



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Corporate Governance

Non-Executive Member: Terms of Appointment

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1. Background

- 1.1 The functions and responsibilities of the SPPA are set out in the publication '[Scottish Public Pensions Agency Framework Document](#)'. The Scottish Government publication [On Board: A Guide for Members of Management Advisory Boards](#) informs the arrangements at SPPA for its own Management Advisory Board (MAB).
- 1.2 The role and responsibilities of Non-Executive Members of the Board are outlined in the [Management Advisory Board – Terms of Reference](#) with which you are expected to familiarise yourself.
- 1.3 The role and responsibilities of Non-Executive Members of the Committee are outlined in the [Audit and Risk Committee - Terms of Reference](#) with which you are expected to familiarise yourself.

2. Tenure of Appointment

- 2.1 The appointment commences on < > and ends on < >, subject to section 19 below.

3. Status

- 3.1 You are appointed as Non-Executive Member of the Scottish Public Pensions Agency`s (SPPA) Audit and Risk Committee (the Committee) and as a Non-Executive Member of the SPPA`s Management Advisory Board (the Board). In these terms and conditions, except where stated, 'you' and related expressions refer to the holder of that role.
- 3.2 You are not a servant or agent of the Crown or a civil servant, and do not have any status, immunity or privilege of the Crown.
- 3.3 The terms and conditions contained in this document are not to be construed as constituting a contract of employment or service, or a contract for services between you and the SPPA or the Crown.

4. Interpretation

- 4.1 Where relevant, statutory terms, conditions and other requirements of office also apply to you.
- 4.2 The terms are to be read in a way that is consistent with any enactment. If such reading is not possible, the terms do not apply to the extent that they are inconsistent with any such enactment.

5. Role – Management Advisory Board

- 5.1 The main role of a MAB is set out in broad terms in Guidance Note 3 of the Scottish Government's' [“On Board” guidance](#). The main role of the Management Advisory Board is to assist the Agency to deliver its functions either on behalf of Ministers or as a Non-Ministerial body. Members of the Board offer strategic advice and constructive challenge to the Chief Executive Officer and Executive Team; seek to improve performance; promote good governance; and advise on identifying and managing risk.
- 5.2 The Chief Executive Officer is solely responsible for operational matters. The MAB supports the Chief Executive Officer and their Executive Team in focusing on the corporate issues around strategy, risk, performance and corporate governance. Board members are not appointed to hold the Chief Executive or Executive Team to account. Non-Executive members should be encouraged by the Chief Executive Officer to offer advice and constructive challenge through frank and open discussion.
- 5.3 The Board provides support, advice and constructive challenge in respect of:
- the development of the strategic aims and objectives of the Agency within the policy, planning and resources framework determined by Scottish Ministers;
 - changes which are likely to impact on the strategic direction of the Agency or on the attainability of its targets and gaining assurance that Scottish Ministers are kept informed as necessary;
 - the development and review of strategic, business and budget plans;
 - ensuring all requirements for the use of public funds by the Agency are complied with, taking into account relevant guidance issued by Scottish Ministers;
 - the review of Agency financial and performance information;

- the existence of and implementation of suitable management controls;
- maintaining high standards of corporate governance and risk management at all times, including demonstrating openness and transparency in decision making;
- implementation of an independent Audit and Risk Committee (ARC), in accordance with the guidance on Audit Committees in the [Scottish Public Finance Manual](#),
- with the assistance of the ARC, providing assurance on risk management, governance and internal controls;
- systems that are in place to enable early notification to the Scottish Government of emerging issues impacting on the operation or reputation of the Agency;
- promoting the development of efficient, economic and effective use of staff and other resources and commitment to service quality consistent with the principles of Best Value;
- application of employment policies and procedures in compliance with Scottish Government
- the signing of the statutory accounts of the Agency and of the NHS Scotland and Scottish Teachers pension schemes by the Chief Executive as Accountable Officer.

5.4 The Board, through its level of guardianship and scrutiny, should help in the decision-making process, to ensure that the process and the reasons for decisions are transparent.

5.5 Specific functions may vary but, unless otherwise agreed, as a Non-Executive Member of the Board you will:

- provide a healthy 'constructive challenge' function to the Chief Executive of SPPA and other Members of the Board;
- understand the operational environment in which the SPPA operates within the wider public service delivery;
- provide an external perspective to the work of the SPPA;
- commit to keeping up to date with subjects relevant to the SPPA's work;
- contribute to the work of Committee(s) to which they are appointed;
- contribute to the work of the Board, in relation to the areas identified in its remit and predominantly in respect to issues of strategy, performance and resources;

- comply at all times with the UK Corporate Governance Code rules which can be found at <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>;
- prepare for, including reading the agenda papers, and participate in Board meetings and other meetings and events as required; and
- carry out other necessary tasks that may reasonably be required.

6. Role – Audit and Risk Committee

- 6.1 The Agency's Accountable Officer (AO) has established an Audit and Risk Committee (ARC) to support the office holder in discharging responsibilities for issues of risk and controls, finance, governance and associated assurance through a process of review, constructive challenge and providing relevant advice. The ARC is a sub-committee of the MAB and has delegated authority in relation to the activities/functions set out in its Terms of Reference. The Scottish Government publication [Audit and Assurance Committee Handbook](#) helps to inform the governance arrangements of the Agency's ARC.
- 6.2 Specific functions may vary but, unless otherwise agreed, as a Non-Executive Member of the Committee you will:
- Provide advice to the SPPA's Accountable Officer on:
 - the processes for risk, control and governance;
 - the accounting policies and the integrity of the financial reporting/statements of the organisation;
 - the effectiveness and objectivity of activity and results from both internal and external audit;
 - the adequacy of management response to issues identified by audit activity or by Parliamentary Committees where they affect the organisation's overall performance;
 - assurances relating to the corporate governance requirements for the organisation, e.g. relating to the Agency AO's signing of the Governance Statement in the Agency Accounts and certificates of assurance where applicable;
 - the assessment of enterprise risks and the determination of risk appetite;
 - the effectiveness of the internal control environment; and
 - anti-fraud and bribery policies, whistle-blowing processes, and arrangements for special investigations.
 - review and report on audit plans, audit reports, pension scheme statements and the annual reports and accounts;

- c) review the systems of internal control, in particular the SPPA`s risk register and high level risk management plans;
- d) prepare for, including reading the agenda papers, and participate in Committee meetings and other meetings and events as required; and
- e) carry out other necessary tasks that may reasonably be required.

6.3 The SPPA ARC will advise the Accountable Officer and SG Assurance and Audit Committee of any significant findings or issues that it considers to be of a wider interest when carrying out its duties. The Chair of the ARC will give regular updates on the work of Committee to the MAB.

7. Accountability

7.1 You must act within the remit decided by the Chief Executive. You are individually accountable to the Chief Executive for your actions and decisions of office. You are also jointly accountable with other Members of the Committee and the Board to the Chief Executive for the actions and decisions of the Committee and the Board.

8. Period in office

8.1 You are entitled to be Non-Executive Member of the Committee and a Non-Executive Member of the Board from **<date>** to **<date>** inclusive or to such earlier date as is specified in or by virtue of clause 5.3 or to your date of resignation or removal, whichever date comes first. You vacate your roles when your period in office ends whatever the reason.

8.2 When your initial period in office ends, there may be a possibility of reappointment subject to evidence of previous effective performance. Your total period of appointment with the Committee and/or the Board will not exceed eight years. Any previous time served as a Non-Executive Member will be taken into account.

8.3 If the Committee and the Board are abolished while you are in office, your appointment ends on the date that the Committee and the Board are abolished or such other date as may be specified in any enactment.

- 8.4 If any other change is made to the Committee or the Board which the Chief Executive considers requires your period in office to end, your period in office ends on such earlier date as the Chief Executive may, by one month's written notice, specify.
- 8.5 You may resign office by giving one month's written notice to the Chief Executive. For the avoidance of doubt, the intimation of your resignation from either of the Committee or the Board will result in you having been considered to have resigned from both.

9. Remuneration

- 9.1 You are entitled to receive from SPPA a fee of £240 for every day of not less than 7.5 hours (excluding meal breaks) devoted to performing your functions as required or requested by the Committee and/or Board and the Chief Executive.
- 9.2 Remuneration will be paid through payroll and is taxable. PAYE deductions in respect of income tax and National Insurance will be made. You are responsible for declaring this income in your income tax returns.

10. Pension and other benefits

- 10.1 You are not entitled to a pension in respect of your role, and you are not entitled to any gratuity, allowance or compensation when your period in office ends whatever the reason.

11. Attendance

- 11.1 The Board will meet at least four times annually with the possibility of further meetings as required.
- 11.2 Meeting dates are allocated according to a corporate governance schedule. This schedule is formed around statutory requirements and the needs of the SPPA whilst taking into consideration occupation specific needs of the Board. Members are expected to attend meetings on allocated dates as far as practicable.

12. Time Commitment

- 12.1 You will devote approximately 10-15 days a year, as and when required, to the exercise of your functions as Non-Executive Member of the Committee (where applicable) and a Non-Executive Member of the Board. You will attend meetings of the Committee (where applicable) and the Board, and will contribute fully at these and to performing your other functions.
- 12.2 A member's time commitment includes
- attending scheduled Board meetings (½ day)
 - attending special/strategy/emergency meetings
 - meeting preparation (generally ½ day for each meeting; less for shorter meetings)
 - completing Board membership documentation required for the governance of the Board
 - training
- 12.3 Any circumstances which might affect a member's ability to devote sufficient time to the role should be discussed with the SPPA Corporate Governance team via SPPAGovernance@gov.scot.

13. Board Membership Documentation

- 13.1 Documents are reviewed annually in areas such as board effectiveness, personal knowledge and declarations of interest.
- 13.2 Members are expected to review and submit documentation promptly in accordance with the deadlines set.

14. Knowledge and Understanding

- 14.1 Members will receive access to relevant SPPA policies on appointment.
- 14.2 Members are expected to have, or be able to acquire, the appropriate levels of knowledge and understanding and to keep these up to date.
- 14.3 Members are expected to familiarise themselves and comply with the SPPA Board Training Policy [\[insert link\]](#).
- 14.4 Members are expected to notify the SPPA Corporate Governance team of any self learning or training they undertake via SPPAGovernance@gov.scot. This is required at least annually.

15. Expenses and Subsistence

- 15.1 You are entitled to be reimbursed by SPPA for expenses that appear to it to be necessary or expedient for the proper discharge of your functions. Reimbursement will be at the Scottish Government's agreed rates and any reimbursement will have regard to the [Scottish Government's travel and subsistence policy](#).
- 15.2 In performing your functions, you are also entitled to receive such allowances as may be agreed and approved by SPPA.
- 15.3 Examples of appropriate expenses are detailed below:
- fares to and from the meeting venue
 - fares and expenses for necessary visits away from the normal venue when performing Board role
 - any allowance for child or adult care if you are responsible for an adult or child and require someone to care for them when you are attending to your Board duties.

16. Travel Arrangements

- 16.1 The cost of first-class travel by rail or sea, including reservations, and tourists class for travel by air will **not be** reimbursed unless agreed in advance with the SPPA.
- 16.2 If a private car is used for journeys which cannot be readily made by public transport, reimbursement will be at the Civil Service standard mileage rate. To qualify for this reimbursement, a Board Member must have unlimited motor insurance against claims in respect of:
- Bodily injury to or death of third parties;
 - Bodily injury to or death of any passenger;
 - Damage to property of third parties.
- 16.3 In addition, the policy must contain a clause permitting the use of the vehicle by the policyholder in person for business.

17. Conduct

- 17.1 Members are expected to familiarise themselves and comply with the [SPPA Code of Conduct](#).
- 17.2 Members are expected to act in line with the Scottish Government's [Nine key principles of public life in Scotland](#), observing the highest standards of

impartiality, integrity and objectivity in relation to the service provided to the Board.

- 17.3 Members are expected to act professionally and respectfully at all times when using social media, whether formally or informally. Members are expected to familiarise themselves and comply with section 3.39 of the [Code of Conduct](#) relating to the Scottish Government [Social Media Policy](#).
- 17.4 Failure to comply with the Code of Conduct will be considered a breach of appointment which may lead to termination of role.

18. Gifts and Hospitality

- 18.1 All Board Members are expected to ensure that acceptance of gifts and hospitality can stand up to public scrutiny. Gifts should be declined wherever possible, and any offers should be reported to the SPPA Corporate Governance Team via SPPAGovernance@gov.scot. Care should be taken that no extravagance is involved with working lunches and other social occasions.
- 18.2 Members are expected to familiarise themselves and comply with section 3.13 of the [Code of Conduct](#) relating to Gifts and Hospitality.

19. Confidentiality

- 19.1 During and after the tenure of your role as a Board Member, you will be subject to the obligation of confidentiality. This is in relation to any information of a confidential nature which has come to your knowledge in the course of your appointment with, and related to, the activities of the Board. You shall not, in consequence of that obligation, and except in the performance of your duties in terms of appointment, or unless ordered to do so by a court or tribunal, divulge any information of a confidential nature concerning the activities of SPPA or any member of the Board and you shall make all reasonable endeavours to prevent the disclosure of such information.
- 19.2 Members are expected to familiarise themselves and comply with section 3.22 of the [Code of Conduct](#) relating to Confidentiality.

20. Accountability

- 20.1 Non-executive members must act within the remit decided by the Chief Executive. They are individually accountable to the Chief Executive for their actions and decisions of office. They are also jointly accountable with other

Members of the Committee and the Board to the Chief Executive for the actions and decisions of the Committee and the Board.

21. Liability

- 21.1 Appointment shall not be construed as in any way constituting a contract of service or for services between you and the Scottish Government, Scottish Ministers or as between you and the Crown.
- 21.2 If legal proceedings are brought against any Board Member by a third party, the sponsor department will meet any civil liability which is incurred in the execution of their functions, providing that they have acted honestly, reasonably and in good faith. If, however, the Board Member has acted recklessly or fraudulently the department may refuse to meet any associated civil liability.

22. Conflict of Interest

- 22.1 Members are expected to familiarise themselves and comply with the SPPA [Conflict of Interest Policy](#).
- 22.2 As such all members of the Board must declare any potential conflicts on appointment and routinely thereafter.

23. Notice

- 23.1 Notice in terms of Clause 19.1 shall be given in writing to the other party at least 3 months prior to the intended date of termination.

24. Termination

- 24.1 A Non-executive member may resign by giving notice to the Chief Executive Officer. Without limiting Clause 19.2, the Chief Executive Officer may terminate the appointment by giving written notice to the Non-Executive.
- 24.2 The Chief Executive Officer may terminate the appointment of a Non-executive immediately by giving written notice if satisfied that he/she/they:
- has been absent from more than 3 consecutive meetings; or
 - is otherwise unable or unfit to carry out the duties of a Non-executive satisfactorily
 - has breached the Code of Conduct

- has accepted or holds any other office, role, position or interest meaning there is a conflict of interest and it is no longer appropriate to hold office.

25. Appointment Checklist

I have read, understood and agree to comply with the Terms of Appointment.	<input type="checkbox"/>
I have read, understood and agree to comply with the terms of reference for the Board.	<input type="checkbox"/>
I have read, understood and agree to comply with the SPPA Code of Conduct .	<input type="checkbox"/>
I have read, understood and agree to comply with the SPPA Conflict of Interest Policy	<input type="checkbox"/>
I have read, understood and agree to comply with the SPPA Board Training Policy	<input type="checkbox"/>
I have read, understood and agree to comply with the Scottish Government Social Media Policy .	<input type="checkbox"/>
I have declared any potential conflicts of interest to the SPPA Corporate Governance team using the declaration of interest form.	<input type="checkbox"/>
I have submitted a skills self-assessment to the SPPA Corporate Governance team using the skills self-assessment form.	<input type="checkbox"/>

Date	
Signature	

Document Control

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