

NORTH EAST SCOTLAND PENSION FUND
PENSION BOARD CONSTITUTION

1. Introduction

- 1.1 Each Local Government Pension Scheme Manager in Scotland is required to establish a Pension Board separate from the Pensions Committee that acts as the Scheme Manager.
- 1.2 The North East Scotland Pension Fund Pension Board is established under the provisions of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015.

2. Objectives

- 2.1 The Pension Board as detailed in regulations is the body responsible **for assisting the Scheme Manager** in relation to compliance with scheme regulations and the requirements of the Pensions Regulator.

5.—(1) There is established to each scheme manager a board with responsibility for assisting the scheme manager in relation to the following matters.

(2) Those matters are—

(a) securing compliance with the 2014 Regulations and other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it;

(b) securing compliance with requirements imposed in relation to the Scheme and any connected scheme by 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
- Monitor investments and the investment principles/strategy/guidance
- The fund annual report
- External voting and engagement provisions
- Fund performance and administration
- Actuarial reports and valuations
- Funding policy
- Any other matters/reports that the pensions board deem appropriate

3. Membership

- 3.1 Membership of the Pension Board will consist of equal numbers of employer representatives and relevant trade unions, drawn from councils and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not also participate in or act as members of the Pension Committee. Local

Authority employer representatives will normally be Elected Members serving as part of the Council.

- 3.2 There will be 4 trade union representatives appointed by the trade unions as follows:

GMB: 1
UCATT: 1
UNISON: 1
Unite: 1

- 3.3 There will be 4 employer representatives appointed by the respective employer organisations as follows:

Councils: 3
Scheduled bodies/Admitted bodies: 1

- 3.4 Pension Board representatives will serve for a period of four years and may be reappointed to serve further terms. Timescales for organisations to notify the Pension Board of their representatives shall be locally determined. Employer bodies and organisations retain the right to withdraw representatives and identify replacements on occasion.

- 3.5 Appointing bodies can appoint a named substitute for their representative. Such substitutes must undertake the same training as set out in (6) below.

- 3.6 Advisors may attend meetings of the Pension Board in a non-voting capacity.

- 3.7 No person may be appointed to, or continue to be, a member of the Pension Board that 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 board is established. The Pension Board will adopt policies and protocols for handling any conflicts that were unanticipated and might arise during membership.

- 3.8 The scheme manager will annually satisfy themselves that none of the members of the Pension Board has a conflict of interest.

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 The Pension Board is to have two Joint Secretaries, one of whom is to be appointed by the scheme employers and the other by relevant trade unions.

- 4.3 Pension Board meetings will be administered by Aberdeen City Council as the

administering authority as agreed with the Joint Secretaries appointed by the trade union and employers sides of the Pension Board. All reasonable administration costs shall be met by the fund.

- 4.4 While the statutory roles and function of the Pension Committee and Pensions Board are separate, regulations state 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 aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.
- 4.5 The Pension Board may meet separately from the Pension Committee with the agreement of the Pension Committee.
- 4.5 Persons other than the members of a Pension Board may attend meetings of the Board (at the discretion of the Chair as to numbers).
- 4.6 The Pensions Board may establish sub-committees.

5. Dispute resolution

- 5.1 In the case of disagreement on a matter relating to the establishment of a constitution, the Pension Board is to apply to the Scheme Advisory Board for advice on resolving the disagreement.
- 5.2 If the Pension Committee and Pension Board cannot reach joint agreement on any matter (excluding 5.1 above) 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.
- 5.3 In the first instance, if at least half of the members agree, then the Pension Board can refer back in writing a decision of the Pension Committee for further consideration if any of the following grounds are met:
 - there is evidence or data on which the Pension Committee relied when making their decision which is considered to be unreliable or there is new evidence or data which the Pension Committee did not access or was not aware of at the point of making the decision which is considered material to the decision taken;
 - the decision of the Pension Committee is arguably beyond the powers of the 2014 Regulations or otherwise unlawful;
 - the decision of the Pension Committee is contrary to a relevant Code of Practice published by the Pensions Regulator; or
 - the decision is not in the interest of the continued financial viability of the Scheme or the relevant fund or is against the principles of proper and responsible administration of the Scheme or relevant fund
- 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

fund website and included in the 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 Pensions 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 Pensions 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 Pension Board will together ensure that information is published about the activities of the Board including:
- the full terms of reference for the Pension Board, including details of how they 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 fund website. The Pension Board may undertake such communications and stakeholder engagement as it deems appropriate to perform its functions.