

## **PENSION BOARD – TERMS OF REFERENCE**

### **1. Introduction**

- 1.1. Each Local Government Pension Scheme Manager in Scotland is required to establish a Board separate from the Committee that acts as the Scheme Manager.
- 1.2. The Shetland Islands Council Pension Fund Pension Board is established under the provisions of The Local Government Pension Scheme (Scotland) Regulations 2014.

### **2. Objectives**

- 2.1 The Pension Board is the body responsible for assisting the Scheme Manager in relation to compliance with scheme regulations and the requirements of the Pensions Regulator.
- 2.2 The Pension Board will determine the areas they wish to consider including, amongst others:
  - Reports produced for the pensions committee;
  - Seek reports from the Scheme Manager on any aspect of the Pension Fund;
  - Monitor investments and the investment principles/strategy/guidance;
  - The Pension Fund annual report;
  - External voting and engagement provisions;
  - Pension Fund administrative performance;
  - Actuarial reports and valuations;
  - Pension Fund funding policy; and
  - Any other matters that the Pension Board deems appropriate.

### **3. Membership**

- 3.1 Membership of the Pension Board will consist of equal numbers of trade union representatives and employer representatives, drawn from Shetland Islands Council and scheduled or admitted bodies in membership of the Pension Fund. Pension Board representatives must not also participate in or act as members of the Pension Committee. Local Authority employer representatives will be Elected Members of the Council.
- 3.2 The Scheme Manager will appoint a senior officer as Joint Secretary. The trade unions will appoint their own Joint Secretary. The Joint Secretary's role is to liaise with Pension Board members and other colleagues to support the smooth operation of Pension Board meetings and to assist in the resolution of any issues arising within normal Pension Board meetings or processes.

- 3.3 The term of appointment to the Pension Board will be concurrent with the Council election cycle. Pension Board members may be reappointed to serve further terms.
- 3.4 There will be four trade union representatives appointed from amongst the Council's recognised trade unions as follows:

GMB
Nautilus International
UCATT
UNISON
Unite

- 3.5 Trade unions will arrange their own selection process. The Scheme Manager will confirm the appointments once satisfied that the persons to be appointed do not have a conflict of interest.
- 3.6 There will be four employer representatives appointed by the respective employer organisations as follows:

Shetland Islands Council	3
Scheduled/Admitted bodies	1

- 3.7 The Shetland Islands Council representatives will be Councillors appointed by the Council. On ceasing to be a Councillor the Council representatives will also cease to be a member of the Pension Board.
- 3.8 The Scheduled and Admitted Bodies will be invited to nominate representatives who will be chosen by the drawing of lots at a meeting of the Pension Board.
- 3.9 Pension Board representatives will serve for a period concurrent with the Council election cycle and may be reappointed to serve further terms. Timescales for organisations to notify the Pension Board of their representatives shall be determined locally. Employer bodies and organisations retain the right to withdraw representatives and identify replacements on occasion. Pension Board representatives are required to adhere to the Model Code of Conduct as specified by Scottish Government (details can be found at the link <http://www.scotland.gov.uk/Topics/Government/localgovernment/governance/ethical-standards/codes>)
- 3.10 Appointing bodies can appoint a named substitute for their representative. Such substitutes must undertake the same training as set out in section 6 below.
- 3.11 Advisors may attend meetings of the Pension Board in a non-voting capacity.
- 3.12 No person may be appointed to the Pension Board who has a significant conflict of interest. A conflict of interest is defined as a financial or other

interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the Pension Board is established. The Pension Board will adopt policies and protocols for handling any conflicts that are unanticipated and might arise during membership.

- 3.13 Ordinarily all items, including exempt items, will be open to the Pension Board. Exceptionally, the Pension Committee may reserve the right to consider items in the Pension Board's absence.

#### **4. Meetings**

- 4.1 The Chair of the Pension Board will be rotated on an annual basis between the trade union and employer sides of the Pension Board.
- 4.2 Pensions Board meetings will be administered by Shetland Islands Council as agreed with the Joint Secretaries appointed by the trade union and the employers' sides of the Pension Board. All reasonable administration costs shall be met by the Pension Fund.
- 4.3 The Pension Board will meet at least quarterly. A majority of either side may requisition a special meeting of the Pension Board in exceptional circumstances.
- 4.4 The Pension Board may establish sub-committees.
- 4.5 While the statutory roles and function of the Pension Committee and Pension Board are separate, the normal practice will be that both bodies will meet at the same time to consider the same agenda, with the Chair of the Pension Committee chairing the concurrent meeting. The Council's Standing Orders will apply at concurrent meetings. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.

#### **5. Dispute resolution**

- 5.1 If the Pension Committee and Pension Board cannot reach joint agreement on any matter the process for resolving any differences between the two bodies will be as follows. Whilst this process is undertaken the decision of the Pension Committee is still competent.
- 5.2 In the first instance, if at least half of the members of the Pension Board agree, then the Pension Board can refer back a decision of the Pension Committee for further consideration if any of the following grounds are met:
- That there is evidence or information which it is considered needs re-evaluating or new evidence or data which the Pension Committee did not access or was not aware of at the point of

decision making and which is considered material to the decision taken;

- That the decision of the Pension Committee could be considered illegal or contrary to regulations;
- That the decision of the Pension Committee is contrary to a relevant Code of Practice published by the Pensions Regulator; or
- That the decision is not in the interest of the continued financial viability of the Scheme or is against the principles of proper and responsible administration of the Scheme

5.3 If there is no agreement after the matter has been referred back to the Pension Committee, then the difference in view between the Pension Board and the Pension Committee will be published in the form of a joint secretarial report on the Pension Fund website and included in the Pension Fund annual report.

5.4 The Scottish LGPS Scheme Advisory Board may also consider and take a view on the matter and, if considered appropriate, provide advice to the Scheme Manager or the Pension Board in relation to the matter.

## **6. Training**

6.1 All members (and named substitutes) of the Pension Board must undertake a training programme in accordance with any guidance issued by the pensions regulator and complying with best practice training requirements of the Pension Committee.

6.2 The Pension Board shall agree policies and arrangements for the acquisition and retention of knowledge and understanding for Pension Board members.

6.3 The Scheme Manager will keep an updated list of the documents with which they consider Pension Board members need to be conversant to effectively carry out their role and make sure that both the list and the documents are accessible.

## **7. Access to Information**

7.1 The Scheme Manager and the Pension Board will together ensure that information is published about the activities of the Pension Board including:

- the full terms of reference for the Pension Board, including details of how it will operate;
- the Pension Board appointment process;
- who each individual Pension Board member represents; and
- any specific roles and responsibilities of individual Pension Board members.

- 7.2 The minutes of the Pension Board will be published on the Pension Fund website. The Pension Board may undertake such communications and stakeholder engagement as it deems appropriate to perform its functions.

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