



Appendix 4

# Lothian Pension Fund

## Pension Board Constitution

## 1. Context

The Scheme Manager is required to establish a Pension Board, separate from the Pensions Committee, for the purposes of facilitating the administration of the Funds. The Funds Pension Board has been established under the provisions of the Regulations and the Public Service Pensions Act 2013 (Pension Board).

## 2. Purpose

This document sets out the Constitution for the Pension Board.

## 3. Key Definitions

<b>Conflict of Interest</b>	A financial or other interest which is likely to prejudice the way in which an individual carries out their role as a Member, but does not include a financial or other interest arising merely by virtue of that individual being a member of any of the Funds.
<b>Criteria</b>	<ul style="list-style-type: none"> <li>a) Have, or are able to, acquire the appropriate levels of knowledge and understanding to properly discharge their duties and keep these up to date,</li> <li>b) Make all reasonable efforts to regularly attend Pension Board meetings and concurrent meetings with the Pensions Committee (and any sub-committee meeting of the Pensions Committee), and does not repeatedly fail to attend, and</li> <li>c) Complies with the requirements set out in Section 12.</li> </ul>
<b>Funds</b>	Lothian Pension Fund, Scottish Homes Pension Fund, and any other Local Government Pension Scheme that may be administered by the Scheme Manager from time to time.
<b>Members</b>	Members of the Pension Board as set out in paragraph 5.1.
<b>Regulations</b>	Local Government Pension Scheme (Governance) (Scotland) Regulations 2015.
<b>Scheme Manager</b>	The City of Edinburgh Council.
<b>Scheme Member Representatives</b>	Persons appointed to the Pension Board drawn from scheduled or admitted bodies that participate in the Funds.

<b>TPR</b>	The Pensions Regulator in the United Kingdom.
<b>Trade Union Representatives</b>	Persons appointed to the Pension Board drawn from the Trade Unions that represent the membership of the Funds.

## 4. Responsibilities

- 4.1 The Pension Board is responsible for assisting the Scheme Manager in relation to compliance with scheme regulations and the requirements of the TRP as more fully set out in Regulation 5 of the Regulations. That is, it's Function.
- 4.2 Members have a collective duty to act independently in the interests of the members and employer bodies in the Funds. While in most cases it is anticipated that the interests of these stakeholders will be aligned, Members shall use their reasonable discretion to take a balanced and proportionate view of the interests of the respective stakeholders in the Funds in the circumstances and having regard to any regulation or guidance issued by the TPR.

## 5. Membership

- 5.1 The Pension Board will consist of an equal number of Trade Union Representatives and Scheme Employer Representatives and will comprise at least:
- a) Four Trade Union Representatives; and
  - b) Four Scheme Employer Representatives.
- 5.2 Nomination and appointment processes set out by the Scheme Manager apply. No person may be, or continue to be, appointed to the Pension Board that, in the Scheme Manager's sole discretion, has a Conflict of Interest.
- 5.3 Trade Unions and Employers may withdraw representatives and put forward replacements, from time to time.
- 5.4 A person ceases to be a Member as soon as:
- a) They notify the Pension Board of their resignation,
  - b) They are appointed to the Pensions Committee or as an officer of the Scheme Manager, on the basis that no such officer nor member of the Pensions Committee may also be a Member,
  - c) They are prohibited from being a director or trustee by law,
  - d) A bankruptcy order is made against that Member,

- e) They become, in the opinion of all other Members, physically or mentally incapable of discharging their duties, or
- f) They are otherwise removed from office by unanimous approval of all other Members.

5.5 In addition to paragraph 5.4, to the extent that any Member does not comply with the Criteria, the Scheme Manager shall have the right to serve notice on the Pension Board to that effect. On receiving such notice, the Pension Board shall remove the relevant Member and reappoint a replacement, unless it can be demonstrated to the Scheme Manager's reasonable satisfaction that the Member is able to fulfil their duties and meet the Criteria.

5.6 Advisers may attend meetings of the Pension Board (at the Chair's discretion) in a non-voting capacity.

## **6. Pension Board Chair**

6.1 Members will appoint a Chair and Vice-Chair in accordance with this Section 6.

6.2 The Chair and the Vice-Chair will be rotated on an annual basis so that those roles shall be held, as may be applicable, in alternate years by:

- a) Persons nominated by a majority vote of the Trade Union Representatives and subsequently appointed by the Pension Board, and
- b) Persons nominated by a majority vote of the Scheme Employer Representatives and subsequent appointed by the Pension Board.

6.3 For the avoidance of doubt, it shall be normal practice for the Chair and Vice-Chair to be held by one of the Trade Union Representatives and one of the Scheme Employer Representatives, in the alternate, in any given year.

6.4 In the normal course of events, it is anticipated that the Vice-Chair will be appointed by the Pension Board as the Chair at the next applicable annual rotation. Where the Vice-Chair has ceased to be a Member, or where they are unable for whatever reason to become Chair at the next applicable annual rotation, the Chair shall be nominated in accordance with paragraph 6.2.

## **7. Meetings**

7.1 While the statutory roles and functions of the Pension Board and Pensions Committee are separate, the Regulations state that both bodies will meet at the same time and place to consider the same agenda, with the Convener of the Pensions Committee chairing the concurrent meeting. Concurrent meetings will be conducted in accordance with LPF's Procedural Standing Orders. Members of both the Pensions Committee and the Pension Board may participate in any discussion, but any decision will be reserved to members of the

Pensions Committee. The Chair or Vice-Chair may act as the spokesperson on behalf of the Pension Board, without prejudice to the rights of any other Member to participate in any such meeting.

- 7.2 The Pension Board may, in addition, meet separately from the Pensions Committee. There shall generally be a minimum of four Pension Board meetings in any financial year. Additional Pension Board meetings may be called by the Chair. The Chair will chair Pension Board meetings. In the absence of the Chair, the Vice-Chair shall act as chair. In the absence of the Chair and the Vice-Chair, the Pension Board will appoint one of the participating Members to act as chair. Any Pension Board business which is not part of the Pensions Committee agenda may be considered.
- 7.3 Unless otherwise agreed by Members, no less than 7 days' notice of a Pension Board meeting must be given, confirming the venue, time and date together with an agenda of items to be discussed and supporting papers.
- 7.4 At a Pension Board meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 7.5 The quorum for a Pension Board meeting shall be four Members, comprising at least two Trade Union Representatives and two Scheme Employer Representatives.
- 7.6 In determining whether Members are participating in a Pension Board meeting, it is irrelevant where any Member is or how they communicate with each other.
- 7.7 If the total number of appointed Members for the time being is less than the quorum, the Members must not take any decision other than:
  - a) A decision to fill any Member vacancies, or
  - b) A decision under Regulation 9 of the Regulations.
- 7.8 Members must declare any interests (including a Conflict of Interest) at the start of any Pension Board meeting.
- 7.9 Members of the Pension Board shall comply with any Code of Conduct established by the Scheme Manager and any guidelines or requirements of the TPR related to actual, potential or perceived interests. For the avoidance of doubt, an interest arising simply by virtue of a Member's role as a Trade Union Representative or Scheme Manager Representative shall not prevent a Member participating for the purpose of a quorum. A Member who has declared an interest in an item of business and has left the meeting for that reason may not be counted in the quorum for that item.

7.10 The Pension Board may establish a sub-committee or delegate authority to a particular Member. This includes for the purpose of attending any sub-committee of the Pensions Committee. In the event a sub-committee of the Pension Board is established, it is anticipated that its membership will have an equal number of Trade Union Representatives and Scheme Employer Representatives. Decisions taken by any such sub-committee must follow the procedures, in as far as they are applicable, of this Constitution.

## **8. Decisions**

- 8.1 Unless specific requirements apply, decisions by the Pension Board shall be made by majority approval either at a (a) Pension Board meeting or (b) in writing outside a meeting provided the date of the decision and the names of the Members who participated in the decision are clear.
- 8.2 If the number of votes for and against a proposal are equal, the Chair shall have the casting vote, unless excluded from participating in the relevant vote.

## **9. Secretariat**

- 9.1 The Scheme Employers and the relevant Trade Unions shall each appoint a joint secretary of the Pension Board.
- 9.2 Pension Board meetings will be administered by the Scheme Manager as agreed by the joint secretaries. The Scheme Manager will ensure that appropriate advisers, as may be required, are available, and provide venue and administrative support (such as the preparation of minutes) for Pension Board meetings. All reasonable expenses of the Pension Board shall be met by the Funds, provided the Pension Board has sought prior approval of the Scheme Manager before incurring such costs. Members shall also be reimbursed for reasonable expenses in accordance with relevant policies of the Scheme Manager.

## **10. Disagreements**

- 10.1 In the case of a disagreement between the Pensions Committee and the Pension Board, Regulation 9 of the Regulations applies. Where those circumstances apply, any request that the Pensions Committee review a particular decision (except where the Pensions Committee and Pension Board agree that would not be appropriate) will be made within 10 days of the decision having been made by the Pensions Committee.
- 10.2 Where Regulation 9(3) of the Regulations applies, the Pension Board shall provide the Scheme Manager with a written statement to that effect and give the Scheme Manager and the Pensions Committee a reasonable period to consider that statement and respond with any comments.

- 10.3 The Pension Board shall ensure, working together with the Scheme Manager, that any joint secretarial report published pursuant to Regulation 9(3) of the Regulations does not include any:
- a) Incorrect, inaccurate, ambiguous or misleading statements, or
  - b) Confidential or sensitive information, the disclosure of which may result in the Scheme Manager being in breach of contract or any applicable law or would be substantially to the financial or other detriment of the Funds and their stakeholders.

## **11. Information and Records**

- 11.1 The Pension Board shall have access to and receive all papers provided to the Pensions Committee and any sub-committee. In addition, the Pension Board may seek a report from the Scheme Manager on any aspect of the Funds to the extent reasonably required and the Scheme Manager must provide such a report within a timescale agreed by the Pension Board and the Scheme Manager.
- 11.2 The Scheme Manager and Pension Board will together ensure that information is published about the Pension Board. This includes:
- a) The Constitution and any other associated details of how the Pension Board operates,
  - b) The names of the Members,
  - c) Details about the representation of scheme members on the Pension Board,
  - d) Information on the Pension Board appointment process,
  - e) Who each Member represents,
  - f) Any specific roles and responsibilities of individual Members, and
  - g) Pension Board Register of Interests.
- 11.3 Minutes of Pension Board meetings will be prepared, which shall include a record of the time and place of the meeting, those attending, any interests declared (including Conflicts of Interest) and all decisions by the Members. Draft minutes will be approved at the next Pension Board meeting, signed by the Chair, with the draft having been circulated for review within 30 days of the meeting. Copies of agreed minutes shall be retained by the Scheme Manager for at least 10 years from the date of approval.
- 11.4 The Pension Board may, at its discretion, publish the agenda and approved (and redacted, where considered necessary by the Pension Board) minutes of the Pension Board on Lothian Pension Funds website. The Pension Board may undertake such communications and stakeholder engagement as it deems appropriate to perform its duties.

## 12. Knowledge, Skills and Training

- 12.1 To be appointed as a Member, it is expected that a person must have or are able to acquire the appropriate levels of working knowledge of and be familiar with:
- a) Rules related to the Scheme, and pensions,
  - b) Any matters recommended by the TPR, and
  - c) Any other matters which may set out by the Pension Board, and/or Scheme Manager, from time to time.
- 12.2 Subject to any advice or requirements issued by the TPR, a programme of training for the Members will be agreed and implemented and reviewed annually to ensure Members are adequately trained to perform their respective duties. It is expected that Members will regularly review their skills, competencies and knowledge to identify gaps. Members shall also comply with any training policies or procedures which may, reasonably, be put in place from time to time by the Scheme Manager.
- 12.3 The Scheme Manager will keep an updated list of the documents with which they consider the Members need to be conversant to effectively carry out their role and make sure that both the list and the documents are accessible. The Scheme Manager will also maintain a training log for the Members.

## 13. Annual Report

- 13.1 At the end of each Financial Year, the Chair shall prepare an annual report or statement on the activities of the Pension Board, for inclusion in the Funds Annual Report and Accounts.

## 14. Amending the Constitution

- 14.1 This Constitution will be reviewed annually. The Constitution may be amended by the agreement of no less than 80% of the Members and with the consent of the Scheme Manager. Any amendments must comply with, and not conflict, the Regulations and Public Service Pensions Act 2013.
- 14.2 Where the Pension Board has agreed to amend the Constitution, but the Scheme Manager has refused to give its consent, the matter may be referred to the National Scheme Advisory Board in Scotland for resolution in accordance with the Regulations.

**This Constitution is effective from Date.**



## Schedule of Amendments

Approved by	Pension Board and Pensions Committee
Owner	Kimberley Russell, LPF Company Secretary
Review schedule	Annually
Next Scheduled review	Date

Version	Date Updated	Comments	Amended by	Approver name/position
1	December 2014	Creation of Constitution	Struan Fairbairn	Pensions Committee
2	December 2018	5.4 Updated to reflect amendment to Chair tenure	Susan Handyside	Pension Board and Pensions Committee
3	May 2021	3.3 updated to reflect the LPF procedural standing orders  13.2 updated to circulate draft minutes 'within 30 days'	Susan Handyside	Pension Board and Pensions Committee.
4	September 2024	Comprehensive review and updates	Kimberley Russell	Pension Board and Pensions Committee.