time that none of the members of the Local Pension Board has a conflict of interest.

5. The regulations require each member of the Local Pension Board, or a person proposed to be appointed as a member of the Local Pension Board, to provide the Administering Authority with such information as the Administering Authority reasonably requires for the purposes of meeting the requirements referred to above.

The Pensions Regulator

6. The Pensions Regulator has a particular role in relation to Local Pension Board members and conflicts of interest. Whilst Local Pension Board members may be subject to other legal requirements, when exercising functions as a member of the Local Pension Board, the Pensions Regulator expects the requirements which specifically apply by virtue of the Public Service Pensions Act 2013 to be met and the standards of conduct and practice set out in the Regulator's Code of Practice to be satisfied.
7. The Pensions Regulator has issued guidance to assist Administering Authorities in meeting their legal duty to be satisfied that Local Pension Board members do not have any conflicts of interest.

Appointment to the Local Pension Board

8. As stated above, Local Pension Board members and people who are proposed to be appointed to the Local Pension Board must provide the Administering Authority with information reasonably required to enable the Administering Authority to be satisfied that Local Pension Board members and proposed members do not have a conflict of interest.
9. It is likely that Local Pension Board members will have dual interests and responsibilities.
10. Local Pension Board members will be appointed under procedures that require them to disclose any dual interests or responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.
11. All appointment letters will include a clause requiring disclosure of all dual interests and responsibilities which have the potential to become conflicts of interest, as soon as they arise. All interests and responsibilities disclosed will be recorded.

Role and Responsibilities of the Local Pensions Board

12. Although members of the Local Pension Board include representatives of specific categories of stakeholder, i.e. scheme members' representatives and employers' representatives, each member is required to have due

regard to the role of the Local Pension Board as outlined in the Governance Statement.

13. Accordingly, all Local Pension Board members are expected to work jointly in the best interest of the Fund, rather than solely representing the interest of any individual category. This should not prevent Local Pension Board members from sharing their knowledge on how matters might impact specific members of the Fund.

14. Conflicts of interest can inhibit open discussions and / or result in decisions, actions or inactions which could result in the ineffective governance and administration of the Fund. They may result in the Local Pension Board acting improperly, or lead to a perception that they have acted improperly.

Managing potential conflicts of interest

15. A three-stage approach is to be taken to managing potential conflicts of interest:

- Identifying;
- Monitoring; and
- Managing.

Identifying potential conflicts

16. The Local Pension Board should cultivate a culture of openness and transparency. The need for continual consideration of conflicts should be recognised. Local Pension Board members should have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest and know how potential conflicts should be managed.

17. Each member of the Local Pension Board (as well as any other attendees participating in a meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of the Local Pension Board.

18. The Local Pension Board should take time to consider what key decisions are likely to be made during, for example, the year ahead and identify and consider any conflicts of interest that may arise in the future. Other Local Pension Board members should be notified as soon as practically possible and mitigations should be put in place to avoid these conflicts from materialising.

Monitoring potential conflicts

19. As part of their risk assessment process, the Local Pension Board should identify, evaluate and manage dual interests and responsibilities which have the potential to become conflicts of interest and pose a risk to the Fund and possibly members, if they are not mitigated.
20. The Local Pension Board should keep a register of interests to provide a simple and effective means of recording and monitoring dual interests and responsibilities. This document should be maintained on an ongoing basis.
21. The Local Pension Board should ensure that the Administering Authority receives
 - a. Information on the roles, responsibilities and duties of Local Pension Boards members
 - b. A copy of the register of interests
 - c. A report on potential or actual conflicts of interest.
22. Conflicts of interest shall be included as an opening agenda item at Local Pension Board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present, including non-board members, to declare any dual interests and responsibilities, which have the potential to become conflicts of interest and minute discussions about how they will be managed to prevent an actual conflict arising.

Managing potential conflicts

23. A perceived conflict of interest can be as damaging to the reputation of the Administering Authority as an actual conflict of interest. It could result in Scheme members and interested parties losing confidence in the way the Fund is managed.
24. When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Local Pension Board, Board members should seek advice from the Lead Officer.

Role and Position of the Chair of the Local Pension Board

25. The Chair of the Local Pension Board must be satisfied that the Local Pension Board is acting within:
 - a. The conflicts of interest requirements of the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and any other legislation relating to the governance and administration of the LGPS; and

- b. In the spirit of any national guidance or code of practice in relation to conflicts of interest at the Local Pension Board; and
- c. In accordance with any Scheme Manger or Pensions Committee Conflicts of Interest Policy or Procedures that apply to the Local Pension Board.

26. The Corporate Director Business and Resources and the Head of Legal Services will jointly adopt the role of ensuring that the Chair of the Local Pension Board does not have a conflict of interest in the same way as the Chair does in relation to all other Pension Board members.

Examples of conflicts of interest

- 27. Examples of potential or actual conflicts of interest which could, or be perceived, to arise in respect of Local Pension Board members are set out in Appendix A.

Appendix A

Examples of Conflicts of Interest

The examples provided below are for illustrative purposes only. Board members are expected to exercise reasonable judgement in respect of conflicts of interest and to seek advice from the Lead Officer where appropriate.

Example 1: Representing the breadth of employers or members versus narrow interests

An employer representative on the Local Pension Board is to act in the interests of all employers generally. That representative is likely to have a conflict of interest where they are making representations to advance their own employer's interests rather than those of employers generally.

Similarly, a member representative may have a conflict of interest if they are seeking to advance the interests of their own Trade Union rather than seeking to act in the interests of members generally.

Example 2: Investing to improve scheme administration versus saving money

An employer representative may be involved in discussions at a Board meeting in respect of improving pensions administration systems which can be expensive.

That same employer representative may be involved in delivering budget cuts for his employer. Representations for the Administering Authority not to improve its systems, and thereby reduce costs which would filter through to employers, may amount to a conflict of interest.

Example 3: Use of confidential information

Board members will come into possession of commercially sensitive and / or confidential information from time to time. The use of this information to benefit their own employer, or for the purposes of their own Trade Union, could amount to a conflict of interest.

LOCAL PENSION BOARD

CORE FUNCTIONS

The first core function of the Board is to assist the Committee in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

- a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
- c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
- e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
- f) Monitor complaints and performance on the administration and governance of the scheme.
- g) Assist with the application of the Internal Dispute Resolution Process.
- h) Review the complete and proper exercise of Pensions Ombudsman cases.
- i) Review the implementation of revised policies and procedures following changes to the Scheme.
- j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- k) Review the complete and proper exercise of employer and administering authority discretions.

- l) Review the outcome of internal and external audit reports.
- m) Review draft accounts and Fund annual reports.
- n) Review the compliance of particular cases, projects or processes on request of the Committee.
- o) Any other area within the scope of this core function which the Board and Committee deem appropriate (for example where Committee may seek to delegate certain tasks to the Board).

The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within the extent of this core function, the Board may determine the areas it wishes to consider including but not restricted to:

- a) Assist with the development of improved customer services.
- b) Monitor performance of administration, governance and investments against key performance targets and indicators.
- c) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- d) Monitor investment costs including custodian and transaction costs.
- e) Monitor internal and external audit reports.
- f) Review the risk register as it relates to the scheme manager function of the authority.
- g) Assist with the development of improved management, administration and governance structures and policies.
- h) Review the outcome of actuarial reporting and valuations.
- i) Assist in the development and monitoring of process improvements on request of Committee.
- j) Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.
- k) Any other area within the scope of this core function which the Board and Committee deem appropriate (for example where Committee may seek to delegate certain tasks to the Board).

In support of its core functions the Board may make a request for information to the Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

In support of its core functions, the Board may make recommendations to the Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

The Role of the Local Pension Board

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
Local Pension Board File		Governance and Funding Office, South Shields Town Hall