

# **National Assembly for Wales Assembly Members' Pension Scheme**

## **PENSION BOARD**

### **TERMS OF REFERENCE**

#### **1) Introduction**

The purpose of this document is to set out the Terms of Reference for the Pension Board ("the Board") of the National Assembly for Wales Members' Pension Scheme ("the Scheme").

#### **2) Responsibility of the Pension Board**

The responsibility of the Board is to secure compliance with the Scheme Rules, and any other legislation related to the governance and administration of the Scheme.

- The Board will ensure the effective and efficient governance and administration in compliance with requirements imposed in relation to the Scheme by the Pensions Regulator; and any other legislation relating to the governance and administration of the Scheme.
- The Assembly Commission as the Scheme Manager retains ultimate responsibility for the administration and governance of the Scheme. The Board supports the Assembly Commission to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.
- The Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- The Board will also help ensure that the Scheme Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

- The Board shall meet three times a year to discharge its duties and responsibilities effectively. The Board may meet more frequently as the needs of the Scheme and attendance for Trustee training may require.

### **3) Appointment of members of the Pension Board**

The new Board will be made up of five members:

- Two representatives nominated by current and pensioner Assembly Members.
- Two representatives appointed by the Assembly Commission (“the Commission”).
- A professional Independent Trustee to act as Chair appointed by the Remuneration Board (Rules 5.2-5.7).

The appointment of each of the above as a Trustee of the Scheme shall be made by the Remuneration Board (Rule 5.4).

The Assembly Commission as the Scheme Manager must be satisfied that a person to be appointed as an employer or Scheme member representative has the relevant experience and capacity to represent employers or members (as appropriate).

The Trustees shall be the Pension Board for the purposes of Section 5 of the Public Service Pensions Act 2013 (“PSPA”) and shall be responsible for assisting the Assembly Commission in its role as Scheme Manager.

The Pensions Team, at the request of the Remuneration Board will facilitate the appointment of the Independent Chair of the Pensions Board and the Member Nominated Trustees.

#### **The Selection process – Member Nominated Trustees**

- If only two nominations are received, the nominated individuals will become Member Nominated Trustees;
- If there are more than two nominations, a ballot of current and pensioner members will be held;

- Members will be required to return their votes no later than one month after the date on which the notice is given;
- These votes will then be counted and the nominees obtaining the highest votes will be elected.
- A nomination will be for a period of four years. To retain experienced Trustees on the Board, it is proposed to allow a rollover for a further four years of the then existing Member Nominated Trustees.
- Each elected Member Nominated Trustees will hold the position until a new ballot is held.

### **The Selection process – Commission Nominated Trustees**

- The Accounting Officer is responsible, in consultation with Commissioners, for identifying and nominating the Commission representatives on the Pension Board.
- The Commission Nominated Trustees represent the ‘employer’ and the nominations are approved by the Commission.
- A nomination will be for a period of four years and to retain experienced Trustees on the Pensions Board, it is proposed to allow a rollover for a further four years of the then existing Commission Nominated Trustees.

### **The Chair of the Pension Board – Independent Trustee**

The appointment of the Independent Trustee is made by the National Assembly for Wales Remuneration Board and is fixed for a period of four years. Once the period of appointment ends the Chair may be re-appointed for a further fixed term.

The Independent Trustee shall act as Chair of the Board. The Independent Trustee (other than an alternate Independent Trustee) may appoint or nominate another person approved by the Remuneration Board to be an alternate Independent Trustee or to represent the Independent Trustee and may remove an alternate Independent Trustee so appointed by him or her.

It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

Each Board member should endeavour to attend all Board meetings during the year and is required to attend a least three meeting each year. In the event of consistent non-attendance by any Board member, then the tenure of that membership shall be reviewed by the other Board members in conjunction with the Commission.

The Trustees may by written authority signed by all the Trustees delegate, authorise the sub-delegation or provide for the exercise of any of their duties, powers and discretions as they consider appropriate, to such persons or body (including any one or more of themselves) as the Trustees may from time to time determine (Rule 6.2).

#### **4) Quorum**

The quorum for any meeting of the Trustees shall be three and that quorum shall include the Independent Trustee (Rule 5.4).

The Trustees may act by a majority of those present at any meeting of the Board at which a quorum is present (Rule 5.6).

#### **5) Conflicts of Interest**

A Conflict of Interest means a financial or other interest which is likely to prejudice a person's exercise of functions as a Trustee (but does not include a financial or other interest arising merely by virtue of Membership of the Scheme).

The Commission and the Remuneration Board shall be satisfied that anyone to be appointed as a Trustee does not have a Conflict of Interest. If the Scheme Manager determines that a Trustee has a Conflict of Interest, the Remuneration Board must terminate the appointment of the Trustee.

The policy for identifying Conflicts of Interest is set out in a separate policy document.

## **6) Board Review Process**

The Board will undertake each year a formal review process with a view to seeking continuous improvement.

## **7) Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties. The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

## **8) Knowledge and Skills**

A member of the Board must be conversant with –

1. The legislation and associated guidance of the National Assembly for Wales (“NAfW” Members’ Pension Scheme (“MPS”).
2. Any document recording policy about the administration of the NAfW MPS.

A member of the Board must have knowledge and understanding of:-

- The law relating to pensions and
- The Pension Regulator’s code of practice, and
- Any other matters which are prescribed in legislation.

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 functions as a member of the Board.

In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. The Secretariat will keep a record of the Board members’ relevant training and development.

The Secretariat will assist Board members to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

All Board members will need to undertake training and development in line with the Trustee Knowledge and Understanding requirement of the Pensions Regulator as set out in its Code of Practice. The Board's knowledge and skills are subject to continuous assessment so that training can be tailored to reflect their needs and to correspond with the matters they will be considering.

A training plan is incorporated into the Board's Business Plan which is kept under regular review.

#### **9) Board Meetings – Notice and Minutes**

The Scheme Manager shall give notice to all Board members of every meeting of the Board. The Scheme Manager shall ensure that a formal record of Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board committee, they shall be circulated to all members. There will be three Board meetings a year to be held once each Assembly term.

#### **10) Remit of the Board**

The Board must assist the Scheme Manager with such other matters as the Scheme Rules and the PSPA may specify. It is for Scheme Rules, the PSPA and the Scheme Manager to determine precisely what the Board's role entails. Details of the Board's role is set out in the Memorandum of Understanding and in the Roles and Responsibilities documents.

#### **11) Standards of Conduct**

Pension Board Members have a duty to act:

- Prudently, responsibly and honestly with the utmost good faith;
- Impartially and in the best interests of all the beneficiaries;
- To take advice on technical matters which the Trustees do not understand.

The role of Trustee comes with considerable responsibility and requires the highest standards of conduct.

## **12) Decision making**

Each member of the Board will have an individual voting right but it is expected the Board will as far as possible reach a consensus. The Chair of the Board will have the final deciding vote.

## **13) Publication of Pension Board information**

Scheme members and other interested parties will want to know that the NAFW Members' Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Board is properly constituted, trained and competent in order to comply with Scheme Rules and PSPA, the governance and administration of the Scheme and requirements of the Pension Regulator.

Up to date information will be posted on the section relating to the NAFW Members' Pension Fund on the Assembly's website showing

- The names and information of the Board members
- How the Scheme members are represented on the Board
- The responsibilities of the Board as a whole
- The full terms of reference of the Board and how they operate
- The Board appointment process
- Who each individual Board member represents

The Scheme Manager and the Board will consider requests for additional information to be published or made available to individual Scheme members to encourage member engagement and promote a culture of openness and transparency.

## **14) Accountability**

The Board will be collectively and individually accountable to the Scheme Manager.

## 15) Expense Reimbursement

Expenses incurred by a Board member in attending an activity approved by the Board will be paid by the Scheme.

## 16) Reporting Breaches

Any breach brought to the attention of the Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

## 17) Definitions

The undernoted terms shall have the following meaning when used in this document:

*“Pension Board” or “Board”* means the Pension Board for the Assembly Commission as required under the Public Service Pensions Act 2013.

*“NAfW MPS”* means the National Assembly for Wales Members’ Pension Scheme. It is the pension scheme for Members of the Welsh Assembly, Welsh Government ministers and other Assembly office holders. The Scheme was established by a direction made by the Secretary of State for Wales under Section 18(1)(b) and (3) of the Government of Wales Act 1998, which came into force on 5 May 1999. Section 20(4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme.

*“Scheme Manager”* Means the Assembly Commission as scheme manager of the NAfW MPS.

*“Chair”* Reference to duties to be performed, or authorities exercised, by the Chair.

*“Remuneration Board” -* The Remuneration Board has the power to make provision for a pension scheme for Assembly Members under section 20 of the



Government of Wales Act 2006. Under this power, the Remuneration Board created the new Scheme (to replace a previous scheme) which came into effect on the first day of the Fifth Assembly, 6 May 2016. The Remuneration Board is the responsible authority of the NAFW Members' Pensions Scheme.

## **18) Interpretation**

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.