

**December 2015**

# **BULLETIN**

## **Scheme Valuation Report**

The main focus of the 26 November 2015 SAB meeting was a presentation from the Government Actuary's Department on the draft valuation report. They set out the provisional results of the actuarial valuation as at 31 March 2014. The importance of this valuation is that it sets out the level of the employer cost cap. In future triennial valuations, if the valuation differs from the 2014 valuation cost cap by more than 2% of pensionable pay, then member contributions and/or benefits must be adjusted. The SAB agreed to recommend the draft valuation report and assumptions to Scottish Ministers for their approval.

## **Fiduciary Duty**

The SAB had previously agreed to seek a legal opinion on the Scots Law position that could form the basis of guidance to funds. At the November meeting the SAB agreed to appoint legal advisors to draft this opinion.

## **Cessation Valuations and Impact on Community Admission Bodies**

Further consideration was given to the concerns from some Community Admission Bodies that recent cessation valuations may place their organisations in jeopardy. The SAB Chair and officers reported on a meeting with representatives of Community Admission Bodies together with correspondence and a meeting with the Deputy First Minister. Administering authorities had received a letter of comfort from the Deputy First Minister that the regulations would be changed to give funds greater flexibility in dealing with this issue. The SPPA is currently collecting data from funds on the scale of the problem and that will enable the SAB to consider if further changes to regulations may be helpful.

## **Data Collection**

A new template was agreed that would ensure greater consistency and transparency in reporting investments, administration data and transaction costs. The SAB will receive a presentation on what further action could be taken on transparency of transaction costs at its February meeting.

## **Review of Regulations**

The SAB agreed to recommend changes to Regulation 29 to allow members to retire voluntarily before age 60 without the consent of the employing authority. Members exercising this option do so with a full actuarial reduction so the provision is cost neutral. The SAB also clarified the definition of pensionable pay when pay is preserved.

It also recommended the deletion of Regulation 14 in the investment regulations and its replacement with a broader general duty that allows funds more flexibility to invest in different asset classes. This was an issue covered in the Scottish Parliament's Local Government and regeneration Committee report on pension funds and infrastructure investment.

## **SAB Governance**

A levy of £40,000 was agreed to meet the costs of the SAB. It was also agreed to consider establishing a separate web site to improve communications. The SAB also noted that the Scottish Government's review of pension governance would begin in Autumn 2016.

## **For further information:**

Jane O'Donnell: [jane.o'donnell@cosla.gov.uk](mailto:jane.o'donnell@cosla.gov.uk)

Dave Watson: [d.watson@unison.co.uk](mailto:d.watson@unison.co.uk)