



**DEVON &
SOMERSET**
FIRE & RESCUE SERVICE

LOCAL PENSION BOARD REPORT

Notes:

1. Papers will usually be issued a week before the meeting. It is the responsibility of the report author to ensure sufficient time is allowed for drafting, discussion and to meet the deadline for issue.

DATE OF MEETING	31 January 2019
SUBJECT OF REPORT	Terms of Reference – Quorum and Membership
REPORT AUTHOR	Director of Corporate Services
EXECUTIVE SUMMARY	<p>The previous two meetings of the Board (May and October) were cancelled because the quorum was not achieved. The Pensions Regulator has indicated that pension boards should meet at least quarterly and that meeting frequency is now regarded as best practice.</p> <p>Given the difficulty in finding alternative dates for meetings at short notice, the cancellation of meetings because of quorum difficulties should only occur in exceptional circumstances. The Terms of Reference should seek to provide arrangements where the quorum can be more easily maintained.</p> <p>The current quorum for the Board is four (two thirds), which must comprise two Scheme Manager representatives and two Scheme Member representatives. As a comparator, the quorum for Fire Authority and Committee meetings is one third.</p> <p>This paper outlines two potential options for changes to the Terms of Reference that would reduce the risk of meetings being cancelled because of not being quorate.</p>

Introduction

1. The previous two meetings of the Board (May and October) were cancelled because the quorum was not achieved. Dates for Board meetings are set well in advance but there will be occasions when commitments unexpectedly change and individuals have to tender their apologies. The Terms of Reference for the Board need to facilitate the effective conduct of business and should not create artificial obstacles.
2. The Pensions Regulator has indicated that pension boards should meet at least quarterly and that meeting frequency is now regarded as best practice. Accordingly, the Terms of Reference for the Board were subsequently amended to reflect a quarterly meeting cycle. Given the difficulty in finding alternative dates for meetings at short notice, the Terms of Reference should seek to provide arrangements where the cancellation of meetings because of quorum difficulties is the exception.

Quorum

3. The current quorum for the Board is four (two thirds), which must comprise two Scheme Manager Representatives and two Scheme Member representatives. This effectively means that if two members for either group are not available the Board is inquorate even though four Board members may be present.
4. As a comparator, the quorum for Fire Authority and Committee meetings is one third.
5. There is scope to change the quorum to make it less likely that meetings would be inquorate. A proposal to amend the quorum to three (50%) to include at least one Scheme Manager representative and one Scheme Member representative, was circulated to Board member in October last year in an attempt to avoid the October meeting being cancelled.
6. Given that the Board is not decision making, the rationale for this proposal was that it was better to have a Board meeting where there was not an equal number of representatives from both groups rather than have to cancel the meeting. In considering this, it should be recognised that the existing quorum does not require an equal number of representatives from both groups.
7. Whilst this proposal was supported by all of the Scheme Manager Representatives, it was not supported by the Scheme Member representatives. Consequently, in the absence of an opportunity to discuss the quorum position further, no changes were made and the October Board meeting was cancelled.
8. The current quorum requirements do appear to be overly high when compared to the quorum requirements for the Fire Authority and its Committees and the Board is invited to consider amending the Terms of Reference as set out in paragraph 5.

Membership

9. At the time the above proposal on changes to the quorum was being discussed, one of the Scheme Member representatives put forward an alternative suggestion to mitigate the risk of meetings not being quorate, which was to increase the number of Members on the Board.
10. Increasing the Board membership to eight would reduce the existing quorum requirement to 50% although the need for the 50% to include a minimum of two Scheme Manager representatives and two Scheme Member representatives would remain. This change would require the approval of the Fire Authority and for the Authority to appoint an additional Scheme Manager representative. It would also require the Scheme Manager to undertake a selection process to appoint an additional Scheme Member representative.

11. The proposal to increase the Board membership to eight would go some way to reducing the risk of meetings not being quorate. However, Board members will be aware that the previous recruitment processes for Scheme Member representatives have not generated large levels of interest and the time demands on undertaking training and reading sufficient information in order to effectively discharge the role may be a factor in this.

Conclusion

12. The present arrangements for a quorum have proved to be not practical and changes are necessary. The changes to the quorum outlined in paragraph 5 could be implemented immediately. The changes to the membership of the Board would require approval by the Authority and a subsequent selection process for an additional Scheme Member representative, which means that benefits of the change would not be in place for several months.

Mike Pearson
Director of Corporate Services