



POLICE PENSION BOARD

**Terms of
Reference**

Police Pension Board

Terms of Reference

1. INTRODUCTION:

- 1.1. This paper sets out the Terms of Reference for the Police Pension Board (PPB) which came into effect on 1 April 2015, in accordance with Article 4 of the Public Service Pensions Act (Northern Ireland) 2014.

The PPB will determine its own Terms of Reference subject to approval of the Scheme Manager. The Scheme Manager for the Police Pension Schemes is the NI Policing Board (hereafter referred to as “the NIPB”) Director of Policy.

The Terms of Reference will be reviewed on an annual basis. Any changes arising from such reviews will be subject to consultation with PPB Members and approval of the Scheme Manager.

2. SCOPE OF THE PPB:

- 2.1. The purpose of the PPB is to assist the Scheme Manager:

- a) To secure compliance with –
 - i. the Police Pension Regulations (Northern Ireland) 2015 (hereafter referred to as the “2015 Regulations”)
 - ii. any other legislation relating to the governance and administration of the 1988, 2006 and 2015 Police Pension Schemes (hereafter referred to as the “Police Pension Schemes”); and
 - iii. any requirements imposed by the Pensions Regulator in relation to the Police Pension Schemes; and
- b) in the performance of the Scheme Manager’s functions under the 2015 Regulations.

- 2.2. The PPB’s overriding aim is to ensure that members of the police pension arrangements receive on time their correct benefits under the scheme rules. The PPB will wish to ensure, as far as is possible, good outcomes for all members of the police pension arrangements in matters such as receiving excellent service.

- 2.3. The PPB will at all time work to protect the reputation of the scheme for effective administration and for proper use of taxpayers’ money in accordance with such good practice guidance that may be issued by the Pensions Regulator.

- 2.4. The remit of the Police Pension Board explicitly excludes the Injury Benefit Scheme.

Police Pension Board

Terms of Reference

3. ROLES AND RESPONSIBILITIES OF THE PPB:

- 3.1. The PPB will ensure that the Scheme Manager carries out the effective administration of the scheme by close scrutiny of the level and quality of service provided for the membership and employers by the practitioner, other service providers and the Government Actuary's Department (hereafter referred to as "GAD").
- 3.2. The PPB is responsible for ensuring that the Scheme Manager has an effective audit strategy in place for the scheme and for monitoring of audit delivery plans.
- 3.3. The PPB is responsible for ensuring that the Scheme Manager has an effective risk management strategy in place for the scheme and for monitoring risk management delivery plans.
- 3.4. The Scheme Manager will provide assurance to the PPB about the effective financial management including contribution collection, financial forecasting, debt management; and that beneficiaries receive the benefits to which they are entitled under the rules of the scheme and production of annual scheme accounts.
- 3.5. The PPB will benchmark in line with regulatory requirements (e.g. The Pensions Regulator.)
- 3.6. The PPB will review the development of processes and systems by the Scheme Manager to incorporate any new statutory requirements.
- 3.7. The PPB will ensure compliance by the Scheme Manager to data management requirements.
- 3.8. The PPB will respond to any requests/directions made by the Pensions Regulator.
- 3.9. The PPB will develop the approach for reporting breaches of the law to the Pensions Regulator when they have reasonable cause to believe that:
 - a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with; and
 - the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

The PPB will provide notification to the Scheme Advisory Board where potential breaches are reported.

Police Pension Board

Terms of Reference

4. COMPOSITION:

- 4.1. The PPB will be set up in compliance with the Public Service Pensions Act (Northern Ireland) 2014 and the Police Pension Regulations (Northern Ireland) 2015.
- 4.2. The NIPB will appoint the Chairperson of the PPB, subject to Department of Justice approval.
- 4.3. The PPB will consist of the following:
 - One independent Chairperson (voting member);
 - Three member representatives (voting members) selected from nominations put forward from member organisations;
 - Three employer representatives (voting members) selected from nominations put forward by employer organisations;
 - Additional membership (up to 2 Independent (non-voting) Members) will be decided further to consultation with the Chair and subject to approval by the Scheme Manager.
- 4.4. Members of the PPB will represent the interests of all of the scheme's beneficiaries, the participating employers and provide effective oversight and management of the Police Pension Schemes rather than the interests of any one party.
- 4.5. Appendix A gives the terms and conditions that apply to PPB members.

5. MEETINGS:

- 5.1. Frequency: The PPB will meet four times a year and at such other times as the Chairperson decides is necessary. Wherever possible at least 10 working days notice will be given of any non-scheduled meeting, however, for urgent meetings 5 working days notice will be provided.
- 5.2. Format: Meetings can be conducted in person, over the telephone or via a tele-conference/video-link, as decided by the Chairperson. If the Chairperson is not present within fifteen minutes of the time appointed for holding the meeting, then the Scheme Manager will act as deputy Chairperson. In this case the Scheme Manager will not adopt the powers of the Chairperson and in particular will not have a casting vote.
- 5.3. Quorum: Four members of the PPB will represent a quorum for meetings (depending on final numbers and make up to be decided by Chair on appointment). The Board members in attendance must include at least one employer representatives and one member representatives.

Police Pension Board

Terms of Reference

- 5.4. Attendance:** The PPB can decide to ask its professional advisers, representatives from third party suppliers and any other person to attend its meetings to provide briefings on particular area of expertise. A senior NIPB official may attend Board meetings as an observer and to introduce papers and discussions, as necessary, with the agreement of the Chairperson.

If a member is unavailable to attend a meeting a substitute may attend in their place, subject to prior completion of mandatory training and approval of the Chairperson and Scheme Manager. Please be advised that any substitutes attending in the place of a voting member will not be conferred with any voting rights nor will they form part of the PPB quorum.

- 5.5. Decisions:** All PPB Board members with voting powers will have a single vote and items arising at any meeting will be decided by a majority of members present and eligible to vote. In the case of an equality of votes the Chairperson will have a casting vote.

The PPB may agree on a decision outside of a meeting if the majority of voting members confirm their agreement either in writing or by electronic mail. Any such decision will be as valid and effective as if it had been passed by a meeting of the PPB.

- 5.6. Papers:** The PPB Secretariat must circulate all papers at least 5 working days in advance of any meeting (unless a shorter period is agreed by the Chairperson).
- 5.7. Minutes:** Draft minutes are to be forwarded to the Chairperson for agreement within 10 working days of a meeting and thereafter circulated to PPB members within a further 10 working days.
- 5.8. Conflict of Interest:** Each Member will be assessed by the Scheme Manager for any actual or potential conflicts of interest prior to appointment and on a continuous basis thereafter. Members have a duty to notify the Scheme Manager as and when a conflict of interest or potential conflict of interest arises, in line with their terms and conditions of appointment.

There will be a standing agenda item for every meeting on the declaration of conflict of interests for any matters arising.

Members will be responsible for registering any conflicts of interest with PPB Secretariat on an annual basis, in accordance with the Conflict of Interest policy, and will be managed by the Scheme Manager as per Regulation 13 of the 2015 Regulations.

Police Pension Board

Terms of Reference

- 5.9. Unscheduled meetings: Any meetings undertaken by the Chairperson outside of the four scheduled meetings should be reported to the PPB under Chairs Business.
- 5.10. Expenses: If any foreseeable costs are incurred (travel & subsistence) the relevant NIPB official should be consulted, particularly if they relate to a meeting outside of the formal schedule of meetings.

6. COMMITTEES AND SUB-GROUPS:

- 6.1. The PPB may establish such committees and sub-groups as it sees fit. The PPB will decide whether the sub groups/committees need to have separate Terms of Reference.
- 6.2. The PPB will agree, and can amend, each sub group/committee's Terms of Reference.
- 6.3. The PPB will appoint and remove members of the committees/sub groups. The PPB may, as it sees fit co-opt persons who are not members of the PPB to serve on its sub-groups/committees. Such persons need not be representatives of members, employers or the NIPB.
- 6.4. The PPB Chairperson will appoint a PPB member as the Chairperson of each sub-group.
- 6.5. The quorum for Committees and Sub-Groups will be agreed at the time.

7. AUTHORITIES AND RESTRICTIONS:

- 7.1. The Scheme Manager will consult and take into consideration the views of the PPB on matters that will materially affect the cost and/or the range and quality of services provided by the administration. The Scheme Manager will remain responsible for all contractual agreements and any proposed changes, and for the commissioning of any additional work by third parties.

8. MONITORING FINANCE AND SCHEME ACCOUNTING:

- 8.1. The PPB will oversee the Scheme Manager's monitoring of the performance of PSNI Pensions Branch as it applies to the police pension arrangements in ensuring that the Police Pension Schemes receive all monies properly and safeguards the regularity and propriety of income and expenditure in relation to the schemes.
- 8.2. The PPB will oversee and challenge the Scheme Manager's monitoring of the Police Pension Schemes budget forecasting, estimating and modelling.

Police Pension Board

Terms of Reference

8.3. The Scheme Manager will provide assurances to the PPB on the monitoring of audit delivery plans:

- Expenditure: accuracy and completeness of expenditure records;
- Contributions: accuracy and completeness of contributions received; and
- Debt Management: efficacy of debt management.

9. REPORTING:

9.1. The Chairperson of the PPB will provide a report annually, for information purposes, on the activities of the PPB to the NIPB Chief Executive, Resources Committee of the NIPB and the Department of Justice. Thereafter a copy will be published on the PPB section of the NIPB website.

9.2. Reporting to include, but not limited to:

- a. Scheme income and expenditure against budget;
- b. Adequacy of scheme financial controls;
- c. Audits and an evaluation of their effectiveness;
- d. Effectiveness of the PPB risk management programme and any recommendations for amending the risk register;
- e. Compliance failures;
- f. Notifiable events; and
- g. Performance of service providers.

9.3 On an annual basis the PPB will also provide a report to the Scheme Manager on the following:

- a. Assessment of the financial efficiency of the scheme;
- b. Assessment of the PPB performance and any recommended changes to the ToR; and
- c. The PPB priorities for the next scheme year.

10. MONITORING EMPLOYERS:

10.1. The PPB will be responsible for overseeing and constructively engaging with employers who participate in the Police Pension Schemes arrangements with regard to the correct provision of data and contributions.

11. CHANGES TO PPB TERMS OF REFERENCE:

11.1. PPB Members may recommend to the Chairperson any changes to these Terms of Reference and accompanying appendices, with implementation subject to Scheme Manager approval.

Police Pension Board

Terms of Reference

12. REMUNERATION AND EXPENSES

- 12.1.** Members of the PPB nominated as employer representatives who are currently employed by an organisation covered by the Police Pension Scheme arrangements would normally be expected to claim any expenses from their employer.
- 12.2.** Similarly, members of the PPB nominated by member representative organisations would normally be expected to claim any expenses from their nominating organisation.
- 12.3.** The Chairperson appointed by the Scheme Manager will be paid expenses at a per diem rate, as defined by the Department of Finance and Personnel's circular on the remuneration of chairmen and members of public bodies and other fee rates – annual and daily rates.

13. SECRETARIAL SUPPORT

- 13.1.** The NIPB will provide support for the group. Duties of the Secretariat include:
- arranging and managing the meetings of the PPB;
 - preparing or commissioning papers for the PPB to consider;
 - collating administration performance statistics; and
 - drafting papers/reports on behalf of the PPB.
- 13.2.** Prior to actuarial valuation of the Police Pension Scheme, the Scheme Actuary (GAD) assumptions may be provided to the PPB for information.

Police Pension Board

Terms of Reference

Appendix A

TERMS AND CONDITIONS OF PPB MEMBERSHIP

1. A change of appointment of representatives by member or employer organisations should be requested via the Chairperson and are subject to Scheme Manager (i.e. NI Policing Board) approval.
2. Each member should make best endeavours to attend all scheduled PPB meetings and details of attendance at meetings will be published in the Annual Report. Where ad hoc meetings are called, all PPB members should make best efforts to attend.

Appointment and Removal

3. Chairperson: The Chairperson will be appointed by the Scheme Manager and approved by the Department of Justice.
4. Member representatives: The Police Federation for Northern Ireland, Superintendents' Association of Northern Ireland and Chief Police Officers Staff Association will be invited to nominate one candidate each in writing to be put forward into the selection process for members of the PPB. Appointments will be made by the Chairperson, subject to Scheme Manager approval.
5. Employer representatives: The NI Policing Board and Police Service of Northern Ireland will be invited to nominate two and one candidate each respectively in writing to be put forward into the selection process for members of the PPB. Appointments will be made by the Chairperson, subject to Scheme Manager approval.
6. Independent Members: The Chairperson, with Scheme Manager approval, may invite and consider nominations for Independent Members, based on the candidates' role within public sector pensions and finance.
7. Conflicts of Interest: Individuals nominated to the PPB must complete the Conflict of Interest questionnaire and provide any reasonable information requested by the Scheme Manager for assessment of conflicts of interest. On appointment all PPB Members must notify the Scheme Manager as and when a conflict of interest or potential conflict of interest arises. Failure to disclose information for determination of a conflict of interest may result in a PPB Member's termination.
8. Termination: The Scheme Manager may terminate the appointment of any PPB Member, including the Chairperson, at any time.

Police Pension Board

Terms of Reference

9. Members may resign from the PPB by giving a minimum of one months' notice in writing to the Chairperson.
10. The Chairperson of the PPB will ask the Scheme Manager to consider the removal of any member of the PPB, if all the other voting members unanimously agree to this course of action.
11. The Chairperson will undertake performance management of each PPB member annually, and can recommend to the Scheme Manager the removal of a PPB member or the non-renewal of their appointment.
12. The Scheme Manager will consider concerns raised by PPB members in relation to the:
 - Chairpersons attendance
 - Chairpersons performance
 - Conflict of Interests

Terms of Office

13. The appointment of the Chairperson will be for a three-year term, with the potential of a two year extension. All members, including the position of Chairperson, may be reviewed on an annual basis.
14. The Chairperson will not hold office for more than two terms.
15. The tenure of any member or employer representative appointments will coincide with the time the individual holds the relevant post.

Induction and Training

16. PPB members will receive induction training to gain an up-to-date and working knowledge of the Police Pension Scheme arrangements. PPB member must complete this training within six months of appointments.
17. PPB Members must keep their knowledge up to date and notify PPB Secretariat so that a written record of their relevant training and development during their appointment can be maintained.
18. PPB Members will be conversant with scheme documents; the Pensions Regulator Code of Practice; and any other relevant documents and have appropriate knowledge and understanding of the scheme rules and the principles of Police Pension Scheme funding.

