

Scheme Advisory Board - Terms of Reference

Introduction

1. The Public Service Pensions Act 2013 establishes in law the requirement to establish a Scheme Advisory Board the purpose of which is to provide advice to the Responsible Authority, at the Responsible Authority's request, on the desirability of changes to the design of the scheme and the implication of other policy issues. The Responsible Authority for these purposes is the "Scottish Ministers" with the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy taking the lead as the Minister with pensions' responsibility.

2. The obligation to establish a Scheme Advisory Board is reflected in the 2014 regulations for NHS Superannuation Scheme (Scotland).

Partnership Working

3. The Scottish Pensions' Group has a long record of effective partnership working around policy discussions with representatives from Member and Employer groups and Scottish Government. This existing partnership forum will be used as the basis for the new Scheme Advisory Board.

Accountability

4. The Scheme Advisory Board is accountable to the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy as the lead minister for pensions.

Scheme Advisory Board Role

5. The Scheme Advisory Board is responsible for:

- Providing advice on request about the desirability of changes to the design of the scheme; policy issues and changes to scheme regulations
- Discussing and commenting on the potential implications of future valuation outcomes
- Making recommendations on adjustments to the scheme in the event that costs breach the employer cost cap

Membership

6. The membership of the Scheme Advisory Board will include:

- A maximum of eight Members nominated by the staff side of the representative bodies [who represent a broad range of interests: active, deferred and pensioner reps]
- A maximum of eight Members nominated by Scheme Employers [who can represent a broad range of employer interests]
- Representatives from, and on behalf of, the Scottish Government; this will include link staff and pension policy advisors from the Scottish Public Pensions Agency
- As necessary, other sources of expertise although these will not be Board members
- A bi-partite Chair, drawn from the existing staff-side and scheme employer reps or an independent chair appointed by the Scottish Government

Quorum

7. A quorum is the minimum number of members required to be in attendance in order to conduct business effectively. Whilst there is no requirement to have an equal number of employer and member representatives on the Scheme Advisory Board it is considered appropriate to set a quorum. A meeting will be deemed quorate when fifty percent of board members attend with at least one representative from each representative group.

Conflicts of Interest

8. The Public Service Pensions Act 2013 requires that conflicts of interest should be recognised, declared and managed. Members will therefore be required to declare any conflict of interest both on appointment and routinely thereafter.

Meeting arrangements

9. The Scheme Advisory Board will meet up to four times a year with the ability to call ad hoc meetings as necessary .

10. The term of office for Scheme Advisory Board members will be three years. Successive terms of tenure will be permitted.

Sub Groups

11. It may be appropriate to establish sub groups to consider specific issues. Sub groups will operate on an “as required” basis and will be accountable to the Scheme Advisory Board.

Process for SAB Advice

12. The Scheme Advisory Board will achieve agreed and acceptable resolutions through consensus decision making, thereby seeking the consent of all parties. In the event of failing to reach a consensus, dissenting views will be recorded within the advice submitted to the Responsible Authority via the Scottish Public Pensions Agency.

Reporting

13. The Scheme Advisory Board will provide an annual report of its activities to the Responsible Authority.

Review

14. These terms of reference, membership and operational practices will be reviewed within the first two years of operation and periodically thereafter.

Annex A -

Appointments' Process

15. Nominations will be considered against a set of agreed criteria by the Chair; a letter of appointment will be sent to appointed board members; if nominations are not accepted, nominees will be informed by the Chair.

Training requirements

16. In order to operate successfully, Scheme Advisory Board members may wish to obtain training on issues, such as actuarial valuations and assumptions; best practice in other sectors; legal issues.

Secretariat Arrangements

17. The Secretariat will ensure that:

- Facilities are available to hold meetings
- An annual schedule of meetings is organised.
- When it is necessary to hold additional meetings a minimum of 2 weeks' notice will be provided where possible
- Papers will be distributed 7 days before each meeting
- Minutes of each meeting will normally be circulated within 7 working days following each meeting
- A policy will be agreed on whether the SAB outputs should be published (e.g. Mins, Report etc.)

Attendance

18. Members will be expected to attend Board meetings. Non-attendance of meetings will be considered by the Chair when discussing reappointment and could result in dismissal

Meeting locations

19. Meetings will be held in a venue which is most convenient for the majority of members.

Remuneration

20. Members of the Scheme Advisory Board who are paid officials of their organisations, would have their costs covered by their employer.

Conflict of Interest

21. A protocol for the handling and recording of conflict of interest will used both on appointment and routinely thereafter.

END

