



**The Lothian Pension Fund
Nominations and Appointments Policy**

for

External Members of the Pensions Committee

and

Members of the Pension Board

Introduction

Pensions Committee: The City of Edinburgh Council (“**CEC**” or “**Scheme Manager**”) operates a Pensions Committee (the “**Pensions Committee**”) for the purposes of facilitating the administration of the Lothian Pension Fund, the Lothian Buses Pension Fund, the Scottish Homes Pension Fund and any other Local Government Pension Scheme that it may administer from time to time (the “**Funds**”). The Terms of Reference of the Pensions Committee require that, in addition to the elected members, two additional members should be appointed to the Pensions Committee as follows:

- A. a member drawn from the membership of the Funds (“**Member Representative**”); and
- B. a member drawn from the scheduled or admitted bodies that participate in the Funds (“**Employer Representative**”).

This policy sets out the means through which CEC will operate and support the nomination and appointment of the Member and Employer Representatives to the Pensions Committee.

Pension Board: CEC is also required to establish and maintain a Pension Board (the “**Pension Board**”), for the purposes of assisting with the ongoing compliance of the Funds. The Pension Board is constituted under the provisions of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 (the “**2015 Regulations**”) and the Public Service Pensions Act 2013 and will at all times consist of equal numbers of trade union representatives (drawn from trade unions that represent the membership of the Funds) (“**Employee Members**”) and scheme employer representatives (drawn from local authorities and scheduled or admitted bodies that participate in the Funds) (“**Employer Members**”). Further to the Constitution for the Pension Board (dated 25 March 2015) (the “**Constitution**”) the Pension Board will comprise:

- A. Five Employer Members; and
- B. Five Employee Members.

The Constitution provides for the operation of the Pension Board and this policy sets out the Scheme Manager's procedures for inviting nominations for the membership of the Pension Board and putting forward eligible candidates for appointment by the Pension Board.

1. Pensions Committee: Nomination and Election

- 1.1 Where required to fill a vacancy, employer bodies that participate in the Funds will be invited to nominate a suitable representative to be considered for selection as the Employer Representative on the Pensions Committee.
- 1.2 Where required to fill a vacancy, the members of the Funds will be invited to nominate themselves to be considered for selection as the Member Representative on the Pensions Committee.
- 1.3 All candidates put forward for the roles of either Employer or Member Representative will be requested to provide a brief biography, highlighting their background, any relevant experience and why they would be suitable for the role.
- 1.4 No person may be appointed to the Pensions Committee under this policy where, in the Scheme Manager's sole discretion, that person has a Conflict of Interest. A '**Conflict of Interest**' being a financial or other interest which is likely to prejudice the exercise of that persons' functions as a member, but does not include a financial or other interest arising merely by virtue of that person being a member or employer body in any of the Funds.
- 1.5 Once either the employer bodies and/or members of the Fund have been given a reasonable period of time to respond, CEC will draw-up a list of relevant candidates for each of the roles and send that list on to the Independent Professional Observer or such other suitable independent person or advisor (the "**Independent Professional Observer**"), the convener of the Pensions Committee and a senior officer within the Scheme Manager (the "**Review Panel**") for review. The Review Panel will check the candidates and their respective submissions with a view to excluding any candidates that, at their discretion, would have a Conflict of Interest or not meet any standards, guidance or code of practice issued by the Pensions Regulator in relation to the knowledge, understanding and expertise for a member of such a body from time to time. The Review Panel will then send the updated list of potential candidates to CEC to facilitate the election.
- 1.6 CEC will then facilitate the elections of the Member and Employer Representatives by the members and employers of the Fund respectively. Such election(s) may take place at a meeting called and arranged by CEC or through the form of an electronic or other remote voting system. The Employer and Member Representatives will be required to be elected

through receiving a majority of the votes cast by their respective peers. In the event of a tied vote, CEC will facilitate the determination of the election through the drawing of lots between the tied candidates. Where only one candidate was put forward for the role, CEC will proceed to appoint that individual to the relevant role without the need for an election.

2. Pensions Committee: Appointment and Ratification by Council

- 2.1** Once a candidate for the Member and/or Employer Representative has been selected, and has confirmed their willingness to take up the role, approval of the appointment will be sought from the Council pursuant to the Committee Terms of Reference and Delegated Functions.
- 2.2** Any newly appointed Member and Employer Representatives will require to have read, understood and signed the Lothian Pension Fund's Code of Conduct prior to taking up their role.
- 2.3** Any newly appointed Member and Employer Representatives will require to have completed the necessary induction training from CEC prior to taking up their role.
- 2.4** The Employer and Member Representatives will serve a maximum term of two consecutive years and whereupon they will either stand down or require to submit themselves as a candidate for a further election.
- 2.5** The Employer and Member Representatives will be required to make all reasonable efforts to regularly attend the meetings of the Pensions Committee and are required to comply with the Lothian Pension Fund's Training and Attendance Policy. Failure to do so could result in their position(s) on the Pensions Committee being reviewed.
- 2.6** Any member of the Pension Board will not be eligible for appointment as either the Employer or Member Representative on the Pensions Committee.

3. Pension Board: Nomination and Election

- 3.1** Where required to fill a vacancy or vacancies, employer bodies that participate in the Funds will be invited to nominate suitable representative(s) to be considered for selection as an Employer Member on the Pension Board.
- 3.2** The Scheme Manager will, in consultation with the Pension Board (once established), review and allocate the Employee Member(s) among the trade unions in order to ensure

they are broadly representative of the proportion of members represented by each trade union. Where required to fill a vacancy or vacancies, those trade unions will be requested to invite nominations, elect and put forward suitable individuals for appointment as Employee Member(s) to the Pension Board.

- 3.3** All candidates put forward for the roles of an Employer Member and/or Employee Member will be requested to provide a brief biography, highlighting their background, any relevant experience and why they would be suitable for the role.

Employer Members

- 3.4** Once the employer bodies have been given a reasonable period of time to respond, the Scheme Manager will draw up a list of relevant candidates for the role(s) and send that list on to the Review Panel for review with regard to the obligations on the Scheme Manager pursuant to the 2015 Regulations. The Review Panel will check the candidates and their respective submissions with a view to excluding any candidates that, at their discretion, would not meet the criteria set out in the 2015 Regulations or any standards, guidance or code of practice issued by the Pensions Regulator from time to time. The Review Panel will then allocate the Employer Member(s) among the employers in order to ensure they are broadly representative of the different types of employer body in the Fund (e.g. local authorities, education establishments, charities etc).

- 3.5** Where there are more candidates than vacancies, the Scheme Manager will then facilitate the election of the Employer Member(s). Such election(s) may take place at a meeting called and arranged by the Scheme Manager or through the form of an electronic or other remote voting system. The Employer Member(s) will be required to be elected by a majority of the votes cast (or if more than one member is to be appointed the individuals receiving the most votes in descending order to fill the number of vacancies). In the event of a tied vote, the candidate will be determined through the drawing of lots between the tied candidates. Where only one candidate was originally put forward for the role, the Scheme Manager will proceed to appoint that individual to the relevant role without the need for an election.

Employee Members

- 3.6** Once the trade unions representing members of the Funds have put forward their candidates, the Scheme Manager will send the list of prospective candidates to the Review Panel for review with regard to the obligations on the Scheme Manager pursuant to the 2015 Regulations. The Review Panel will check the candidates and their respective

submissions with a view to excluding any candidates that, at their discretion, would not meet the criteria set out in the 2015 Regulations or any standards, guidance or code of practice issued by the Pensions Regulator from time to time. The Scheme Manager will then proceed to arrange for the appointment of the appropriate candidates as Employee Member(s) of the Pension Board and liaise with the trade union bodies collectively in relation to any candidate that did not meet the criteria set out in the 2015 Regulations and/or the Pensions Regulator's guidance (with a request for a further candidate to be put forward in accordance with the procedures set out herein). In the event of there being more candidates than vacancies, the Scheme Manager will then facilitate the election of the Employee Member(s).

4. Pension Board: Appointment

- 4.1** Candidates selected to be either Employer Member(s) and/or Employee Member(s) will then be appointed to those roles by the Scheme Manager or (following the establishment of the Pension Board) by the Pension Board itself on receiving notice of the selected individuals from the Scheme Manager.
- 4.2** Employer Members and Employee Members will otherwise carry out their role and be appointed and removed in accordance with the Constitution.
- 4.3** Any individuals appointed as member of the Pension Board will require to have read, understood and signed the Lothian Pension Funds' Code of Conduct prior to taking up their role.
- 4.4** Members of the Pension Board will be required to have completed the necessary induction training from the Scheme Manager prior to taking up their role.
- 4.5** Any member of the Pensions Committee will not be eligible for appointment as a member of the Pension Board.

Approved by: **The City of Edinburgh Council** (as administering authority of the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund) on 25 March 2015.