

Scottish NHS Pension Schemes Pension Board Terms of Reference 26/05/2022

1. Introduction

This document sets out the Terms of Reference of the Scottish NHS Pension Board (hereafter referred to as 'the Board'). This Board is established under Scottish NHS Pension Scheme Regulations 2015, in accordance with the requirement set out in Section 5 of the Public Service Pensions Act 2013.

The Scheme Manager as set out in Scottish NHS Pension Scheme 2015 Regulations, is the Scottish Ministers. The Board is responsible for “assisting the Scheme Manager” with the governance and administration of the Scheme. This includes ensuring compliance with the Scheme regulations, and any other relevant legislation and requirements as set out by The Pensions Regulator (TPR) in relation to the Scheme.

Relevant information about its operation is contained in these Terms of Reference.

2. Roles and Responsibilities

2.1. Accountability

The Board collectively, and members individually, are accountable for assisting the Scheme Manager with the responsibilities outlined in section 2.3.

2.2. SPPA

SPPA assumes the day-to-day role of Responsible Authority and Scheme Manager as detailed by Scottish Ministers via the Agency [Framework Document](#).

2.3. The Board

In its role to assist the Scheme Manager, the Board is expected to provide advice and scrutiny over the governance and operation of the scheme administration and to ensure that the legal and administrative requirements of the scheme are being met. The key functions of the Board can be summarised as follows:

- Scrutiny and challenge of
 - SPPA's compliance with the law and requirements of The Pensions Regulator
 - SPPA's service to Scheme members and employers
 - SPPA's management of risks affecting the Scheme
 - SPPA's audit strategy as it affects the Scheme
- Support SPPA in communicating with members and employers
- Review and comment on SPPA's policies and identify enhancements
- Propose service enhancements to SPPA
- Consider audit reports and resulting management actions relevant to the Scheme
- Any relevant other work requested by the Scheme Manager

The Board operates in an “advisory” capacity in that it is not an executive decision making Board.

The Board will exercise all its powers and duties in accordance with the law and this Terms of Reference.

The Board may requisition additional reports from the Scheme Manager to the extent reasonably required for the proper performance of their role.

2.4. Relationship with the Scheme Manager

The Chief Executive of SPPA, where possible, will attend meetings of the Pension Board, however it is expected that the relationship with the Scheme Manager extends outside the Pension Board meetings to ensure the discussions, views and any concerns of the Board are shared. Although not an exhaustive list, some examples of this are as follows:

- Chairs and Vice-Chairs of the Pension Boards will meet the Chief Executive regularly
- The Governance Team will regularly discuss Board matters with the Chair and Vice-Chair to ensure effective running of the Board
- SPPA stakeholders will engage the Board on matters outside the normal cycle of Board meetings
- The Chief Executive will hold individual discussions with Chairs and Vice-Chairs to assess competence in relation to discharging their responsibilities
- The Chair may receive invitations to observe meetings of the MAB, when appropriate, at the discretion of the SPPA Chief Executive.

3. The Schemes are:

- National Health Service Superannuation Scheme (Scotland)
- National Health Service Pension Scheme (Scotland) 2015

4. Membership

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
- Four Member nominated representatives who represent the diverse membership of active, deferred and retired scheme members
- Four Employer nominated representatives who can offer the breadth of employer representation for the Scheme.

Employer and Member representatives will remain equal in number at all times.

SPPA will be represented at the Board by the Chief Executive or another member of the Executive Team (ET), as appropriate to support the agenda discussion, however they will not be a Pension Board member.

Pension Board members should attend all meetings unless there are exceptional circumstances. No substitutes will be permitted. Observers, or subject matter experts, may attend meetings at the discretion of the Chair but will not attend as a Board member.

5. Terms and Appointments

A term of office shall be for four years with members allowed to serve a maximum of two terms, or 8 years.

Independent Chairs and Vice Chairs will be appointed by the Scheme Manager and will also serve a maximum of two terms or eight years.

The SPPA 'Boards Appointments and Nominations' Policy outlines the process whereby replacement nominations will be sought for the Board and how SPPA will make an appointment.

Members are expected to comply with the terms of their appointment and declare any interests on appointment and routinely thereafter. Members will be expected at all times to comply with the SPPA 'Board Members Code of Conduct'.

Members may resign from the Board by giving notice in writing to the Chair and Scheme Manager. Members will give as much notice as practically possible of their intention to resign.

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 Board are entitled to claim travel expenses incurred as a result of their attendance at meetings.

6. Quorum

A majority of the Board membership (i.e. a minimum of five members), with at least one member and employer representative and either the Chair or Vice-Chair, will constitute a quorum for the 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 Board to take effect.

7. Meetings & Secretariat

The Board will aim to meet at least four times per year with further meetings arranged where necessary and only upon agreement of the Board Chair and Scheme Manager.

The SPPA Governance Team will undertake the secretariat function ensuring:

- That suitable facilities are available
- An annual schedule of meetings is arranged with an agenda plan in place and approved by the Board
- Papers will be distributed a minimum of five working days (one week) prior to each meeting. Papers will usually be uploaded to the 'Knowledge Hub' portal for download by Pension Board members.
- Draft minutes of meetings are circulated within ten working days (two weeks) following each meeting
- Draft minutes will be formally approved electronically before the next scheduled meeting of the Board.

Minutes of meetings of the Pension Board will be made available on the SPPA website following formal approval.

Voting & Decisions on Board Matters

Any decisions made on Board matters, and recommendations to the Scheme Manager provided by the Board shall be on a majority basis. The Independent Chair will seek agreed and achievable resolutions through consensus. In the event that consensus cannot be reached, a vote will be taken.

In the event of a vote, each board member has individual voting rights, with the Chair having a second casting vote if required. The results of any voting

outcomes will be reported to the Scheme Manager and recorded in the Board minutes with reference to the number split of the vote.

Escalation Process

Whilst recommendations and opinions are made in an advisory capacity, where the Board has substantial concerns on particular matters relating to its function, there are a number engagement options available to the Board, depending on the circumstance:

- Chief Executive of SPPA
- Scottish Government Minister with portfolio responsibility for SPPA
- Independent Chair of the SPPA Audit & Risk Committee
- Chair of the SPPA Management Advisory Board

8. Sub-Groups

The Pension Board may set up time-limited sub-groups for a specific purpose 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.

9. Reporting

The Pension Board will report annually on its activities to provide assurance on the effectiveness of the Board. The Independent Chair and/or Vice Chair will provide the initial draft of the report and SPPA will provide any information required, for approval by the Board.

The Pension Board annual report will be provided to the Scheme Manager, to the Scheme Advisory Board and will be made available on the SPPA website.

10. Knowledge & Understanding

Every individual who is a member of the Pension Board must:

- be conversant with the rules of the Schemes; in other words the Regulations and other legislation governing the Schemes; and,
- have knowledge and understanding of the law relating to pensions.

Knowledge and understanding must be adequate to contribute to and support the role of the Board in assisting the Scheme Manager.

The SPPA 'Boards Training Policy' outlines the approach SPPA will take to assessing Board members knowledge and understanding and delivering

subsequent training. Board members are expected to comply with the requirements of this policy to declare self-learning and development to SPPA.

The Independent Chair, or Vice-Chair, will conduct an individual meeting with each Pension Board member at least annually, assessing competence in relation to discharging their Pension Board member responsibilities. The focus of these meetings will be at the discretion of the Chair but will likely include:

- Board members contributions to wider Board discussions
- Board members views on effectiveness of the Board
- A discussion on knowledge and understanding of Board matters.

11. Review of Effectiveness

The Board will review its own effectiveness on an annual basis. Any improvement actions identified will be shared with SPPA including any proposals for changes to the Terms of Reference.

12. Review of Terms of Reference

These Terms of Reference of the Board will be reviewed by SPPA on a regular basis (at least every 2 years) in consultation with the Board.