

LOCAL PENSIONS COMMITTEE

TERMS OF REFERENCE

Introduction

1. This document sets out the terms of reference for the Local Pension Committee of Leicestershire County Council (the 'Administering Authority') a scheme manager as defined under the Public Service Pensions Act 2013 (and any associated legislation). The Local Pension Committee (hereafter referred to as 'the Committee') is established in accordance with Section 4 of that Act.

Responsibility and Role of the Committee

2. As a statutory pension scheme the Local Government Pension Scheme (LGPS) does not have assigned trustees. Leicestershire County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the Local Pension Committee in accordance with Section 101 of the 1972 Superannuation Act. The Members who sit on the Local Pension Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities.
3. The Committee's principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund members. The specific responsibilities are to:
 - a) exercise all functions of the pension fund within the terms of the legislation;
 - b) determine the overall policy objectives of the pension fund in accordance with the best interests of fund members and employers and within all applicable legislation;
 - c) determine the strategy for the investment of the pension fund;
 - d) ensure appropriate investment management arrangements are in place for pension funds monies including pooling of investments;
 - e) functions relating to LGPS Central;
 - f) establish and maintain arrangements for the effective management and administration of the pension funds including staffing and budgetary arrangements;
 - g) approve the allocation of resources to the pension fund for the operation and administration of the pension funds from the assets of the pension funds in accordance with the applicable pension regulations;
 - h) approve responses to consultations relevant to the pension fund issued by government and other bodies; and
 - i) monitor overall performance of the pension funds in the delivery of services and financial performance, consider all matters in respect of the pension funds 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 ;
 - 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;
 - promoting, monitoring and developing continuous improvement.

Membership

4. The Committee shall comprise of ten voting members, as follows:
 - Five County Council members (Leicestershire County Council to ensure the membership reflects the political balance of the County Council);
 - 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).
5. Members should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
6. Any substitution for voting Members appointed to the Pension Committee shall follow the appropriate council's procedure.

Employee representatives

7. The Committee shall also comprise three employee representatives that do not have a vote.
8. Employee representatives shall be members of the scheme in either an active, deferred or retired member capacity.
9. Employee representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
10. A total of three employee representatives shall be appointed following a transparent recruitment process which is open to all Fund members and be approved by the Administering Authority. A vote will be held at the Fund's Annual General Meeting and employee representatives will normally serve a term of three years, provided they remain members of the Fund, but shall be free to stand for re-election at the end of that period provided they are still a member of the Scheme.

Terms of Office

11. The term of office for County, City, District and University representatives will be one year. They may be reappointed following their relevant appointment process.
12. The term of office for employee representatives is three years. The positions will be on a rolling basis to ensure that at least one employee representative position will become available at each of the Fund's Annual General Meeting.
13. An employee member may be appointed for further terms of office using the methods set out in paragraph 10.
14. Committee membership may be terminated prior to the end of the term of office due to:

- (a) An employee representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
- (b) A Committee member no longer being able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.
- (c) The representative being withdrawn by the nominating body and a replacement identified.
- (d) A Committee member has a conflict of interest which cannot be managed in accordance with the Committee's conflict policy.
- (e) A Committee member becomes a member of the Local Pension Board
- (f) An elected member representative ceases to be an elected Councillor for the local authority they represent.

15. All Members (including substitutes) of the Committee are required to undertake induction training before taking up their role. Members will also need to adhere to the [Leicestershire Pension Fund Training Policy](#).

Chairing the Committee

16. It will be the first business of the Committee to receive nominations of a Chair and Vice-Chair to sit for the term of one year following Leicestershire County Council's Full Council Annual meeting.

Meetings

17. The Pension Committee is a committee constituted under section 101 of the Local Government Act 1972 therefore key functions and terms of the Committee are as detailed in Leicestershire County Councils Constitution:

18. Full meetings of the Committee are usually held five times a year.

19. The Committee's meetings will be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

20. The Committee shall adhere to the Standing Orders of Leicestershire County Council and all matters of due process so far as they do not conflict with the Committee's delegations.

21. In the event of a tie of votes of any business to be conducted, the Chair will have the casting vote.

22. Officers representing the Administering Authority will be expected to produce reports for the Committee and provide advice and clarification during the Committee's meetings.

Conflicts of interest

23. 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.

24. 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.
25. On each appointment to the Committee and following any subsequent declaration of potential conflict, the Administering Authority shall ensure that any potential conflict is effectively managed in line with the internal procedures of the Administering Authority, the requirements of the Act, the requirements of the Code and the requirements of Relevant Legislation on conflict of interest for Committee members.

Independent Advisers to the Committee

26. The Committee may be supported in its role and responsibilities through the appointment of advisers. The Fund may subject to any applicable regulation and legislation from time to time in force, consult with such advisers on such terms as it shall see fit to help better perform its duties including:
- Officers from Leicestershire County Council's Finance, HR, Legal and other teams as needed;
 - The Independent Advisor;
 - The Fund's Actuary;
 - The Fund's Investment Consultant; and
 - Any other appointed advisers.

Fund Managers

27. The Fund Managers make their reports available to Committee Members. Some are selected to attend meetings. The majority of the Fund Manager update items take the form of booklets submitted by the various Fund Managers. All of these documents are confidential.

Expenses

28. 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.

Investment Subcommittee

29. The County Council 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. Its role is to consider action that is in-line with the strategic benchmark agreed by the Committee and to take a pro-active approach to the Fund's investments. And also to deal with 'tactical' issues associated with implementing the strategy, such as investment manager appointments and the timing of asset allocation changes.
30. The Investment Subcommittee consists of six voting members, the Chairman, Vice-Chairman, one other elected member of the County Council, the Universities representative and one member representing each of the City and district councils, all of

whom are members of the Local Pension Committee. There is also one nonvoting employee representative.

Annual Meeting

31. An Annual Meeting of all beneficiaries of the Pension Fund is held each year. The purpose of this meeting is to consider the contents of the Pension Fund Annual Report and a report by the Employee Representatives of both Committee and Local Pension Board and to elect Employee Representatives for the Committee and Board for the following 12 months.

LGPS Central

32. LGPS Central Limited is the company formed by eight partner funds (including the Leicestershire 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.

33. 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.

34. 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 and include:

- Amending or adopting new strategic plans
- Admitting new members to the Pool
- Appointment and removal of Directors
- Approve accounts and appoint auditors
- Approving capital expenditure over £5M

35. 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.

36. The Chairman of the Local Pension Committee will act as the Fund's representative at both the Shareholders Forum and the Joint Committee and will report back to the Local Pension Committee as appropriate.

Local Pension Board

37. 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.

38. The Chair of the Local Pension Board may attend a Local Pension Committee meeting as an observer.

Review of terms of reference

39. These Terms of Reference shall be reviewed on each material change to those parts of the Regulations covering Local Pension Committee's and at least every three years.

40. These Terms of Reference were adopted on 27 November 2021.

Mr. P. Osborne CC

Signed on behalf of the Committee