**Scottish Local Government Pension Scheme Advisory Board ‐**

**Terms of Reference**

**Introduction**

1. The Public Service Pensions Act 2013 establishes in law the requirement to establish a Scheme Advisory Board the purpose of which is to provide advice to the Responsible Authority, at the Responsible Authority’s request, on the desirability of changes to the design of the scheme and the implication of other policy issues. The Responsible Authority for these purposes is the “Scottish Ministers” with the Cabinet Secretary Finance, Employment and Sustainable Growth taking the lead as the Minister with pensions’ responsibility. Also to provide advice to the Scheme managers or the Scheme’s pension boards in relation to the effective and efficient administration and management of the scheme.

2. The obligation to establish a Scheme Advisory Board is reflected in The Local Government Pension Scheme (Governance) (Scotland) Regulations 2014.

**Partnership Working**

3. There is a long record of effective partnership working around policy discussions with representatives from Member and Employer groups. This existing partnership forum will be used as the basis for the new Scheme Advisory Board.

**Accountability**

4. The Scheme Advisory Board is accountable to the Cabinet Secretary Finance, Employment and Sustainable Growth as the lead minister for pensions.

**Scheme Advisory Board Role**

*5. The Scheme Advisory Board is responsible for:*

* Providing advice on request about the desirability of changes to the design of the scheme; policy issues and changes to scheme regulations
* Discussing and commenting on the potential implications of future valuation outcomes
* Making recommendations on adjustments to the Scheme in the event that costs breach the employer cost cap
* Provideadvice to the Scheme managers or the Scheme’s pension boards in relation to the effective and efficient administration and management of the Scheme.

**Membership & Observers**

6. The Scheme Advisory Board will comprise:

*Members*

* Joint chairs nominated respectively by local government scheme employers and the relevant trade unions from the Scheme Advisory Board membership and to be formally appointed by Scottish Ministers
* 7 Members nominated by the staff side of the representative bodies [who reflect a broad range of interests: active, deferred and pensioner reps]
* 7 Members nominated by Scheme Employers [who reflect a broad range of employer interests], five of which will be COSLA representatives: COSLA representatives will be elected members
* Two Joint Secretaries, appointed respectively by local government scheme employers and the relevant trade unions, selected from the Scheme Advisory Board membership
* Nominated substitutions for the above members as needed

*Observers*

* Representatives from, and on behalf of, the Scottish Government: this will include staff from the Directorate for Local Government & Communities and pension policy advisors from the Scottish Public Pensions Agency
* Formal COSLA officials
* As necessary, other sources of expertise

**Quorum**

7. A quorum is the minimum number of members required to be in attendance in order to conduct business effectively. Whilst there is no requirement to have an equal number of employer and member representatives on the Scheme Advisory Board it is considered appropriate to set a quorum. A meeting will be deemed quorate when fifty percent of board members attend with at least one representative from each representative group.

**Conflicts of Interest**

8. The Public Service Pensions Act 2013 requires that conflicts of interest should be recognised, declared and managed. Members will therefore be required to declare any conflict of interest both on appointment and routinely thereafter.

**Meeting arrangements**

9. The Scheme Advisory Board will meet up to four times a year with the ability to call ad hoc meetings as necessary.

10. The term of office for Scheme Advisory Board members will be up to four years: this will facilitate the retention of expertise by enabling staggered terms of office Successive terms of tenure will be permitted.

**Sub Groups**

11. It may be appropriate to establish sub groups to consider specific issues. Sub groups will operate on an “as required” basis and will be accountable to the Scheme Advisory Board.

**Process for Scheme Advisory Board Advice**

12. The Scheme Advisory Board will achieve agreed and acceptable resolutions through consensus decision-making, thereby seeking the consent of all parties. In the event of failing to reach a consensus, dissenting views will be recorded (with a mechanism to reflect the proportions of different opinion) within the advice submitted to the Responsible Authority via the Scottish Public Pensions Agency.

**Reporting**

13. The Scheme Advisory Board will provide an annual report of its activities to the Responsible Authority and Local Government Scheme Pension Boards**.**

**Review**

14. These terms of reference, membership and operational practices will be reviewed within the first two years of operation and periodically thereafter.

**Annex A -**

**Appointments’ Process**

15. Nominations, including named substitutions, will be considered against the board member person specification by the Responsible Authority; a letter of appointment will be sent to appointed board members.

16. A formal process for substitution will be established.

**Training requirements**

17. In order to operate successfully, Scheme Advisory Board members may wish to obtain training on issues, such as actuarial valuations and assumptions; best practice in other sectors; legal issues.

**Secretariat Arrangements**

 18. The role of Joint Secretary is undertaken by an officer from both sides of the Scheme Advisory Board and should be identified within existing resources. The Joint Secretaries to the Scheme Advisory Board will carry out the secretariat function, will liaise and consult with Scheme Advisory Board members and colleagues from both sides of the Board to ensure the smooth operation of Board business. On occasion, the Joint Secretaries can be asked by the Chair of the Scheme Advisory Board to carry out specific research or consultation exercises and to assist with resolution of issues prior to these matters being raised at Scheme Advisory Board level. The Secretariat will ensure that:

* Facilities are available to hold meetings
* An annual schedule of meetings is organised.
* When it is necessary to hold additional meetings a minimum of 2 weeks’ notice will be provided where possible
* Papers will be distributed 7 days before each meeting
* Draft Minutes of each meeting will normally be circulated within 7 working days following each meeting
* Make the agreed Minutes and advice available via the Scottish Public Pensions Agency’s website

**Attendance**

19. Members will be expected to attend Board meetings. Non-attendance of meetings will be considered by the Chair when discussing re-appointment and could result in dismissal

**Meeting locations**

20. Meetings will be held in a venue which is most convenient for the majority of members.

21**. Remuneration**

Scheme Advisory Board members and attendees will have their costs covered by their employer/sponsoring organisation.

**Conflict of Interest**

21. A protocol for the handling and recording of conflict of interest will be used both on appointment and routinely thereafter.

**END**