



LOCAL PENSION COMMITTEE – 8 MARCH 2024

JOINT REPORT OF THE DIRECTOR OF CORPORATE RESOURCES AND THE DIRECTOR OF LAW AND GOVERNANCE

TERMS OF REFERENCE

Purpose of the Report

1. The purpose of this report is to seek the Committee's approval of the revised Terms of Reference for the Local Pension Committee.

Background

2. Leicestershire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. Leicestershire County Council has a statutory obligation, as defined under the Public Service Pensions Act 2013, to administer a Pension Fund for eligible employees of all local authorities within the County boundary and also the employees of certain other scheduled and admitted bodies.
3. In accordance with Section 101 of the Local Government Act 1972 the County Council has delegated the responsibility for decisions relating to investment of the Fund's assets to the Local Pension Committee.
4. The Terms of Reference for the Committee were last reviewed in November 2020 following recommendations made by Clare Scott, the Fund's Independent Adviser, who undertook a high-level governance review of the Leicestershire County Council Pension Fund. This was in light of the expectations of the Pensions Regulator and the emerging themes from the Scheme Advisory Board's Good Governance Review.
5. As part of that review, it was agreed that the Terms of Reference would thereafter be reviewed at least once every three years or following any significant change in law or guidance. This review has been undertaken in accordance with that requirement.

Terms of Reference Review

6. The review has been undertaken having regard to Government legislation, other relevant guidance and having considered the terms of reference of other similar Committees.
7. While the main features of the original Terms of Reference have been retained, such as the number of times the Committee will meet each year and the number of

members on the Committee, the revised terms of reference, attached as an appendix to this report, offers far more detail and clarity about the role and function of the Committee and its Members and the legal requirement for proper advice to be provided before decisions are taken. The Committee's attention is specifically drawn to the following key changes: -

- (i) The Committee's principal aim is to consider pensions matters with a view to safeguarding the interests of all Fund members. To properly emphasise this, a new paragraph 2, titled 'Purpose of the Committee', has been added.
- (ii) The responsibilities of the Committee, as detailed in paragraph 3, have been updated to include reference to management of responsible investment and the Net Zero Strategy.
- (iii) In accordance with advice previously given to the Committee, both in training and during meetings, paragraphs 3 and 4 have been expanded to emphasise the Committee's fiduciary duties and the requirement for Members to prioritise the interests of Fund Members over and above their own personal and political beliefs.
- (iv) The section on training has been strengthened to specifically refer to the Fund's training policy. As has always been the case, any substitutes that attend a meeting on a Committee Member's behalf must also have undertaken the induction training, and they must adhere to the Fund's training policy and such other training as the Administering Authority considers appropriate.
- (v) Added provisions have been included to enable a reserve employee representative to be appointed in future at the Fund's annual general meeting (see paragraph 6.3 and 6.4).
- (vi) Section 8 has been updated to reflect current process, that the Chairman and Vice Chairman are nominated at the County Council's annual meeting from one of its five voting members as the Administering Authority for the Fund, who also act as a shareholder on LGPS Central and chair the Annual General Meeting of the Pension Fund.
- (vii) Paragraph 9 has been updated to reiterate the County Council's Constitution regarding meeting procedures, public access and quorum. In particular, this has been expanded to reflect the law which requires the Committee to take proper advice before making decisions. Where a member moves a new recommendation or an amendment during a meeting, the decision of the Committee can be deferred if, in the opinion of the Chairman and/or the Section 151 officer and/or the Monitoring Officer, this is necessary to allow for such professional advice to be provided.
- (viii) The revised terms of reference are also now stated to apply to the Investment Sub Committee.

Recommendation

The Committee is asked to approve the revised Terms of Reference.

Equality Implications

None.

Human Rights Implications

None.

Appendix

Revised Terms of Reference

Background Papers

Local Pension Committee – 27 November 2023 – Terms of Reference

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=6090&Ver=4>

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