

Guidance for trustees

Example terms of reference for board and sub-committees

Your terms of reference should be drafted and agreed by the board. They will then be used to direct future meetings and ensure they are as productive and useful as possible.

The following template should be a useful starting point, and an example that you can compare your existing terms of reference to. It can show you where you might want to make some alterations and improvements.

Example board terms of reference

Purpose and objectives of the board

Describe the purpose of the board and its objectives. The board's purpose will depend on the type of scheme and membership and every board will have to establish its own objectives.

Board membership

Describe the make-up of the board, terms of office and appointment procedures, including for the chair of trustees. You'll need to:

- ▶ set minimum and maximum numbers for the board
- ▶ describe any specifics of how the board is made up, eg if there is scheme member representation
- ▶ describe the selection and appointment process, including how the fitness and propriety of trustees are assessed
- ▶ describe the selection and appointment process for the chair, including how their leadership and chairing qualities are assessed

Decision-making

You'll need to have a legal minimum number of trustees in place to conduct valid business and take part in voting procedures. You should:

- ▶ set out the minimum number of trustees for the board to be quorate and conduct valid business
- ▶ describe how you reached this minimum number of trustees and any specific details about the composition of this group, eg if a minimum number of member-nominated trustees need to be present for a decision to be valid
- ▶ describe the voting procedures used by the board, eg which decisions are to be made by consensus

Meetings

Describe how often meetings will be held, who can arrange meetings and the procedures for recording the business of the scheme. Please include:

- ▶ how often meetings should be held
- ▶ how long meetings should be
- ▶ how meetings are called and the procedure for ad hoc meetings
- ▶ recordings of scheme business, minutes and actions

Paper and presentation guidelines

You should:

- ▶ set out their maximum length and format
- ▶ when papers or presentations should be received before meetings, undertake a quality review process for papers or presentations submitted before meetings
- ▶ set out any online and electronic tools that will assist board activities, eg shared work spaces or electronic meeting packs

Responsibilities

Describe the responsibilities of the board and decisions taken at board level. You'll need to consider powers of the board under pensions legislation, trust law and in the scheme documents.

Delegating tasks and powers

Describe how any sub-committees will be established and how powers, decision-making and tasks will be delegated to any sub committees and/or service providers. This should include escalation procedures, ensure clear contractual arrangements (where necessary) and service level agreements. You should:

- ▶ set out the process for establishing sub-committees or/ working groups, eg whether approval of the full board is needed
- ▶ describe how delegation works for the scheme, including what tasks and decisions can be delegated to a sub-committee, working group or service provider and how these responsibilities are reported back to the board
- ▶ describe escalation procedures

Reporting and monitoring

Describe how services and advice to the scheme will be monitored and evaluated, and how any sub committees will be monitored. You'll need to:

- ▶ set out how delegated activities are reported and monitored
- ▶ set out procedures for evaluating advice to the scheme and reviewing the scheme's advisers
- ▶ set out procedures for evaluating services provided to the scheme and the scheme's service providers, including in-house services

Review of the board

Describe how the board, including its terms of reference, will be reviewed and evaluated at least annually in relation to performance against the scheme's objectives and by whom (eg. how the board will procure or appoint an individual or organisation to undertake the review, this could include electronic or online services). Include the date of the last review.

Example of sub-committee terms of reference

Purpose and objectives of the sub-committee

Describe the purpose of the committee, why it has been established and its objectives.

Membership

Describe the makeup of the committee, term of office and appointment procedures, including for the committee chair. You'll need to:

- ▶ set minimum and maximum numbers for the sub-committee
- ▶ describe any specifics of how the committee is made up, eg if there is scheme member representation
- ▶ describe the selection and appointment process of members
- ▶ describe the selection and appointment process for the chair, including how their leadership and chairing qualities are assessed

Decision-making

You'll need to have a minimum number of sub-committee members in place to conduct valid business and take part in voting procedures. You should:

- ▶ set out the minimum number of sub-committee members for the committee to be quorate and conduct valid business
- ▶ describe how you reached this minimum number and any specific details about the composition of this group, eg if a minimum number of member-nominated trustees need to be present for a decision to be valid
- ▶ describe the voting procedures used by the committee, eg which decisions are to be made by consensus

Meetings

Describe how often meetings will be held, who can arrange meetings and the procedures for recording the business of the committee. Please include:

- ▶ how often meetings should be held and how long they should be
- ▶ how meetings are called and the procedure for ad hoc meetings
- ▶ how scheme business, minutes and actions should be recorded

Paper and presentation guidelines

You should:

- ▶ set out their maximum length and format
- ▶ undertake a quality review process for papers or presentations submitted before meetings
- ▶ set out any online and electronic tools that will assist board activities, eg shared work spaces or electronic meeting packs
- ▶ set out when papers or presentations should be received before meetings

Delegating tasks and powers

You should:

- ▶ describe how powers, decision-making and tasks are delegated to the sub-committee, including how these responsibilities are reported back to the board
- ▶ describe escalation procedures

Reporting and monitoring

Describe how the committee will report to the board, including how often, and the format and content of reports to the board, eg dashboard formats and what they will cover.

Review by the Board

Describe how the committee, including its terms of reference, will be reviewed and evaluated at least annually in relation to performance against the scheme's objectives. Include the date of the last review.

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www.trusteetoolkit.com

Free online learning for trustees

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