

# Governance Policy

including Governance Compliance statement

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## 1. Purpose

Under regulation 55 of the Local Government Pension Scheme Regulations 2013, pension fund administering authorities are required to prepare and publish a written policy setting out the governance arrangements for the pension fund. The policy must set out whether the administering authority delegates its functions in relation to the pension fund to a committee, sub-committee or an officer of the administering authority, and where this is the case, details of:

- the frequency of any committee's meetings;
- the terms of reference, structure and operational procedures in relation to the use of delegated powers;
- whether the committee includes representatives of employers or scheme members and if so, whether they have voting rights;
- the extent to which a delegation complies with Secretary of State guidance and
- the terms of reference, structure and operation procedures of the Local Pension Board.

The administering authority of Bedfordshire Pension Fund is Bedford Borough Council. This policy statement sets out Bedford Borough Council's arrangements for discharging its responsibilities for Pension Fund matters.

## 2. Structure

Under the Executive Arrangements in Local Government, management of the Pension Fund is a non-executive function, and this is reflected in the governance structure for Bedford Borough Council that is set out in Appendix A to this statement.

## 3. Authority

Part 3 of Bedford Borough Council's Constitution establishes a Pension Fund Committee. The Pension Fund Panel and Responsible Investment Panel support the work of the Pension Fund Committee.

The Local Pension Board, established in Part 2 of Bedford Borough Council's constitution and in accordance with Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), is

responsible for assisting the pension fund in effective and efficient governance and administration, and ensuring compliance with:

- the Local Government Pension Scheme (LGPS) Regulations.
- other legislation relating to the governance and administration of the LGPS
- requirements of the Pensions Regulator, including compliance with the General Code of Practice.

#### 4. The Pension Fund Committee

The Pension Fund Committee reports directly to the Council and discharges the Council's functions as the Local Government Pension Scheme Administering Authority.

The [terms of reference of the Pension Fund Committee](#), including its functions and delegated powers, are set out in Appendix B.

The membership of the Pension Fund Committee is:

- Four Elected Members of Bedford Borough Council
- Two Elected Members of Central Bedfordshire Council
- Two Elected Members of Luton Borough Council.

These members have voting rights.

At the start of each municipal year:

- The Chair of the Pension Fund Committee will be elected from among the members representing Bedford Borough Council.
- The Vice-Chair will be elected from the among the members representing Central Bedfordshire Council or Luton Borough Council.

The Pension Fund Committee has, as voting members, representatives of employers holding more than 10% of the active membership. This is in line with good practice and supports current government policy to improve the democratisation of Pension Fund governance arrangements.

If the membership of any non-local authority employer in the fund exceeds 15% of the total membership of the fund, consideration should be given to inviting that body to become a member of the Committee.

The relevant officers from the Administering Authority will support the Pension Fund Committee as appropriate and are entitled to speak but not vote.

The terms of reference of the Committee also allow for [non-voting official "observers"](#).

The Chair of the Committee (Administering Authority) will be the Fund representative on the Border to Coast Pension Partnership (BCPP) Joint Committee. The Vice Chair will be the substitute representative.

The BCPP Ltd shareholder role is a Bedford Borough Council responsibility and has been delegated to the Executive Director of Resources.

### **Sub-groups of the Pension Fund Committee**

#### **The Pension Fund Panel**

The Pension Fund Panel will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and external advisers and other relevant attendees.

The Pension Fund Panel has the same membership and Chair/Vice Chair as the Pension Fund Committee.

The Panel makes recommendations to the Pension Fund Committee via a simple majority of voting members, with the Chairman having the casting vote in the event of a tie.

#### **The Responsible Investment Panel**

The Responsible Investment Panel will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and external advisers and other relevant attendees on matters relating to responsible investment. The Panel makes recommendations to the Pension Fund Committee via a simple majority of voting members, with the Chairman having the casting vote in the event of a tie.

### **Meetings of the Pension Fund Committee**

The terms of reference for the Pension Fund Committee set out the expected [schedule of meetings of the Committee and sub-committees](#).

## **5. The Local Pension Board**

The Pension Board will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and external advisers and other relevant

attendees and appropriate research. The Board makes recommendations to the pension Fund Committee via a simple majority of voting members, in the event of equality of voting on any decision the status quo will prevail. It is expected the Board will, as far as possible, reach a consensus.

The Pension Board will have four Scheme Employer representatives and four Scheme member representatives. The Chair of the Pension Board will be an independent appointment made by the Administering Authority. The Vice Chair of the Board will be elected annually by the Board from amongst their own number.

The [full terms of reference of the Local Pension Board](#) can be found at Appendix C.

## 6. Meetings

The terms of reference for the Pension Fund Committee set out the [frequency of meetings of the Committee and sub-committees](#).

The terms of reference for the Local Pension Board set out the [frequency of meetings](#) for the Board.

Part 8 of the Bedford Borough Council constitution, Regulatory Committee Procedure Rules, applies to the Pension Fund Committee and Local Pension Board. Under Part 8 of the constitution, a member of the Pension Fund Committee or Pension Board will cease to be a member of the Committee or Board:

- if the member fails throughout a period of six months to attend any meeting  
or
- if there have been less than two ordinary meetings in the six-month period,  
the member fails to attend two consecutive ordinary meetings

unless the failure was due to some reason approved by the Council. Attendance at a sub-committee of the Pension Fund Committee is deemed to be attendance at a meeting of the Committee.

The attendance at Committee and Board meetings is recorded in the Pension Fund's annual report.

## 7. Knowledge and skills

- a) Bedfordshire Pension Fund adopts the key recommendations of *The Code of Practice on Public Sector Pensions Finance Knowledge and Skills*;
- b) The Fund recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills;
- c) Accordingly, the Fund will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making;
- d) 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;
- e) The Fund will report on an annual basis how these policies have been put into practice throughout the financial year;

The Fund has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to Executive Director of Resources, who will act in accordance with the organisation's policy statement, and, where he/she is a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

The Authority maintains a system of annual training plans for Members of the Committee and Pension Board and will maintain a log of all such training that is undertaken.

## 8. Reporting

The Pension Fund Committee reports to the Council. The Committee can discuss matters of concern with the Executive, the Portfolio Holder for Finance and the Executive Director of Resources before reporting to Council.

The Chairman will report bi-annually to the Council on work carried out by the Pension Fund Committee.

The Chairman will present the minutes of the Pension Fund Panel to the Pension Fund Committee.

The Independent Chair of the Pension Board will present the outcomes and

recommendations from the Local Pension Board to the Pension Fund Committee.

## **9. Access**

The Executive Director of Resources, Service Director for Bedfordshire Pension Fund and Manager for Pensions Administration will have access to the Chairpersons of the Pension Fund Committee and Local Pension Board.

## **10. Delegation from the Pension Fund Committee to the Executive Director of Resources**

The Executive Director of Resources (formerly the Assistant Chief Executive (Enabling Services/Finance) has delegated authority to manage the Pension Fund. The role of the Executive Director of Resources, as conferred by the Committee, and as set out in Part 14(c) of Bedford Borough Council's constitution (Scheme of Delegations from the Pensions Committee), is as follows:

"To manage the Pension Fund from day to day, including the exercise of the Council's functions as administering authority, and the power to seek advice and to devolve day to day handling of the Fund's investments to professional advisers within the scope of the Local Government Pension Fund Regulations."

## **11. Delegation from the Executive Director of Resources**

The Executive Director of Resources has delegated his/her role as follows:

Fund's day to day activities (excluding Pension Administration) within the scope of the Local Government Pension Fund Regulations:

### **Service Director for Bedfordshire Pension Fund**

- Pension Fund Accounts
- Pension Fund Contributions
- Investment managers/Custodian monitoring
- Performance of Fund
- Governance of the Fund
- Admitted Authority applications
- Responses to Local Government Pension Scheme consultations
- Link with Actuary and Investment Consultant



## Pensions Administration Manager

- Day to day handling of Pension Administration issues
- Link with Scheme employers
- Membership records
- Starters, transfers, deaths and retirees
- Production of benefit statements
- Payroll

## 12. Appointment and management of advisers and service providers

The Pensions Regulator's general code of practice sets out the Regulator's expectation for pension schemes in respect of the selection, appointment, management and replacement of professional advisers and service providers.

Bedfordshire Pension Fund maintains a register of contracts which sets out the current contracts the Fund has with providers, along with details of the length of contract and the contract end date. The register is reviewed annually by the Pension Fund Committee and the Local Pension Board, to ensure that the suppliers and provision of contracts are subject to the proper contract review and monitoring.

The Pension Fund utilises Bedford Borough Council's internal procurement specialists to manage the tender process and makes use of the National LGPS Procurement Frameworks where appropriate.

Key responsibilities of advisers and service providers are set out as part of the procurement process and are detailed in agreed service contracts.

Shortlisted providers for the investment consultant contract present to the Pension Fund Committee and are scored against agreed criteria.

Candidates for the role of Independent Investment Advisor are interviewed by a panel consisting of the Pension Fund Committee Chair, the Fund Administrator and the Service Director for Bedfordshire Pension Fund.

## 13. Cyber resilience and security

The Pensions Regulator's general code of practice sets out its expectation that the governing bodies of pension funds have knowledge and understanding of cyber risk. 'Cyber risk' refers to the risk of loss, disruption, or damage to a scheme or its members, because of the failure of its information technology systems and processes.

Bedfordshire Pension Fund is responsible for managing a large quantity of data relating to members of the LGPS. It is therefore essential that robust measures are in place to ensure cyber security and resilience.

The Fund's risk register, which is reviewed on a quarterly basis by the Pension Fund Committee and Local Pension Board, includes an item relating to cyber security and the control measures in place to mitigate the likelihood and impact of a cyber-attack.

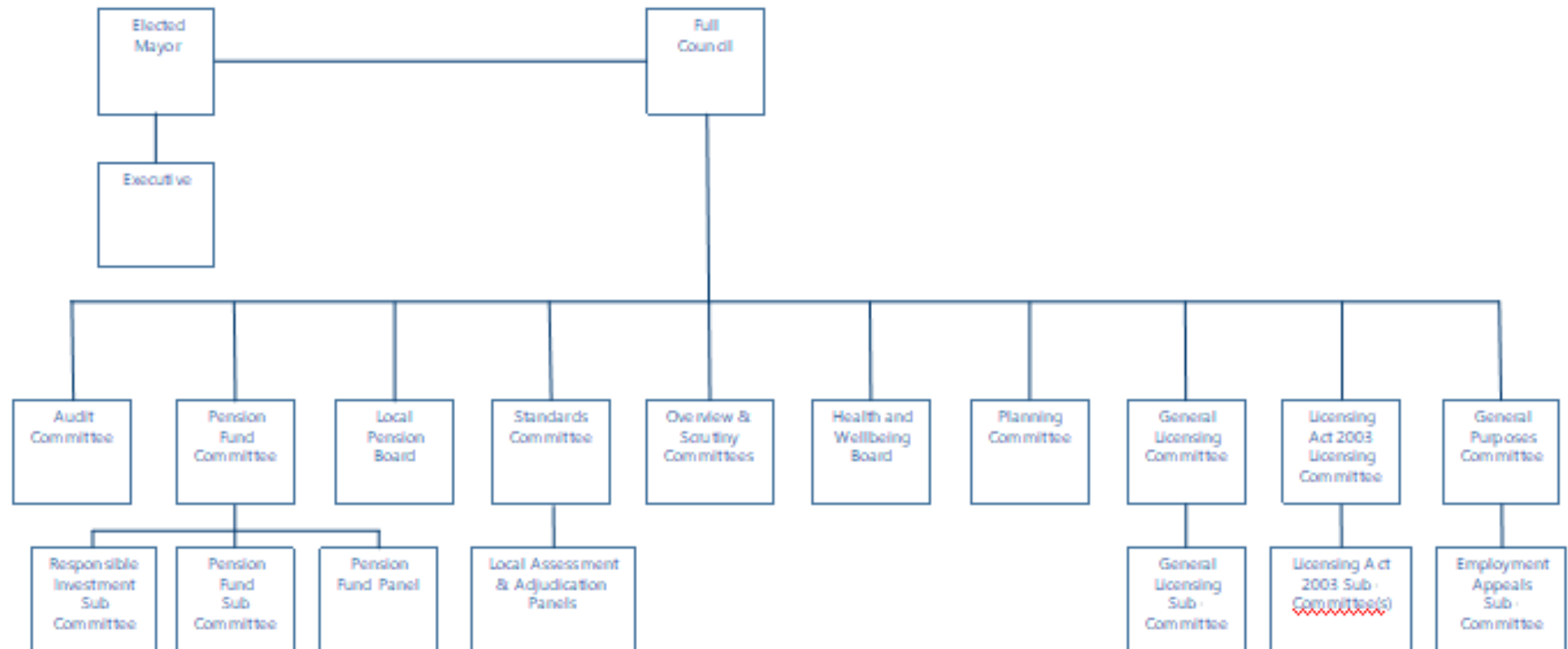
The Fund's training programme includes training on cyber risks, to ensure that Committee and Board members are up to date with current risks and that they understand their responsibility to ensure that the appropriate system controls are in place.

Service providers' cyber security certifications (including those of Bedford Borough Council and the pensions software provider) are checked on a regular basis to ensure that they are up to date. Bedford Borough Council, as the administering authority, provides training for staff on cyber security matters and has an IT usage policy and associated policies covering the use of mobile devices, passwords and examples of best practice. There is also a clearly defined process for reporting any cyber security breaches.

#### **14. Reporting breaches of the law to the Pensions Regulator**

The Pension Fund has adopted a procedure for reporting breaches of law to the Pension Regulator. The policy is available on the [Pension Fund's website](#).

Bedford Borough Council - Member Structure



## **Pension Fund Committee of Bedford Borough Council**

### **Terms of Reference**

#### **1. Introduction**

- 1.1 This document sets out the terms of reference of the Pension Fund Committee of Bedford Borough Council, the administering authority of Bedfordshire Pension Fund.
- 1.2 The Pension Fund Committee has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972. Part 3 of Bedford Borough Council's Constitution establishes a Pension Fund Committee.
- 1.3 The Pension Fund Panel and Responsible Investment Panel support the work of the Pension Fund Committee.
- 1.4 The Local Pension Board, established in accordance with Section 5 of the Public Service Pensions Act 2013 and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), will secure compliance with the Local Government Pension Scheme Regulations (LGPS) and other legislation relating to the governance and administration of the LGPS.

#### **2. Functions and delegated powers of the Pension Fund Committee**

- 2.1 The Pension Fund Committee reports directly to the Council and discharges the Council's functions as the Local Government Pension Scheme Administering Authority. Under Part 3 of Bedford Borough Council's Constitution, the Committee's functions and delegated powers are:
  - to determine the overall strategy relating to the investment of the Pension Fund's assets and to meeting the Fund's liabilities
  - to keep under review the performance of the Pension Fund and the Fund's managers.
  - to approve the appointment of advisers and fund managers.
  - to consider and approve, if appropriate, the applications of organisations to be admitted bodies of the Bedfordshire Pension Fund.
  - to monitor the performance of the scheme, including the consideration of any relevant matters of Fund administration, to ensure that a first-rate service is delivered to the Scheme's members.
  - to publicise its stewardship role to all scheduled and admitted bodies of Bedfordshire Pension Fund and to all contributors and beneficiaries by

means of an annual report and in accordance with the Fund's Communication Policy.

- to receive the annual statement of accounts of the Pension Fund.

## 2.2 In support of these functions the Committee's duties also include the following:

- to maintain the Pension Fund's Investment Strategy Statement.
- to regularly consider any relevant matters relating to Pension Fund investment.
- to review and set the Pension Fund's asset allocation.
- to support the Executive Director of Resources in his/her operational responsibilities for the investment of all surplus cash of the Pension Fund not required immediately to meet pensions and other benefits.
- to develop an effective relationship with the Border to Coast Pension Partnership (BCPP), this being the Fund's pooled vehicle for investment purposes.
- to appoint Fund Managers to whom the Executive Director of Resources may delegate the responsibility for the investment of cash and to regularly review their terms of appointment.
- to review and set investment objectives for the Fund Managers.
- to meet with, or receive information from, Fund Managers on a regular basis to review activity, transactions and past performance and to note their future asset allocation and investment strategy.
- to meet with the Actuary and the Independent Investment Adviser on an annual basis to consider the performance of the Fund Managers both over the immediate twelve-month period and on a progressive three to five-year period.
- to review the Committee's annual performance.
- to consider the results and impact of the triennial actuarial valuation.
- to consider and approve a Funding Strategy Statement.

## 3. Membership of the Pension Fund Committee

### 3.1 The membership of the Pension Fund Committee is:

- Four Elected Members of Bedford Borough Council

- Two Elected Members of Central Bedfordshire Council
- Two Elected Members of Luton Borough Council.

3.2 To be quorate, three of the eight voting Members must be present. In the event of a vote being tied, the Chair of the Pension Fund Committee shall have a casting vote. The Pension Fund Committee has, as voting members, representatives of employers holding more than 10% of the active membership.

3.3 The relevant officers from the Administering Authority will support the Pension Fund Committee as appropriate and are entitled to speak but not vote.

3.4 In addition, the following have been accorded official "observer" status and are entitled to attend and speak, but not vote, at meetings of the Committee and the Panel:

- Academy representative
- Scheme User observer
- Independent Investment Adviser
- Independent Chair of the Local Pension Board
- Chief Finance Officer (Luton Borough Council)
- Chief Finance Officer (Central Bedfordshire Council)

3.5 The Chair of the Committee will be the Fund representative on the Border to Coast Pension Partnership (BCPP) Joint Committee. The Vice Chair will be the substitute representative.

3.7 If the membership of any non-local authority member of the scheme exceeds 15% of the total membership of the scheme, consideration should be given to inviting that body to become a member of the Committee.

#### **4. Election of Chair and Vice-Chair**

4.1 The Chair and Vice Chair of the Committee shall be annually elected from the Elected Members serving on the Committee.

#### **5. Duties of Chair**

5.1 The Chair of the Pension Fund Committee:

- (a) shall ensure the Committee carries out its functions as set out in these Terms of Reference.

- (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.
- (c) shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached and be able to manage potential conflicts.
- (d) shall encourage participation from all members in meetings and training, to ensure their knowledge and skills are developed and used effectively.
- (e) shall represent the interests of the scheme to relevant stakeholders.
- (f) shall demonstrate the standards of behaviour expected from other members of the Pension Fund Committee.

## **6. Pension Fund Committee sub-groups**

- 6.1 To enable timely decisions to be made, an investment sub-group comprising the Chairman, Vice Chairman, Fund Administrator and Service Director for Bedfordshire Pension Fund with advice from specialist financial advisers has been established to consider relevant investment issues and approve the rebalancing of the Fund's asset classes within the overall strategy of the Fund and approved benchmark ranges if no timely meeting of the Committee is scheduled.
- 6.2 Decisions made by the sub-group will be reported to all members of the Pension Fund Committee by e-mail and confirmed at the next scheduled Committee meeting.
- 6.3 The Committee may agree to create additional non-decision-making sub-groups from within the members of the Committee to consider specific issues as and when appropriate. Such sub-groups will act in an advisory capacity and report their findings to the Committee for decision.

### **6.4 The Pension Fund Panel**

- 6.4.1 The Pension Fund Panel will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and External advisers and other relevant attendees.
- 6.4.2 The Panel makes recommendations to the Pension Fund Committee via a simple majority of voting members, with the Chairman having the casting vote in the event of a tie.
- 6.4.3 The Pension Fund Panel has the same membership and Chair/Vice Chair as the Pension Fund Committee.

## **6.5 The Responsible Investment Panel**

- 6.5.1 The Responsible Investment panel will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and External advisers and other relevant attendees on matters relating to responsible investment.
- 6.5.2 The Panel makes recommendations to the Pension Fund Committee via a simple majority of voting members, with the Chairman having the casting vote in the event of a tie.

## **7. The Local Pension Board**

- 7.1 The Pension Board will operate in an advisory capacity to the Pension Fund Committee by its questioning of officers of the Council and External advisers and other relevant attendees and appropriate research. The Board makes recommendations to the Pension Fund Committee via a simple majority of voting.

## **8. Conflicts of interest**

- 8.1 The Localism Act 2011, chapter 7, requires all elected Members to complete an annual declaration of pecuniary interests (DPI). Other Committee members are required to declare any conflicts at each meeting. Committee members may serve if they do have a conflict of interest; however, this must be transparently managed.
- 8.2 The Pension Fund Committee has a Code of Conduct and Conflicts Policy. The policy sets out the expectations for Committee members' conduct and the procedure for managing conflicts of interest.
- 8.3 It is the duty of any appointed Committee member to declare any potential conflict of interest.

## **9. Meetings**

- 9.1 The Pension Fund Committee will meet (as a minimum) four times a year, ordinarily in February, June, September and November or as necessary to facilitate its work; the Pension Fund Panel will usually meet in February, June, September and November, and as necessary to facilitate its work.
- 9.2 The Pension Fund Committee or the Executive Director of Resources may ask the Committee/Panel to convene further meetings to discuss particular issues on



which they want advice.

- 9.3 Work for the year will be agreed with the Pension Fund Committee/Panel and a schedule of work will be circulated to Panel members and other officers.
- 9.4 Agendas for meetings will be agreed with the Chairman and will be circulated electronically, with supporting papers, to Committee/Panel members and other relevant officers.
- 9.5 Pension Fund Committee/Pension Fund Panel meetings will normally be attended by the Service Director for Bedfordshire Pension Fund, with the relevant officers as appropriate to the agenda items being considered.
- 9.6 The Pension Fund Committee/Panel may ask other officers to attend to assist it with its discussions on any particular matter.
- 9.7 The Pension Fund Committee can invite appropriate members of the Executive at their discretion to attend to assist in the Committee's understanding of critical issues.
- 9.8 Subject to the requirements of the Local Government Act 1972, the Committee may choose to have closed sessions and may ask any or all of those who normally attend but who are not members to withdraw from those sessions to facilitate open and frank discussion of particular matters.

## **10. Reporting**

- 10.1 The Pension Fund Committee reports to Bedford Borough Council. The Chairman will report bi-annually to the Council on work carried out by the Pension Fund Committee.
- 10.2 The Chairman will present the minutes of the Pension Fund Panel to the Pension Fund Committee.
- 10.3 The Independent Chair of the Pension Board will present the outcomes and recommendations from the Local Pension Board to the Pension Fund Committee.

## **Local Pension Board of Bedford Borough Council**

### **Terms of Reference**

#### **Introduction**

1. This document sets out the terms of reference of the Local Pension Board of Bedford Borough Council (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 Board is established by Bedford Borough Council as the Administering Authority and operates independently of the Pension Fund Committee.
3. 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 or referred to in this document.

#### **Interpretation**

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

<b>Term</b>	<b>Meaning</b>
<b>'the Act'</b>	The Public Service Pensions Act 2013.
<b>'the Code'</b>	means the Pension Regulator's General Code of Practice.
<b>'the Committee'</b>	means the committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.
<b>'the Fund'</b>	means the Fund managed and administered by the Administering Authority.
<b>'the Guidance'</b>	means the guidance on the creation and operation of local pension boards issued by the Scheme Advisory Board.

Term	Meaning
<b>'the Regulations'</b>	means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings & 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).
<b>'Relevant legislation'</b>	means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Board notwithstanding that the Codes of Practice are not legislation.
<b>'the Scheme'</b>	means the Local Government Pension Scheme (LGPS) in England and Wales.

## Statement of Purpose

5. 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 requirements imposed by the Pensions Regulator in relation to the Scheme and;
  - (b) to ensure the effective and efficient governance and administration of the Scheme.

This includes undertaking work requested by the Administering Authority and covers all aspects of governance and administration of the LGPS including process in relation to funding and investment decisions.

6. The Board may not make decisions which are the responsibility of the Bedfordshire Pension Fund Committee.

## Duties of the Board

7. The Board will at all times act in a reasonable manner in the conduct of its business. In support of this duty all Board members are subject to and must abide by Bedford Borough Council's code of conduct for members which will apply to all members of the Local Pension Board when acting in that capacity.

## Membership

8. The Board shall consist of eight voting members and one non-voting independent member may be appointed, as follows:
  - Four Scheme Member Representatives; and
  - Four Scheme Employer Representatives, and
  - One Independent Member may be appointed and, where that is the case, that Independent Member would act as Chair of the Pension Board.

Each Employer and Member representative of the Board shall have an individual voting right. An Independent Chair is explicitly excluded from having the right to vote in accordance with regulation 106 (7) of the LGPS Regulations

In the event of equality of voting on any decision the status quo will prevail. It is expected the Board will as far as possible reach a consensus.

## Scheme Member Representatives

9. Scheme Member representatives shall either be Scheme Members or have capacity to represent Scheme Members of the Fund.
10. Scheme Member representatives must be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
11. Substitute Scheme Members may be appointed by the Administering Authority and may attend Board meetings in place of full Members, provided they have undertaken the similar training as full Members.
12. A total of four Scheme Member representatives shall be appointed by the Administering Authority as follows:
  - (a) Two Scheme Members nominated from the recognised Trade Unions

that represent local government employees; (in order of those representing the greatest number of members);

(b) Two Scheme Members appointed following a transparent recruitment process open to all Fund Members.

13. Where the Administering Authority is unable to appoint two members from a recognised trade union, for whatever reason, the Board may agree to appoint two scheme members through the open recruitment process.

### **Scheme Employer Representatives**

14. Scheme 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. No Officer or Elected Member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
15. Scheme Employer representatives must be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
16. Substitute Employer Members may be appointed by the Administering Authority and may attend Board meetings in place of Full Members, provided they have undertaken the same training as Full Members.
17. A total of four Scheme Employer Representatives shall be appointed to the Board by the Administering Authority as follows:
- (a) One Scheme Employer Representative appointed from each of the major employers in the Fund - Bedford Borough Council, Central Bedfordshire Council, and Luton Borough Council;
  - (b) One Employer Representative appointed following a transparent recruitment process open to all Fund Employers.

### **Election of Chair and Vice Chair**

18. Regarding the Chair and Vice Chair:
- (a) Where no Independent Chair has been appointed or is in place, the Chair will be elected annually by the Board from amongst their own number.

Otherwise, an independent Chair may be appointed for the Board by the Administering Authority. In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in a fund or funds administered by the Administering Authority. The independent chair also cannot be a scheme member of the Local Government Pension Scheme in a fund administered by the Administering Authority. The appointment of the chair shall be subject to the passing of a motion to confirm by a majority of the Employer and Member representatives of the Board.

- (b) The Chair will be appointed for a period of up to but not exceeding four years.
- (c) An Independent Chair will have no voting rights.
- (d) The Vice Chair of the Board will be elected annually by the Board from amongst their own number.

### **Duties of Chair**

#### **19. The Chair of the Board:**

- (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference;
- (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;
- (d) Shall provide a report to the Pension Fund Committee on a quarterly basis on the activities, outcomes and recommendations from the Pension Board;
- (e) Shall produce an Annual Report on the Board's activities and outcomes during the year for publication in the Fund's Annual Report.

### **Notification of Appointments**

20. When appointments to the Board have been made the Administering Authority 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

21. The term of office for Board members is four years.
22. Extensions to terms of office may be made by the Administering Authority with the agreement of the Board.
23. For Employer representatives that are elected by their authority, if re-elected and allocated back on the Board, their term of office is deemed as starting afresh as if newly elected.
24. A Board member may be appointed for further terms of office using the methods set out in paragraphs 12, 16 and 17 above.
25. Board membership may be terminated prior to the end of a representative's term of office due to:
  - (a) A Scheme Member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund;
  - (b) A Scheme member representative no longer being a scheme member or a representative of the body on which their appointment relied (where applicable);
  - (c) A Scheme Employer representative no longer holding the office or employment or being a member of the body on which their appointment relied (where applicable);
  - (d) A Board 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;
  - (e) A representative being withdrawn by their nominating body and a replacement notified to the Administering Authority;
  - (f) A Board member having a conflict of interest which cannot be managed in accordance with the Board's conflict policy;
  - (g) A Board member who is an elected member becoming a member of the Pension Fund Committee;
  - (h) A Board member who is an office holder of the Administering Authority

becoming responsible for the discharge of any function of the Administering Authority under the Regulations.

26. The position of Independent Chair may be terminated prior to the end of the term of office due to:
- (a) Joint agreement between the Independent Chair and the Administering Authority;
  - (b) The Independent Chair being unable to demonstrate to the Administering Authority their capability to perform the role of Chair to an acceptable standard;
  - (c) Any serious or gross misconduct on the part of the Independent Chair;
  - (d) Any of the reasons listed in paragraph 25 above, which make it untenable for the Independent Chair to continue to be a Board Member.

### Conflicts of Interest

27. All members of the Board must register with the Administering Authority on their appointment, and at any such time as their circumstances change, their local and Disclosable Pecuniary Interests which they are required to register under the Administering Authority's Code of Conduct for Members and any other potential conflict of interest arising as a result of their position on the Board.

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

28. On appointment to the Board and following any subsequent declaration of a potential conflict by a Board Member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's Conflicts Policy and the requirements of the Code of Conduct.

### Knowledge and Understanding (including training)

29. 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.



30. 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.
31. 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.

## Meetings

32. The Board shall, as a minimum, meet four times each year.
33. Meetings will normally take place at 4.00pm at Borough Hall, Bedford, unless otherwise determined by the Board. Where appropriate, meetings may be held virtually using powers available under Regulation 106 (8) of the Local Government Pension Fund Regulations 2013.
34. The Chair of the Board with the consent of the Board membership may call additional meetings if s/he considers these are required.

## Quorum

35. The quorum for Board Meetings is 50% of both Scheme Member and Scheme Employer representatives; and either the Chair or Vice Chair will be present for the meeting to be quorate. For the avoidance of doubt, an Independent Chair qualifies as a Board Member for the purpose of forming a quorum as set out in the previous sentence.
36. A meeting that becomes inquorate may continue informally but any business conducted will be non-binding.

## Board Administration

37. Prior to each Board meeting, the Chair shall agree an agenda with the Administering Authority's Executive Director of Resources or the Chief Officer for Legal & Democratic and Monitoring Officer (or their nominees), the Service Director for Bedfordshire Pension Fund or the Democratic and Electoral Services Manager acting as the 'Board Secretary'.
38. The agenda and supporting papers will be issued at least five clear working days in advance of each meeting unless a meeting is convened at shorter notice.
39. Bedford Borough Council's Procedure Rules for Committee meetings will be followed by the Board.

40. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members as soon as possible after the meeting. These draft minutes will be subject to formal agreement by the Board at their next meeting.
41. The Board Secretary has discretion to edit the minutes of Board meetings so as to exclude from the minutes available to the public, content that would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or is confidential for the purposes of Section 100A(2) of that Act and/or represents data covered by the current Data Protection legislation.
42. The Administering Authority's Service Director for Bedfordshire Pension Fund, acting as the 'Head of Pensions' shall ensure that Board Members meet and maintain the knowledge and understanding required by the Boards' Knowledge and Understanding Policy and Framework and other guidance or legislation.
43. The Administering Authority, Head of Pensions, shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.
44. The Board Secretary shall ensure an attendance record is maintained and shall advise the Administering Authority on the allowances and expenses to be paid under these terms.
45. The Board Secretary shall liaise with the Administering Authority on the requirements of the Board, including advance notice for Officers to attend and arranging dates and times of Board meetings.
46. The Chief Officer for Legal & Democratic and Monitoring Officer shall be authorised to make all consequential amendments to these delegations to reflect both legislation that is subsequently superseded, minor technical amendments and any changes to the responsibilities of specific officers and office holders otherwise lawfully made.

#### **Public Access to Board Meetings and Information**

47. The Board meetings will be open to the public unless the Board is considering items of business which involve the disclosure of exempt or confidential information under the Local Government Act 1972 or the current Data Protection legislation which will preclude part (or all) of the meeting from being open to the public.

48. The following will be entitled to attend Board meetings in an observer capacity:

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

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

49. In accordance with the Act the Administering Authority shall publish information about the Board which will include:

- (a) The names of Board Members and their contact details;
- (b) The representation of Scheme Employers and Scheme Members on the Board;
- (c) The role of the Board;
- (d) These Terms of Reference;
- (e) Agendas and minutes of the Boards meetings;
- (f) Attendance logs;
- (g) An annual report on the work of the Board, including training provided and undertaken, which will be included in the Fund's own Annual Report.

50. 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.

Content may be excluded from the information published on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A to the Local Government Act 1972 or the disclosure of confidential information as defined in Section 100A(2) of that Act and/or information which constitutes the disclosure of data covered by the current Data Protection legislation.

## Expenses and Allowances

51. The Administering Authority will meet the expenses of Board members in line with the Administering Authority's policy on expenses as set out in its prevailing Members Allowances Scheme.

## Budget

52. The Board will be provided with adequate resources to fulfil its role. The Board's budget will be met from the Fund and will be determined by the Administering Authority, who will allocate the budget which will be managed by, and at the discretion of, the Board. Thereafter, the Board will seek approval from the Administering Authority for its budget on an annual basis.

## Reporting

53. The Board will, 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.
54. The Board should report any concerns over a decision made by the Committee to the Committee, subject to the agreement of a simple majority of Members present who are entitled to vote and where the meeting remains quorate.
55. On receipt of a report under paragraph 53, above, the Committee will, within a reasonable period, consider and respond to the Board.
56. Where the Board is not satisfied with the response received it may request that a notice of concern be placed on the Fund's website and in the Fund's Annual Report.
57. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee under paragraph 53 and has not been rectified within a reasonable period of time, it is under an obligation to escalate the breach.
58. The appropriate internal route for escalation is to the Administering Authority's Monitoring Officer and/or the Section 151 Officer (as appropriate) unless the matter is considered appropriate to be escalated through the Whistleblowing Policy.
59. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.
60. Board members are subject to the requirements to report breaches of law under the Act and the Code and would be subject to the protection under the Administering Authority's Confidential Reporting Policy.
61. Board Members are able to put forward ideas for investigation or scrutiny by the Board.

## Review of Terms of Reference

62. These Terms of Reference shall be reviewed annually or on each material change to the Regulations relating to local pension boards.

*This version June 2025*

*Previous version July 2024*

## Bedfordshire Pension Fund – Governance Compliance Statement

[Regulation 55 of the LGPS regulations 2013](#) requires all administering authorities to publish a governance compliance statement, setting out the authority's compliance with [guidance](#) published by the Department for Communities and Local Government in November 2008. This statement should be read alongside Bedfordshire Pension Fund's Governance Policy, which sets out the governance arrangements for the Fund.

This policy statement will be reviewed on an annual basis.

Principles - Structure	Compliance	Notes on compliance
Principle: The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council.	Fully compliant	Part 3 of Bedford Borough Council's constitution establishes a Pension Fund Committee. The Committee is responsible for the management of fund assets and the administration of benefits.
Principle: That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Partially compliant	Due to the preferred size of the Pension Fund Committee, there is not a specific role for an admitted body representative. The Pension Fund Committee has, as voting members, representatives from employers each holding more than 10% of the active membership. An academy school representative and scheme user representative have also been given official observer status, along with the Chair of the Local Pension Board which represents scheme members and employers. The current Committee structure (including observer roles) represents over 80% of contributing members.
Principle: That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Fully compliant	The membership of the Pension Fund Panel (Investments) is the same as the membership of the Pension Fund Committee. Minutes of the Pension Fund Panel are reported to the Pension Fund Committee. Minutes of the Pension Board are reported to Committee and vice versa.
Principle: That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Fully compliant	The membership of the Pension Fund Panel (Investments) is the same as the membership of the Pension Fund Committee.  The Chair of the Pension Board has an official observer role on the Committee.

Principles: Committee membership and representation	Compliance	Notes on compliance
<p>Principle: That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>• Employing authorities (including non-scheme employers (e.g. admitted bodies))</li> <li>• Scheme members (including deferred and pensioner scheme members)</li> <li>• Independent professional observers</li> <li>• Expert advisers</li> </ul>	Partially compliant	Due to the preferred size of the Pension Fund Committee, there is not a specific role for an admitted body representative. The current Committee structure, including observer roles, covers the representation of over 80% of membership. The following have 'observer status' – Academy school representative, scheme member observer, independent investment advisor, independent chair of Local Pension Board, chief finance officers from Luton Borough Council and Central Bedfordshire Council. The Governance Policy allows for a non-local authority employer member to join if their membership exceeds 15% of the total membership of the scheme.
<p>Principle: That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</p>	Fully compliant	All members have access to the same papers, meetings, training and opportunities to contribute.

Principles: Selection and role of lay members	Compliance	Notes on compliance
<p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Fully compliant	The terms of reference of the Committee and its roles and responsibilities are set out in the Governance Policy which is kept under regular review by the Committee.
<p>That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	Fully compliant	Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda and there is a Conflicts of interest policy for the Committee which sets out this requirement.

Principles: Voting	Compliance	Notes on compliance
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Fully compliant	The Fund's Governance policy sets out the voting rights for Committee members and the rationale for the policy.

Principles: Training/Facility time/Expenses	Compliance	Notes on compliance
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	Fully compliant	The Pension Fund has a training policy. All training costs are met by Bedfordshire Pension Fund.
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	Fully compliant	The above applies equally to all members.
That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Fully compliant	The Pension Fund has a training plan which is updated annually, and it maintains a training log.

Principles: Meetings	Compliance	Notes on compliance
That the administering authority's main committee or committees meet at least quarterly.	Fully compliant	The Pension Fund Committee meets at least quarterly.
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Fully compliant	The Pension Fund Panel (Investments) meets at least quarterly, synchronised with Committee meeting dates. The Local Pension Board meets quarterly, synchronised with Committee dates.



Principles: Meetings	Compliance	Notes on compliance
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.	Fully compliant	The Pension Fund holds an annual general meeting for employer representatives to update them on key issues and to provide a forum for questions and discussion.
Principles: Access	Compliance	Notes on compliance
That, subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Fully compliant	All members have equal access to committee papers, documents and advice.
Principles: Scope	Compliance	Notes on compliance
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	Fully compliant	The Fund's Governance Policy sets out the terms of reference and responsibilities of the Pension Fund Committee. In addition to investment matters the Committee also considers administration matters and admitted body applications.
Principles: Publicity	Compliance	Notes on compliance
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Fully compliant	The Fund's Governance Policy is published on the Fund's website and papers regarding the review and amendment of the policy are available for public view in Committee and Board reports. The Fund's website has pages about the Committee and Board, with links to public papers.