SPPA

Scottish Public
Pensions Agency

Buidheann Peinnseanan
Poblach na h-Alba

Nominations and Appointments Policy to SPPA Scheme Pension Boards

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1. Introduction

The Scottish Public Pensions Agency ("SPPA" or "Scheme Manager") operates Pension Boards for the purposes of assisting with the ongoing compliance of the Police, Firefighters, NHS and Teachers Pension Schemes in Scotland.

Regulations permit the Scheme Manager to determine the manner in which members of the Boards may be appointed and removed. This Policy sets out the SPPA's procedures for inviting nominations for the membership of the Boards and putting forward eligible candidates for appointment. This Policy does not cover the Management Advisory Board (MAB), Audit & Risk Committee (ARC) or Scheme Advisory Boards (SAB) which have separate arrangements.

Our Pension Boards are required by regulations to consist of equal numbers of employer representatives and member representatives, as defined in The Public Service Pensions Act 2013. Representatives are described as follows:

  A. "employer representatives" means persons appointed to the board for the purpose of representing employers for the scheme and any connected scheme;
  B. "member representatives" means persons appointed to the board for the purpose of representing members of the scheme and any connected scheme.

Each Pension Board's membership also includes an Independent Chair and Vice-Chair who are appointed by the SPPA through the Scottish Government Public Appointments recruitment process. The number of members representing each Board (which vary according to Board) are detailed in their respective Terms of Reference.

2. General Principles

The SPPA considers Boards made up of people who have a greater range of backgrounds, life experiences, expertise and skills will tend to lead to wider discussions. Additionally, people challenging each other from different perspectives is likely to result in more diverse output and robust decisions. The SPPA aspires to be an organisation that treats people equitably, is diverse and inclusive in its approach to seeking nominations and appointments to our Boards. The SPPA will ask each nominating body to consider the SPPA's aspirations for diverse membership of each Board when considering which individuals to nominate.

As defined in the Public Service Pensions Act 2013, no person may be appointed to the Boards where, in the Scheme Manager's sole discretion, that person has a Conflict of Interest. A 'Conflict of Interest' means a financial or other interest which is likely to prejudice the person's contribution as a member of the Board (but does not include

a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme). The SPPA has a separate Boards Conflict of Interest Policy.

Individuals are eligible for appointment to only one Board for each Pension Scheme (Scheme Advisory Board or Pension Board). A member of the SPPA MAB may not be a member of any Pension Board or Scheme Advisory Board for the Schemes administered by the SPPA.

Serving as a representative on the Pension Board is an important public duty and the SPPA will work with employers and member representative bodies to facilitate the release of representatives from duties to participate in Board activities, as appropriate.

Remuneration is limited to the Pension Boards' Independent Chairs and Vice-Chairs and will be agreed on appointment in accordance with standard Scottish Government terms. Members of the Boards, 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 Boards in accordance with the SPPA expenses policy.

Appointments to Boards are the sole discretion of the Chief Executive of the SPPA.

3. Nomination of Employee Members of Boards

The Scheme Manager will periodically review and allocate the Employee Members among the employee representative organisations in order to ensure they are broadly representative of the proportion of members represented by each.
Where required to fill a vacancy or vacancies, those organisations will be requested to invite nominations, elect and put forward suitable individuals for appointment as Employee Member(s) to the Board.

Nominees need not be union members and, where possible, they should include members of the relevant Pension Scheme and include active, deferred and pensioner members.

All candidates put forward for the roles of an Employee Member will be requested to provide a brief biography, highlighting their background, any relevant experience, any potential conflicts of interest and why they would be suitable for the role.

The Scheme Manager will review the respective submissions with regard to the obligations on the Scheme Manager pursuant to the regulations with a view to excluding any candidates that, at their discretion, would not meet the criteria set out in regulations or any standards and/or guidance issued by the Pensions Regulator.

The Scheme Manager will then proceed to arrange for the appointment of the appropriate candidates as Employee Member(s) of the Board. Where there are more employee representative nominations than there are vacancies, SPPA will contact

the employee representative organisations and ask them to facilitate their own vote and notify SPPA of the candidate.

If any candidate did not meet the criteria set out in the regulations and/or the Pensions Regulator's guidance, SPPA will request a further candidate to be put forward in accordance with the procedures set out herein.

The Scheme Manager will consult with the Chair of the Board, or in their absence, the Vice-Chair, throughout the process.

4. Nomination of Employer Members of Boards

The Scheme Manager will periodically review and allocate the Employer Member(s) among the different types of employers participating in the pension scheme in order to ensure the Board is broadly representative of the proportion of members represented by employers.

Where required to fill a vacancy or vacancies, relevant employer bodies that participate in the scheme will be invited to nominate suitable representative(s) to be considered for selection as an Employer Member on the respective Board.

All candidates put forward for the roles of an Employer Member will be requested to provide a brief biography, highlighting their background, any relevant experience, any potential conflicts of interest and why they would be suitable for the role.

Once the employer bodies have been given a reasonable period of time to respond, the Scheme Manager will check the candidates' respective submissions for review with regard to the obligations on the Scheme Manager pursuant to regulations with a view to excluding any candidates that, at their discretion, would not meet the criteria set out in regulations or any standards and/or guidance issued by the Pensions Regulator

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 from the existing Board membership (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 Scheme Manager will determine which candidate is appointed to the role. 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.

The Scheme Manager will consult with the Chair of the Board, or in their absence, the Vice-Chair, throughout the process.

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5. Public Appointments

Some roles on our Pension Boards are classed as Public Appointments and therefore are not nominated roles, but instead are subject to a competitive recruitment process.
Specifically, this applies to the following roles:
- Independent Chair of a Pension Board
- Independent Vice-Chair of a Pension Board

6. Requirements Prior to Taking up Appointment

Any newly appointed Member and Employer Representatives will be required to have read, understood and signed the Boards Code of Conduct and Conflict of Interest declaration prior to taking up their role.

Any newly appointed Member and Employer Representatives will be required to have completed the necessary induction training from the Scheme Manager prior to taking up their role. The Boards Training Policy outlines the SPPA approach to training, including inductions.

7. Succession Planning

Given the technical nature of pensions, it is vital to manage continuity of membership to ensure the ongoing effective operation of the Boards.

For Employer and Employee members, the Scheme Manager, in consultation with the relevant Board, will:
- Consider succession planning needs for the overall Board in considering extensions of tenures of individual members;
- Work with the bodies responsible for nominating members to ensure potential successors for those members leaving the Board are nominated in good time;
- Allow prospective members to observe meetings and attend training events ahead of their formal appointment.

For the roles of the Pension Board Independent Chair and Vice-Chair, the Scheme Manager will:
- Ensure, as far as possible, the Chair and Vice-Chair of the Pension Board do not change within the same rolling 12-18 month period;
- Appoint successor Chairs/Vice-Chairs in good time and, where possible, ensure any new Chair/Vice-Chair has an opportunity to meet the outgoing Chair/Vice-Chair and/or attend board meeting(s) as an observer before taking up their role.

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8. Removal of Members

All board members have a duty to act in accordance with scheme regulations, guidance from The Pensions Regulator and other governing documents.

Pension Board Independent Chairs, or Vice-Chairs, 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 member contributions to wider Board discussions
· Board member views on effectiveness of the Board
· A discussion on knowledge and understanding of Board matters.

The Chair can recommend to the Scheme Manager their removal from the Board where a member has not complied with the terms and expectations outlined within the Board Terms of Appointment or Board Code of Conduct documents.

Final decision on removal of members rests with the Scheme Manager.

9. Review of This Policy

This Boards Nomination and Appointment Policy will be reviewed annually by SPPA.

Last review date 15 June 2022

10. Document Control

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