

**GOVERNANCE STATEMENT FOR THE LOCAL PENSION BOARD
OF SOUTH TYNESIDE COUNCIL IN ITS CAPACITY AS THE ADMINISTERING
AUTHORITY OF THE TYNE AND WEAR PENSION FUND**

DATED – 26TH FEBRUARY 2015

Introduction

1. This document sets out the governance arrangements of the Local Pension Board of South Tyneside Council in its capacity as the Administering Authority of the Tyne and Wear Pension Fund (the 'Administering Authority') a Scheme Manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. The Administering Authority has delegated pension functions to a Pensions Committee (hereafter referred to as 'the Committee'). The Committee deals with all matters arising from the Scheme Manager's functions and responsibilities as the Administering Authority for the Fund.
3. The Board is established by the Scheme Manager and operates independently of Pensions Committee. Relevant information about its creation and operation are contained in the Council's Constitution and this Governance Statement.
4. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the Constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this Governance Statement.
5. The Scheme Manager has established the Board, which is responsible for assisting the Committee in ensuring that the Fund complies with legislation relating to its governance and administration, its own rules and the requirements of The Pensions Regulator.
6. The Board is established by the Scheme Manager in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). As such, the Council's Constitution does not apply to the Board unless expressly referred to within and permitted by this Governance Statement.
7. 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

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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.

Establishment

8. The Board was established on 12 March 2015 subsequent to approval by Council on 12 March 2015.

Powers of the Pension Board

9. The Board will exercise all its powers and duties in accordance with the law relating to local pension boards and this Governance Statement.
10. The Board shall have the power to do anything which is calculated to facilitate, or is conclusive or incidental to, the discharge of any of its functions.

Accountability

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

Role of the Pension Board

12. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:
 - a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and;
 - 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

13. 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.

14. The Board shall help ensure that the Fund is managed and administered effectively and efficiently and complies with the Code.
15. The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.
16. The Board will receive the final reports, minutes and agendas relating to all Committee and Investment Panel meetings, including exempt items.
17. 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.
18. 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.
19. 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

20. The Board shall consist of eight (8) voting members, as follows:
 - a) Four (4) Member representatives; and
 - b) Four (4) Employer representatives.
21. This ensures there are an equal number of Member and Employer representatives on the Board.
22. There shall be no other representatives appointed to the Board.
23. The relevant Trade Unions will nominate triennially the four (4) Member representatives who must have capacity to represent all Scheme members of the Fund.

24. Member representatives must 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.
26. 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.
27. 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.
28. Employer representatives must be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
29. Substitutes shall not be appointed.
30. Each Member representative and Employer representative so appointed shall serve for a fixed three (3) year period which can be extended for further period(s) subject to re-nomination.
31. The Administering Authority will appoint a Lead Officer to the Board to assist the Board in its work programme.
32. 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.
33. Substitutes will not be permitted to attend on behalf of any absent Board members. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Committee.

Appointment of Chair and Vice Chair

34. Subject to the meeting arrangements in paragraphs 54 to 58 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.

35. After the initial three (3) year term, the appointment of the Chair shall be made by ascension from the previous Vice Chair position.

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 it 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 Committee shall publish the name of Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

Terms of Office

38. The term of office for Board members is three (3) years. A Board member's term of office ends and they are not reappointed, unless they are the current Vice Chair.

39. A Board member may be appointed for further terms of office by the Committee with the agreement of the Board.

40. 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) The Board Member being withdrawn by the nominating body 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.

Knowledge and Skills

41. 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.

42. 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.

43. 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 12 above. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

44. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and

understanding policy and framework. In compliance with the requirements of the Public Service Pensions Act 2013, persons appointed to the Board will have full access to the Committee training programme and further training, as required. The Committee has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Board members will comply fully with the Committee's training programme

45. 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.
46. 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

47. 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.
48. 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.
49. These are:
 - a) Selflessness.
 - b) Integrity.
 - c) Objectivity.
 - d) Accountability.
 - e) Openness.
 - f) Honesty.
 - g) Leadership.

Conflicts of Interest

50. The policy for managing conflicts of interest is set out in a separate policy document.
51. All members of the Board must declare to the Committee 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.
52. 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.
53. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Committee 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

54. The Board shall as a minimum meet four (4) times each year.
55. Meetings shall normally take place at an office of the Council.
56. 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.
57. 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.
58. 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 and e-mails.

Quorum

59. 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.

60. 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.

61. 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

62. It is expected that the Board will act collectively to reach a consensus.

63. 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.

64. A voting member of the Board is not permitted to appoint another voting member as their proxy.

65. The Chair will have a second or casting vote in the case of equality of votes.

66. The results of any voting outcomes will be reported in the Board minutes.

Work Programme

67. 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.

68. 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.

69. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members within 10 business days after the 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.

70. 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 the Data Protection Act 1998.
71. 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.
72. The Lead Officer shall arrange such advice as is required by the Board subject to such conditions as are contained in paragraph 98 below with regards the use of the budget set for the Board.
73. 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.
74. All 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.
75. 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.
76. The Board will prepare and produce an annual report on its work for inclusion in the Fund's Annual Report and Accounts.
77. 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

78. Board meetings are not meetings of the Council open to the general public.
79. 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.

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

Board Review Process

81. 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

82. 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 and Principal Pensions Manager;
- b) The Principal 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, so approved by the Committee.

Reporting Procedures

83. 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.

84. 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.
85. On receipt of a report under paragraph 83 above the Committee should, within a reasonable period, consider and respond to the Board.
86. 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.
87. 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.
88. 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 87 above.
89. Board members are also subject to the requirements to report breaches of law under the Act and the Code and the whistleblowing provisions set out in the Council's whistle blowing policy.

Publication of Pension Board information

90. 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.
91. 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.

92. 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.

93. 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 Act 1998.

Date Protection

94. 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 data protection legislation and the Council's data protection policy and ensure that personal data processing by the Board is within the Council's notification registered with the Information Commissioner from time to time.

Freedom of Information

95. 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

96. 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.

97. The Administering Authority will not pay allowances for Board members. Reasonable expenses only will be paid to Board members.

Budget

98. 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 Committee for any expenditure it wishes to make. The Committee has absolute discretion in respect of any application by the Board.

Interpretation

99. 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

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

'the Act'	The Public Service Pensions Act 2013.
"the Chair"	means the Chair of the Board and is used to give reference to duties to be performed or authorities exercised by the Chair.
'the Code'	means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
'the 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.
"the 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.

- “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.
- “the 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).
- “the Scheme”** means the Local Government Pension Scheme in England and Wales.
- “the 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.