

PUBLIC SERVICE PENSIONS ACT 2013

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Governance

Section 7: Scheme advisory board

47. **Section 7** requires a scheme advisory board to be established in each pension scheme made under section 1 of the Act. Policy groups have previously been set up under administrative arrangements in the existing public service pension schemes, but this section requires them to be written into the scheme regulations for schemes made under the powers in the Act. The existing policy groups have been set up under administrative arrangements, but this section requires them to be written into the scheme regulations.
48. The scheme advisory board is distinct from the pension board or boards established under section 5. A pension board exists to assist in the management and administration of the scheme, whereas the scheme advisory board's role will be to advise the scheme manager on the desirability of changes to the scheme. Sections 5 and 7 ensure a clear separation of these roles.
49. **Subsection (1)** provides that the scheme regulations must establish a scheme advisory board in each scheme and provides that their role is to advise the responsible authority, at the authority's request, on the desirability of changes to the scheme. The responsible authority may therefore commission the scheme advisory board to advise on any matter in relation to the scheme that the responsible authority considers appropriate. It is open to the responsible authority to set out any commission in the scheme regulations themselves or through any other means they determine. Any commission may be framed as an open request for regular advice on a range of issues, through to a narrow requirement for advice on a specific issue. It will be for each responsible authority to determine what advice the scheme advisory board is responsible for providing.
50. **Subsection (2)** allows for the scheme regulations to provide a scheme advisory board with an additional role in the locally-administered police, fire and local government schemes. These schemes will have a number of scheme managers and pension boards. The section provides that the scheme advisory board may be given responsibility to advise them on the effective and efficient administration and management of the scheme, any connected scheme and any pension fund. It will be for the scheme regulations to determine the exact responsibilities of the scheme advisory board, if any, in these areas.
51. **Subsection (3)** requires the responsible authority, the scheme managers and pension boards to have regard to advice given to them by a scheme advisory board under subsection (1) or (2). This does not mean that they have to follow the advice of the board, but does mean they must consider the advice, and be able to justify taking a different approach.
52. **Subsections (4) and (5)** mirror the conflict of interest requirements placed on pension boards. The provision prevents persons from being a board member where they have

*These notes refer to the Public Service Pensions Act 2013
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a conflicted interest that would prevent them from undertaking the responsibilities of that position.