

## Scottish NHS Pension Schemes 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 NHS Pension Scheme 2015 regulations reflect the 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<sup>1</sup>) with Cabinet Secretary for Finance and Constitution 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 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 Pension 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:

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<sup>1</sup> The Scotland Act 1998 (which established the Scottish Ministers) provides for statutory functions to be conferred on “the Scottish Ministers” collectively.

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

SPPA will be represented at the Pension Board by the Chief Executive or another Senior Leadership Team (SLT) member as delegated by the Chief Executive although they will not be Pension Board members.

Pension Board members shall attend all meetings. No substitutes will be permitted. Observers may attend meetings at the discretion of the Chair.

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 Pension Board member.

### **Terms and Tenure**

8. The initial period of membership for the Pension Board members is three years with the possibility of extension by a further year at the discretion of the Scheme Manager to support succession planning<sup>2</sup>. Independent Chairs and Vice Chairs will be appointed, in the first instance, for three years. If a Pension Board member vacancy

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<sup>2</sup> The membership of the Board will be managed to promote the retention of knowledge & experience: tenures to reflect good practice with respect to effective Board succession planning.

should arise, for any reason, the Chair will take immediate steps to fill it (see from paragraph 23 below). The maximum for all Pension board posts will be two terms or eight years. Approval of appointments and terms remain at the discretion of the Scheme Manager.

### **Quorum**

9. 50% 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 Pension Board meetings to proceed. A Pension Board meeting can still take place if not quorate however any decisions will be ratified either electronically or at the next quorate meeting of the Pension Board to take effect..

### **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 Pension Board member. As such all members of the Pension Board will be required to declare any potential conflicts on appointment and routinely thereafter.

### **Meetings**

11. The Pension Board will usually meet four times per year with a minimum of two meetings per year held. All Pension Board meetings will be held at the SPPA Offices in Tweedbank, Galashiels with further meetings arranged where necessary by agreement of the Pension Board and Scheme Manager. In exceptional circumstances, the Chair may agree that a meeting is held virtually or permit that Pension Board members attend meetings virtually.

12. 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 five working days prior to each meeting (to include standing orders). Papers will usually be uploaded to the 'Knowledge Hub' portal for download by Pension Board members.
- Draft minutes of meetings will normally be circulated within ten working days following each meeting
- Draft minutes will be formally approved at the next regular scheduled meeting of the Pension Board

### **Reflecting Board Views**

13. The Independent Chair will seek agreed and achievable resolutions to Pension Board matters, seeking the consent of all members. Where a consensus cannot be reached, majority voting will take place and in the event of an equal number of votes

being cast, the chair of the meeting will have a casting vote. The number of alternative views will be recorded.

## **Remuneration**

14. Remuneration is limited to the Independent Chair and Vice-Chair 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 Pension Board.

## **Sub groups and committees**

15. The Pension Board may set up time-limited sub-groups with the agreement of the Scheme Manager. The sub-groups remain accountable to the Pension Board and are required to provide regular updates. Actions undertaken by sub-groups should be recorded.

## **Reporting**

16. The Independent Chair will report annually for information purposes on the activities of the Pension Board. SPPA will provide year end metrics, membership information and any other information required by the Chair to complete the Pension Board annual report.

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

## **Review**

18. Pension Board Governance arrangements will undergo continual evaluation<sup>3</sup> to ensure sustainable good practice relevant to any changes in legislation, guidance and/or the SPPA Framework.

## **Appointment and Removal**

19. The Independent Chair and Vice Chair will be appointed by the Scheme Manager

20. Member representatives (Unions and other member representative bodies) will be invited to nominate four candidates in writing to be put forward into the selection process with the Scheme manager approving final appointments. Nominees need not be union members. Per section 5, member representatives should aim to reflect a split of active, deferred and pensioner status.

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

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<sup>3</sup> Regular assessment of SPPA's compliance with The Pensions Regulator's Code of Conduct will be at the centre of the evaluation process.

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

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

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

### **Training and Development**

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

26. 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 Pension Board members will undertake suitable Continual Professional Development (CPD) activity to ensure their knowledge and understanding is current.

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

### **Relationship with the SPPA Management Advisory 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 Management Advisory Board will have oversight of the operation of the SPPA as a whole. The Chair of the Pension Board may be invited to attend the Agency's Management Advisory Board as a non-decision-making observer, 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 continuous improvement process for good governance.