

## **Pension Board - Terms of Reference**

### **Introduction**

1. The Public Service Pensions Act 2013 requires the establishment of a Pension Board with the responsibility for “assisting the Scheme Manager” in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme.
2. The Scottish Police Pension Scheme 2015 regulations reflect the new Pension Board governance arrangements

### **Accountability**

3. The Pension Board collectively, and members individually, are accountable to the ‘Responsible Authority’ and ‘Scheme Manager’ (ultimately Scottish Ministers) with the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy acting as lead Minister for public sector pensions. SPPA assumes the day to day role of Responsible Authority and Scheme Manager as delegated by Scottish Ministers via the Agency Framework Document.

### **Pension Board Role**

4. The Pension Board is responsible for assisting the Scheme Manager in a range of issues associated with the administration of the scheme. These can include:

#### Administrative:

- Considering quality, timeliness and accuracy of the administrative services provided to members
- Monitoring administrative processes and supporting continuous improvements
- Supporting employers and the Agency in communicating effectively to scheme members
- Ensuring members have access to a range of tools to improve their understanding of their pension benefits
- Ensuring scheme data is managed to the highest standards
- Compliance with The Pensions’ Regulator’s codes of practice and oversight of interaction between the Scheme Manager and The Pensions’ Regulator
- Requesting reports on specific topics from the Scheme Manager – as required

#### Financial:

- Consideration of the quadrennial valuations’ process and progress

#### Strategic:

- Giving consideration to the future programme of service improvement at SPPA and its alignment with priorities identified by the Pension Board
  - Consideration of lessons learned regarding customer complaints and Pension Ombudsman cases
  - Fostering good working relationships with The Pensions’ Regulator and other service delivery partners
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- Consideration of the annual report from The Pensions' Regulator, including any responses to recommendations
- Producing an annual report outlining the work of the Board throughout the scheme year

## **Membership**

5. The membership of the Pension Board will consist of:

- An independent Chairperson appointed by the Scheme manager
- An independent Vice-Chairperson appointed by the Scheme manager
- 3 Members nominated by the staff side of the representative bodies (who reflect a broad range of interests: active, deferred and pensioner reps)
- 3 Employer representatives who can offer the breadth of employer representation for the Scheme

SPPA will be represented at the Board by the Chief Executive or another senior official although they will not be Board members.

No member substitutes will be permitted.

6. Employer and member representative membership will remain equal in number at all times

7. In addition it may be necessary to draw on particular experts or expert groups to support the work of the Pension Board. This will be on an 'as required' basis; any expert advisor attending the meeting is not a Board member.

## **Tenure**

8. The initial period of membership for the Board members is two years with the possibility of extension subject to the outcome of the review of the operation of the Pension Board . Independent Chairs and Vice Chairs will be appointed, in the first instance, for two years. If a Board member vacancy should arise, for any reason, the Chair will take immediate steps to fill it (see Annex A for further details). .

## **Quorum**

9. Two-thirds of the Pension Board membership, with at least one representative from the member and employer side and either the Chair or Vice-Chair, will constitute a quorum for Board meetings to proceed.

## **Conflicts of Interest**

10. The Public Service Pensions Act 2013 requires that members of the Pension Board do not have conflicts of interests i.e. a financial or other interest which may prejudice the person's ability to perform the role of Board member. As such all

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members of the Pension Board will be required to declare any potential conflicts on appointment and routinely thereafter.

### **Meetings**

11. The Pension Board will meet at least two times annually, (all Board meetings will be held at the SPPA Offices in Tweedbank, Galashiels) with further meetings arranged where necessary by agreement of the Board.

### **Reflecting Board Views**

12. The Independent Chairperson will seek agreed and achievable resolutions to Board matters, seeking the consent of all members. Where a consensus is not reached, the number of alternative views will be recorded.

### **Remuneration**

13. Remuneration is limited to the Independent Chair and Vice-Chairperson and will be agreed on appointment in accordance with standard Scottish Government terms. Members of the Pension Board, who are paid officials of their organisations, would have their costs covered by their employer. Travel expenses will be paid to all members of the Board.

### **Sub groups and committees**

14. The Pension Board may set up time-limited sub-groups with the agreement of the Scheme Manager.

### **Reporting**

15. The Pension Board will provide an annual report to the Scheme Manager and to the Scheme Advisory Board.

16. The Independent Chair will be a member of the SPPA Corporate Board.

### **Review**

17. The Pension Board Governance model will be reviewed within the first two years of establishment.



## **ANNEX A**

### **Appointment and Removal**

17. The Independent Chair & Vice Chair will be appointed by the Scheme Manager

18. Member representatives (Unions and other member representative bodies) will be invited to nominate three candidates in writing to be put forward into the selection process with the Scheme manager approving final appointments. Nominees need not be union members.

19. Employer representatives: employer representative bodies will be invited to nominate three candidates in writing to be put forward into the selection process with the Scheme manager approving final appointments.

20. Members may resign from the Pension Board by giving a minimum of three months' notice in writing to the Independent Chairperson.

21. If a performance issue (performance management mechanism to be agreed by the Board collectively) is identified in relation to any member of the board, the Chair can recommend to the Scheme Manager their removal from the Board

22. Should any vacancies arise on the Board, the Chair & Vice Chair will take immediate steps to ensure that it is filled by using the member & employer nomination process agreed for the initial population of the Board

### **Training and Development**

23. Pension Board members will receive induction training covering their role and responsibilities as a Board member.

24. Pension Board members will be expected to have appropriate knowledge and understanding of the Pension Scheme rules, administration policies and pension law. There is also an expectation Board members will undertake suitable Continual Professional Development (CPD) activity to ensure their knowledge and understanding is current.

25. The Independent Chairperson will conduct an annual performance review with each Board member assessing competence and skills in relation to discharging their Board member responsibilities.

### **Meetings**

26. SPPA will undertake the secretariat function ensuring;

- Suitable facilities are available to hold meetings
- An annual schedule of meetings is arranged and additional meetings may be organised if necessary



- Papers will be distributed seven days prior to each meeting (to include standing orders) Draft minutes of meetings will normally be circulated seven days following each meeting

27. Attendance is expected of Board members at all meetings; no alternate representation or substitution is permitted

### **Relationship with the SPPA Corporate Board; Scheme Advisory Board and The Pensions' Regulator**

28. The Pension Board will fulfil a statutory function set out by the Public Service Pensions Act and in related secondary legislation (primarily scheme regulations). The Agency's Corporate Board will oversee the operation of the SPPA as a whole. It is intended that the Chair of the Pension Board will also sit on the Agency's Corporate Board, strengthening governance and communications links.

29. There may be occasions where the Pension Board liaises with/works with the Scheme Advisory Board on key matters such as communication. The Pension Board annual report will be shared with the Scheme Advisory Board for information purposes. The relationship between the two boards will be considered as part of the overall review exercise

### **Reporting**

30. The Independent Chair will report annually for information purposes on the activities of the Pension Board. Reporting to include but not limited to:

- An assessment of the performance of the Pension Board and any recommendations for improvements to future working arrangements
- Notifiable conflicts of interest of Board members
- A record of Board Membership (leavers and joiners) and relevant CPD undertaken by members
- Scheme income and expenditure
- Adequacy of financial controls
- Assessment of financial efficiency of the scheme
- Performance of service providers
- Audits and an evaluation of their effectiveness
- Evaluation of the effectiveness of scheme risk management programme
- Notifiable events, compliance risks and/or failures
- Interaction with The Pensions' Regulator

**END**

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