

APPENDIX 2

NOTTINGHAMSHIRE LOCAL PENSION BOARD

CODE OF PRACTICE

Introduction

1. This Code of Practice for Nottinghamshire Local Pension Board was approved by Nottinghamshire County Council on [insert date]

Membership

2. The Board shall consist of [8] voting members, as follows:
[4] Member Representatives; and
[4] Employer Representatives.
3. There shall be an equal number of Member and Employer Representatives.

Member representatives

4. Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.
5. Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
6. Substitutes [SHALL/SHALL NOT/MAY] be appointed. Where appointed substitutes should be named and must undertake the same training as full members.
7. A total of [INSERT NUMBER] member representatives shall be appointed from the following sources:
 - a) [INSERT NUMBER] member representatives shall be appointed by the recognised trade unions representing employees who are scheme members of the Fund.
 - b) [INSERT NUMBER] member representatives shall be appointed by [INSERT NAME OF MEMBER FORUM] where that body is independent of the Administering Authority and open to and representative of all scheme members of the Fund.

- c) [INSERT NUMBER] member representatives shall be appointed following a transparent recruitment process which should be open to all Fund members and be approved by the Administering Authority.

Employer representatives

8. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of Nottinghamshire County Council who is responsible for the discharge of Nottinghamshire Pensions Committee and its Sub-Committees may serve as a member of the Board.
9. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
10. Substitutes [SHALL/SHALL NOT/MAY] be appointed. Where appointed substitutes should be named and must undertake the same training as full members.
11. A total of [INSERT NUMBER] employer representatives shall be appointed to the Board from any of the following sources:
 - a) [INSERT NUMBER] employer representatives shall be appointed by [INSERT NAME OF EMPLOYER FORUM] where that body is open to and representative of all employers in the Fund.
 - b) [INSERT NUMBER] employer representatives shall be appointed following a transparent recruitment process which should be open to all employers in the Fund and be approved by the Administering Authority.
 - c) [INSERT NUMBER] employer representatives shall be appointed by the Administering Authority where all employers will have been asked to submit their interest in undertaking the role of employer representative on the Board.

Other members

12. [INSERT NUMBER] other members shall be appointed to the Board by the agreement of both the Administering Authority and the Board.
13. Other members do not have voting rights on the Board.

Appointment of chair¹

14. Subject to the meeting arrangements in paragraphs 35 to 37 below a chair shall be appointed for the Board using one of the processes listed below *[retain/delete as appropriate]*:
- a) *A chair to be appointed by the employer and member representatives of the Board from amongst their own number or on a rotating basis with the term of office shared between an employer and a member representative on an equal basis.*
 - b) *An independent chair to be appointed by the Administering Authority but shall count as an 'other' member.. In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Fund or not being a member of the Fund. The appointment of the chair shall be subject to the passing of a motion to confirm by a majority of the employer and member representatives of the Board.*

Terms of Office²

15. The term of office for Board members is [INSERT NUMBER] years.
16. Extensions to terms of office may be made by the Administering Authority with the agreement of the Board.
17. A Board member may be appointed for further terms of office using the methods set out in paragraphs 15 and 19.
18. Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
 - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
 - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (d) A Board member no longer being able to demonstrate to Nottinghamshire County Council their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.

¹ This is not a regulatory requirement under the LGPS Regulations 2013 as amended. The appointment of a Chair is a decision to be made locally, where a Chair is appointment this section should be amended as appropriately. For more information see paragraphs 5.37 to 5.40 in the Guidance.

² See paragraphs 5.29 and 5.30 of the Guidance which outlines points to consider when setting out the term of office for Board members. In particular consideration should be given to allowing members to retire on a rolling basis to ensure experience is retained.

- (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
- (g) A Board member who is an elected member becomes a member of the Council's Pensions Committee or its Sub-Committees.
- (h) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

Conflicts of interest

- 19. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
- 20. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
- 21. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

- 22. Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 6 above. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
- 23. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
- 24. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Meetings

- 25. The Board shall as a minimum meet [INSERT NUMBER] times each year.
- 26. Meetings shall normally take place between the hours of 10am and 4pm at County Hall.
- 27. The chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional

circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

Quorum

28. A meeting is only quorate when at least 50% of both member and employer representatives are present.
29. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Voting

1. Where there is an equal number of votes for and against a motion there will be no casting vote; the motion will be considered defeated.

Public access to Board meetings and information

30. County Councillors and the general public will have rights of access to meetings under the Council's meeting procedure rules.
31. The following will be entitled to attend Board meetings in an observer capacity:
 - (a) *Co-Opted Members of the Pensions Sub-Committee and Pensions Investment Sub-Committee,*
 - (b) *Any person requested to attend by the Board.*

Any such attendees will be permitted to speak at the discretion of the Chair.

Expenses and allowances

32. The Administering Authority will meet the expenses of Board members in line with the Administering Authority's policy on expenses as set out in the Councillor's Allowances Scheme.

Budget

33. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund and determined by:

Choose one of the options below to retain:

- a) *The Administering Authority will allocate an annual budget which is managed by and at the discretion of the Board.*
- b) *The Board will to seek approval from the Administering Authority for its budget on an annual basis. The budget will be managed by and at the discretion of the Board.*
- c) *The Board will seek approval from [INSERT SECTION 151 OFFICER OR OTHER CHIEF OFFICER] for any expenditure it wishes to make.*

Core functions

- a) *Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.*
 - b) *Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.*
 - c) *Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.*
 - d) *Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.*
 - e) *Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.*
 - f) *Monitor complaints and performance on the administration and governance of the scheme.*
 - g) *Assist with the application of the Internal Dispute Resolution Process.*
 - h) *Review the complete and proper exercise of Pensions Ombudsman cases.*
 - i) *Review the implementation of revised policies and procedures following changes to the Scheme.*
 - j) *Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.*
 - k) *Review the complete and proper exercise of employer and administering authority discretions.*
 - l) *Review the outcome of internal and external audit reports.*
 - m) *Review draft accounts and Fund annual report.*
 - n) *Review the compliance of particular cases, projects or process on request of the Committee.*
 - o) *Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.*
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- a) *Assist with the development of improved customer services.*
 - b) *Monitor performance of administration, governance and investments against key performance targets and indicators.*
 - c) *Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.*
 - d) *Monitor investment costs including custodian and transaction costs.*
 - e) *Monitor internal and external audit reports.*
 - f) *Review the risk register as it relates to the scheme manager function of the authority.*

- g) Assist with the development of improved management, administration and governance structures and policies.*
- h) Review the outcome of actuarial reporting and valuations.*
- i) Assist in the development and monitoring of process improvements on request of Committee.*
- j) Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.*
- k) Any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the scheme) the Board deems appropriate.*

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