

May 2017

BULLETIN

GAD s13 Dry Run Report

The Public Service Pensions Act provides for an independent review of the valuation and employer contribution rates in pension schemes and the Government Actuary's Department (GAD) has been appointed to do this for the SLGPS. GAD reported to the last SAB on their first 'dry run'.

Their report states that all our funds operate in accordance with the SLGPS regulations. They identified differences in the way information is presented and work is ongoing amongst actuarial firms and funds to address inconsistencies. They noted different financial assumptions, which may reflect local circumstances, although the evidence at this stage is limited.

GAD has developed a solvency dashboard that identifies risks, although there are relatively few of these in the SLGPS. They also concluded that employer contributions are set at an appropriate level to ensure the long-term cost efficiency of the scheme.

Overall there were few significant concerns and the first formal report will be undertaken following the 2017 valuations.

Structure Review

The working group on the structural review of pension funds in Scotland presented an options paper to the SAB. It was agreed to present these options with no specific recommendations to the Cabinet Secretary for Finance and discuss with him arrangements for wider stakeholder consultation.

Pensionable Pay

Agreement has been reached on revised wording for the HR guide on the treatment of pay protection as pensionable pay. The revised guide gives examples of what is, and what is not pensionable pay, to assist local negotiations.

GMP indexation/equalisation

HM Treasury is consulting over three options. The SAB's response expressed a preference for the option which would convert the GMP element into the scheme on a 1:1 basis, with indexation applied to the full pension. It also argues that the additional cost burden should be met by the UK Government.

Governance Review

The public sector pension governance review has been published with a series of recommendations to strengthen governance in all schemes. The SAB has responded to the report and will give further consideration to the relevant recommendations.

Pension Developments

The SAB was updated on the recommendations of the Cridland review of the State Pension age which has implications for the Normal Retirement Age in the SLGPS.

The Financial Conduct Authority is consulting over measures to address investment management fee transparency and competition.

The Scottish Government is consulting over a new severance policy for Scotland. This has implications for the redundancy provisions of the SLGPS.

Further details on our website www.lgpsab.scot