

Appendix 2

CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

PART 4.M – Local Pension Board Procedure Rules

1. Definitions

“Advisers” means those provided for in paragraph 11 of these Terms of Reference;

“Administering Authority” means the Council which is a body listed in Part 1 of Schedule 3 of the Scheme Regulations who maintains a fund within the LGPS;

“Board” means the members of the Local Pension Board as appointed by the Pension Committee;

“Chair” means the suitably qualified individual who is selected and appointed by the Scheme Manager who has responsibility of ensuring the Board acts appropriately in accordance with these Terms of Reference;

“Employer Representative” means persons appointed to the Board for the purpose of representing employers of the Scheme and any connected Scheme;

“Fund” means the Croydon Council Pension Fund that is run by Croydon Council and is part of the National Local Government Pension Scheme for England and Wales;

“Internal Dispute Resolution Procedure” means the Local Pension Board’s internal dispute resolution procedure as set out in a separate document titled “Internal Dispute Resolution Procedure”;

“LGPS” means the Local Government Pension Scheme;

“Local Pension Board” (LBS) means the board established under section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). The LBS is not constituted as a committee or sub-committee of the council but is a statutory non-decision making body;

“Member Representative” means persons appointed to the Board for the purpose of representing members of the Scheme and any connected Scheme;

“Members” means the Employer and Member Representatives collectively;

“Pensions Regulator” means the UK regulator of work-based pensions whose powers derive from the Pensions Act 2004 (as amended) and its powers inherited from the Occupational

Pensions Regulatory Authority (OPRA) from 6 April 2005;

“Scheme” means the Local Government Pension Scheme in England and Wales;

“Scheme Manager” means the Council acting in its capacity as Administering Authority of the Fund ;

“Scheme Regulations” means the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and other relevant and any subsequent legislation made in relation to the LGPS;

2. Introduction

- a. The purpose of this document is to set out the terms of reference for the Local Pension Board (“LPB”) of the Fund, and to set out the rules of procedure of the LPB.

3. Role of the Local Pension Board

- 3.1 The role and responsibilities of the LPB, as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 and regulations 106 and 108 of the Local Government Pension Scheme Regulations 2013, is to assist the Administering Authority in its role as a Scheme Manager of the Scheme in relation to the following matters:
 - a. securing compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the LGPS;
 - b. securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
 - c. such other matters as the Scheme Regulations may specify; and
 - d. ensuring the effective and efficient governance and administration of the LGPS; and
 - e. providing the Scheme Manager with such information as is required to ensure any member of the LBP or person to be appointed to the LPB does not have a conflict of interest.
- 3.2 The LPB will ensure it effectively and efficiently complies with any code of practice on the governance and administration of public service schemes issued by the Pension Regulator.
- 3.3 The LPB shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

4. Establishment

- 4.1 The LPB was established on 1 April 2015 subsequent to recommendation by the Pension Committee to the General Purposes and Audit Committee on 24 March 2015.

5. Appointment of members of the Local Pension Board

- 5.1 The process for the selection and appointment of members of the LPB is set out below, with all appointments being made by the Scheme Manager.
- 5.2 The LPB shall consist of 6 voting members constituted as follows:
- a. 3 Employer Representatives;
 - b. 3 Member Representatives;
- 5.3 The LPB Board shall be an equal number of voting Employer representatives and voting Member Representatives. No person shall be a representative on both the Pension Committee and LPB.

Employer Representatives

- 5.4 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 Council who is responsible for the discharge of any function of the Council under the Scheme Regulations may serve as a member of the LPB.
- 5.5 Employer Representatives should be able to demonstrate their capacity to represent the employers. This will be in relation to attending and completing the necessary preparation for meetings and participating in training as and when required.
- 5.6 Substitutes for Employer Representatives shall be appointed by the same process as Member and Employer Representatives. This will be limited to one (1) substitute per Employer Representative. Where appointed, substitutes should be named and must undertake the same training as full members.
- 5.7 Each Employer Representative shall serve for a fixed 2 year term which may be extended by the Scheme Manager for further periods subject to their renomination. Such appointments will be determined following an expression of interest and then a shortlist and interview process.
- 5.8 Employer Representatives shall endeavour to attend all Board meetings during each year.

Member Representatives

- 5.9 Member Representatives shall either be Scheme members or have capacity to represent Scheme members of the Fund.
- 5.10 Member Representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as and when required.
- 5.11 Substitutes shall be appointed by the same process as Member and Employer Representatives. This will be limited to one (1) substitute per Member Representative. Where appointed substitutes should be named and must undertake the same training as full members
- 5.12 Each Member Representative shall serve for a fixed 2 year term which may be extended by the Scheme Manager for further periods subject to their renomination.
- 5.13 Member Representatives shall endeavour to attend all Board meetings during each year.

6. Suspension/Termination/Removal of Employer Representatives, Member Representatives and Substitutes (referred to as Representative(s)) and the Chair

- 6.1 A Representative's (including substitute's) or Chair's term of office may be suspended or come to an end prior to the end of the term of office in any of the following circumstances:
- a. death;
 - b. Incapacity because of illness or injury;
 - c. In the absence of reasonable excuse (to be decided by the Scheme Manager), fails to attend two consecutive meetings;
 - d. Resignation – a notice period of 4 weeks is required to be given to the Scheme Manager;
 - e. A Representative ceases to represent their constituency, for example if an employer representative leaves the employment of their employer and therefore ceases to have the capacity to represent the Fund's employers;
 - f. A conflict of interest which cannot be managed in accordance with the conflicts of interest policy current at the time;
 - g. Conduct in breach of the Council's Members' Code of Conduct.
- 6.2 The Scheme Manager may suspend the Chair and a Representative whilst investigations into (but not limited to) the above are conducted. Upon the conclusion of any investigation the Scheme Manager may either approve their return to his/her role or can terminate their appointment and secure a replacement.

7. The Chair

7.1 The Chair of the LPB will be a suitably qualified person who is selected and appointed by the Scheme Manager for a fixed term of office to be determined by the Scheme Manager. It will be the role of the Chair to ensure that all Members show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

7.2 The Chair shall:

- a. Ensure the LPB delivers its purpose as set out in these Terms of Reference;
- b. Ensure that meetings are productive and effective and that opportunity is provided for the views of all Members to be expressed and considered; and
- c. Seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published;
- d. Be non-voting.

8. Quorum

8.1 The LPB shall have a quorum of three (3) Members (which does not include the Chair). If a meeting is inquorate it will be re-scheduled for as soon as is reasonably practicable.

8.2 Advisers do not count towards the quorum.

9. Conflicts of Interest

9.1 Conflicts of interest will be managed in accordance with a policy and, if applicable, other procedures applied by the Administering Authority.

10. Board Review Process

10.1 The Board will undertake a formal review process during June of each year to assess how well it and the voting and non-voting members are performing with a view to seeking continuous improvement in the Board's performance.

11 Advisers to the Board

11.1 The Board may be supported in its role and responsibilities by Council officers and by External Advisers appointed by the Pension Committee. Subject to any applicable regulation and legislation from time to time in force, the LPB may consult with Advisers including but not limited to:

- a. Governance Adviser
- b. The Fund's Actuary;
- c. The Fund's Legal Adviser
- d. The Fund's Investment Managers(s)
- e. The Fund's Investment Advisers
- f. The Fund's Employer Covenant Adviser
- g. The Scheme Manager.

11.2 The LPB shall ensure that the performance of all Advisers who are appointed are reviewed on a regular basis as part of the Board Review Process.

12 Knowledge and Skills

12.1 The Chair and the Employer and Member Representatives (including substitutes) of the LPB must be conversant with –

- a. The legislation, Scheme Regulations and associated guidance of the LGPS;
- b. Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

12.2 All members of the LPB must have a working knowledge and understanding of –

- a. The law relating to pensions, and
- b. Any other matters which are prescribed in Scheme Regulations.

12.3 It is for the Scheme Manager to be satisfied that those seeking to be appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the LPB.

12.4 In line with the duties under their role, the Chair and Members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. The Chair and Members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. In the event that the Chair and Members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of the Chair and Members shall be made available to the LPB as part of the LPB review process. In addition, the Scheme Manager may, at any

time request to inspect such records upon providing the Chair and Member with a written request which must be adhered to within 7 days of receipt of such a request.

- 12.5 The Chair and Members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the LPB or Scheme Manager considers is required to ensure the LPB operates as effectively as possible. The Chair and Members will comply with the Scheme Manager's training policy current at the time.

13 Board Meetings – Notice, Agendas, Minutes, Timings and Location

- 13.1 The Scheme Manager shall give 5 days' written notice, by email, to the Chair and to all Employer and Member Representatives of every meeting of the LPB. The Scheme Manager shall ensure that formal minutes of all LPB meetings are maintained. Following the approval of the minutes by the Chair they shall be circulated by email to all members within 14 days of the meeting date and then published in accordance with paragraph 17.
- 13.2 There will be a minimum of 4 LPB meetings each year. The dates of such meetings are to be agreed in June of each year by the LPB, taking into account the dates of scheduled Pension Committee meetings which will then provide the LPB with the opportunity to effectively review the work of the Pensions Committee.
- 13.3 All LPB meetings will be held in the Croydon Town Hall, Katharine Street, Croydon, CR0 1NX at 2pm, unless stated otherwise in the notice for the meetings.

14 Remit of the Board

- 14.1 The role of the LPB will be determined by the relevant Scheme Regulations. The LPB will assist the Scheme Manager with such other matters as any relevant Scheme Regulations may specify.

15 Standards of Conduct of Members

- 15.1 The role of LPB members requires the highest standards of conduct and therefore the "seven principles of public life" embodied in the Council's Members' Code of Conduct will be applied to the Chair and the Members. These are –
- a. Selflessness
 - b. Integrity
 - c. Objectivity
 - d. Accountability
 - e. Openness
 - f. Honesty
 - g. Leadership

15.2 The Chair and Members are required to sign-up to the Council's Members' Code of Conduct (current at the time) as soon as reasonably practicable on being appointed, but in any case before attending their first meeting of the LPB. In any event, the Council's Members' Code of Conduct will, subject to paragraph 15.3 below, apply to the Chair and Members immediately on exercising their role and responsibilities in relation to the LPB.

15.3 Paragraphs 9 (Interests) and 10 (Gifts and hospitality) of the Council's Members' Code of Conduct will not apply to the Chair and Members. In addition, complaints or allegations of breach of the Council's Members' Code of Conduct will be dealt with by the Administering Authority in accordance with its own arrangements.

16 Decision making

16.1 All Employer Representatives and Member Representatives of the LPB will have an individual voting right but it is expected the LPB's decisions (in so far as is possible) will be reached by consensus.

17 Publication of Local Pension Board Information

17.1 Scheme members and other interested parties will want to know that the Fund is being efficiently and effectively managed. They will also want to be confident that the LPB is properly constituted, trained and competent in order to comply with Scheme Regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

17.2 To this end information will be posted on the Fund website showing:

- a. The names and biographies about the LPB members
- b. How the Scheme and employer members are represented on the LPB
- c. The responsibilities of the LPB as a whole
- d. The full terms of reference and policies of the LPB and how they operate
- e. The LPB appointment process
- f. Who each individual LPB member represents
- g. Any specific roles and responsibilities of individual LPB members.

17.3 LPB agendas and minutes of meetings will be published on the Council's website. These may be published in redacted form at the discretion of the Scheme Manager to exclude exempt information as specified in Part 1 Schedule 12A of the Local Government Act 1972 or for some other legal reason. The Scheme Manager will also consider requests for additional information to be published or made available to individual Scheme members to encourage Scheme member engagement and promote a culture of openness and transparency. However, the final decision as regards the release of information rests with the Scheme Manager.

18 Accountability

18.1 The LPB will be collectively and individually accountable to the Scheme Manager and must also report annually to the Secretary of State, as provided in the Scheme Regulations.

19 Allowance

19.1 At the discretion of the Administering Authority, the Chair and certain Members of the LPB may receive an allowance in recognition of the time commitment their role demands as well as the experience, knowledge and skills requirements.

19.2 .

20 Reporting Breaches

20.1 Any reported breach in connection with the administration of the LGPS, whether potential, or actual, brought to the attention of the LPB shall be dealt with in accordance with the procedure set out in a separate policy document titled "Local Pension Board Reporting Breaches Policy". For the purposes of this policy a breach is considered to include any statutory responsibilities/obligations that have not been performed as and when required.

21 Internal Dispute Resolution Procedure

21.1 The LPB's Internal Dispute Resolution is set out in a separate policy document titled "Internal Dispute Resolution Procedure (IDRP) System Employees' Guide."

22 Complaints

22.1 Any complaint received in relation to the LPB will be dealt with in accordance with the Complaints Policy, which is set out in a separate document titled "Local Pension Board Complaints Procedure".

23 Budget

23.1 The LPB must seek approval from the Administering Authority's s151 Officer or Deputy s151 Officer for any expenditure it wishes to incur in line with its responsibilities. Until a written decision has been communicated to the LPB by the relevant officer, the LPB is not authorised to make any financial commitment to a third party and any expenditure must be in accordance with the requirements, conditions and limitations set out in the decision

23.2 .

24 Review of Terms of Reference

24.1 These Terms of Reference shall be reviewed:-

- a. on the making of any material change to those part of the Scheme Regulations; and

b. annually.

25 Interpretation

25.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be determined by the Scheme Manager.