

## HSC PENSION BOARD – TERMS OF REFERENCE

### **Introduction**

1. The Public Service Pensions Act (Northern Ireland) 2014 requires the establishment of a Pension Board with the responsibility for “assisting the Scheme Manager” in securing compliance with all relevant pensions law, regulations and directions – as well as the relevant Pension Regulator’s codes of practice. This role is one of providing assurance in and governance of the scheme administration.
2. The Pension Board is a new requirement under that Act, which has also specified that there should be equal numbers of member and employer representatives – currently proposed as six each.
3. The Pension Board will cover arrangements in Northern Ireland.
4. HSC Pension Scheme specific Regulations introduce the new Governance arrangements from April 2015.
5. In addition to the member and employer representatives, there will be other government representatives on the Pension Board, including DHSSPS. It is proposed to instruct professional advisors, for example finance experts, GAD advisors and legal advisors on an “as required” basis to provide the breadth of specialist understanding to deliver compliance.
6. The scheme administrator (HSC Pension Service - BSO) will provide the necessary input into the Pension Board to support the Board to deliver on its assurance responsibilities. This may require their attendance at meetings for specified timeslots at the request of the Board, through the secretariat.
7. The DHSSPS will provide the secretariat. It is proposed that the Pension Board meets on a quarterly basis, as a minimum.

### **Scope of the HSC Pension Board (HSCPb)**

8. The purpose of the HSCPb is to carry out the roles and responsibilities that a Trustee Board would fulfil for a private sector occupational pension scheme.
9. The HSCPb’s overriding aim is to ensure that all members of the HSC pension arrangements receive on time their correct benefits under the scheme rules. The HSCPb will wish to ensure, as far as is possible, good outcomes for all members of the HSCPb pension arrangements in matters such as receiving excellent service.
10. The HSCPb will at all times work to protect the reputation of the scheme for effective administration and for proper use of scheme funds in accordance with such good practice guidance that may be issued by the Pensions Regulator.
11. The HSCPb does not have responsibility for providing advice on the desirability of changes to the scheme and on matters of policy.

## Definitions

12. In relation to the Pension Board -
  - **The 'Scheme Manager'** – is the Head of the HSC Pension Service
  - **The 'Responsible Authority'** – is the DHSSPS

## Accountability

13. The Pension Board collectively and members individually are accountable to the DHSSPS, which is the 'responsible authority' for the HSC Pension Scheme.

## Responsibilities of the Pension Board

14. The Pension Board is responsible for assisting the Scheme Manager in:
  - Overall assurance and governance of the HSC Pension Scheme administration;
  - Assuring effective and efficient administration of the scheme;
  - Seek assurance that decisions made by the scheme administrator are fully legally compliant, including consideration of cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes training and / or guidance where necessary;
  - Supporting continuous improvements;
  - Assuring the scheme administrator supports employers to communicate the benefits of the HSC Pension Scheme through effective communication to members;
  - Assuring the scheme administrator supports members with a range of tools to improve their understanding of their pension benefits as part of the total reward offer, and to inform their personal financial and career planning;
  - Supporting effective implementation of the Employer Charter;
  - Enabling data quality improvements to deliver CARE pension outcomes;
  - Compliance with the Pension Regulator's codes of practice;
  - Fostering good working relationships with the Pension Regulator;
  - Consideration of the annual report from the Pension Regulator, including any responses to recommendations;
  - Producing an annual report outlining the work of the Board throughout the scheme year.

## Membership

15. The membership of the Pension Board will include:
  - Member representatives nominated by the staff side to ensure a broad representation of scheme membership; for example to include deferred and pensioner representation. Member representatives will be voting members.
  - Employer representatives that can offer the breadth of employer representation for the HSC PS. Employer representatives will be voting members.
  - The employer and member representatives will remain equal in number at all times
  - An independent Chairperson appointed via the Public Appointments process. The Chair will hold the deciding vote if any vote taken by the

member and employer representatives on the Board results in an equal vote.

- Representatives from the DHSSPS, who will be non-voting members.
- Attendance is expected of Board members at all meetings; no alternate representation or substitution is allowed

### **Role of the Scheme Manager (Head of HSC Pension Service)**

16. The Scheme Manager will be represented at Board meetings by the Head of the HSC Pension Service or another senior official although they will not Board Members.
17. The Scheme Manager will provide information, assistance and guidance to the Board in relation to operational issues and the day to day administration of HSC Pension Scheme.

### **Role of the Responsible Authority (The DHSSPS)**

18. The Responsible Authority will be represented at Board meetings by staff from the DHSSPS Workforce Policy Directorate (Pension Policy Unit) who will be non-voting members of the Board.
19. The Responsible Authority will provide guidance and assistance to the Board on matters of pension policy and legislation.

### **Decision Making Process**

20. The Pension Board is expected to operate on a consensus basis; however each member (except government representatives) will have individual voting rights. In the event that consensus cannot be reached, a vote will be taken. The Chair will not vote at this stage; only if the vote is equal will the Chair have the deciding vote. The scheme manager should be made aware when a decision is reached in this manner.

### **Quorum**

21. Two-thirds of the voting members of the Pension Board will represent a quorum for Board meetings to go ahead. The Chair must be present for the meeting to be quorate.

### **Conflicts of Interest**

22. The Public Service Pensions Act (Northern Ireland) 2014 requires that members of the Pension Board do not have conflicts of interests. As such all members of the Pension Board will be required to declare any interests and any potential conflicts of interest in line with legal requirements in The Public Service Pensions Act (Northern Ireland) 2014 and The Pension Regulator's code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

23. Annexed to these Terms of Reference is the questionnaire to be completed by Board members to ensure that the scheme manager can be satisfied that Board members do not have any conflicts of interest.

### **Training requirements**

24. Members of the Pension Board will be expected to have a good, sound knowledge and understanding of the scheme rules, the scheme's administration policies and pension law. This will require on-going updates and training as legal requirements change and develop including relevant regulations and directions from HMT and DWP. This is set out further in the Pension Regulator's draft Code of Practice number 14, "governance and administration of public service pension schemes".

### **Meeting arrangements**

25. The Pension Board will meet quarterly in the first year and this arrangement will be reviewed to ensure that it enables delivery of responsibilities.
26. The DHSSPS will undertake the secretariat function for the Pension Board and as such will ensure that:
- Facilities are available to hold meetings
  - An annual schedule of meetings is organised
  - Suitable arrangements are in place to hold additional meetings if required – ensuring adequate notice
  - Papers will be distributed 7 days before each meeting except for exceptional circumstances
  - Minutes of each meeting will normally be circulated 10 working days following each meeting

### **Expertise**

27. It may be necessary to draw on particular experts or expert groups to support the responsibilities of the Pension Board, such as actuaries and lawyers. This will be done on an 'as required' basis; any expert advisor attending the meeting is not a Board member and does not have a vote. If required, sub-groups may be established to assist the Board.
28. The Pension Board will work with the Scheme Advisory Board on some key matters such as communication and lines of accountability will be agreed.

### **Relationship to the Scheme Advisory Board**

29. Whilst the function of the Scheme Advisory Board is to provide advice to the Responsible Authority (i.e. Department) about the desirability of scheme changes – there may well be a need for some sharing of information or discussion between the boards.

### **Remuneration**

30. Remuneration for board members will be limited to a refund of actual expenses incurred in attending Board meetings, in accordance with the DHSSPS's expenses policy. The Chair's remuneration will be agreed on appointment.

## **Tenure**

31. Tenure period for board members will usually run for a three to five year period on a rolling appointment basis – assuming a maximum of nine years in any continuous period of 12 years. Tenure will be decided by the scheme manager during the appointment process; board members will have different tenures to ensure continuation of membership in equal numbers for the employer and staff-side members. The Chair's tenure will be agreed on appointment, but will also be between three and five years.
  
32. Resignation of board members will be documented in writing to the Pension Board Chair. A suitable notice period must be given, with 1 month being a minimum, to enable a replacement member to be found.
  
33. The performance of board members will be assessed on a periodic basis to ensure that all members are adequately meeting their duties. Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the Board member.

## **Review**

These terms of reference will be reviewed at the end 2015/16 year, and periodically thereafter.