MINUTE OF MEETING of SCOTTISH LOCAL GOVERNMENT PENSION SCHEME ADVISORY BOARD

COSLA Offices, Edinburgh

## **25th May 2016**

Board Members Present:

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| Cllr Jim Goodfellow | COSLA |
| Cllr Alasdair RankinCllr John MitchellCllr Ian McAlpine | COSLACOSLACOSLA |
| Harry Frew (Vice Chair)Dave Watson (Joint Secretary) | UCATTUNISON |
| Brian Gallagher | UNITE |

Board Members Apologies:

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| Cllr Stewart Cree Alex McLuckie | COSLAGMB |
| Brian Strathie | Scottish Water |
| William McGonigleStephen Smellie | UNITEUNISON |

In attendance:

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| Jane O’Donnell (Joint Secretary)Richard McIndoeStruan FairbairnTracey RussellSteven McNabCatherine McFadyen Brenda CampbellHayley Wotherspoon Jonathan SharmaObservers:Kim LingeAnnette Greenslade | COSLAStrathclyde Pension FundLothian Pension FundDirectors of FinanceSPDSHymans RobertsCOSLACOSLACOSLASPPASPPA |
| Chad Dawtry | SPPA |

**1. Nomination of Chair and Vice Chair**

1.1 William McGonigle of UNITE was agreed as Chair. The Employers’ side would confirm the nomination of Vice Chair by email. In William McGonigle’s absence Harry Frew of UCATT would chair this meeting.

**2. Welcome and Apologies**

* 1. Harry Frew welcomed everyone to the meeting. Apologies were noted.

**3. Conflict of Interest Declarations**

3.1 There were no potential or actual conflicts of interest noted.

**4. Minute of the Last Meeting and Matters Arising**

4.1 The Board agreed to the minute of the meeting of 25th February 2016.

4.2 The Board noted that Rebecca Wilson, Barony Housing Association had stood down as a Board member. The SPPA would seek a replacement.

4.3 The Board noted that all matters arising were covered on the agenda.

**5. Ministerial Governance of the LGPS following Scottish Parliamentary Elections**

5.1 Chad Dawtry confirmed that Derek Mackay MSP had been appointed as Cabinet Secretary for Finance and the Constitution. The pensions remit sits under his portfolio.

**6.**  **Scheme Advisory Board Work Plan – Review of Activities**

6.1 Jane O’Donnell presented the work plan and members noted the progress made.

**7. Financial Report**

7.1 Jane O’Donnell presented the SAB financial report. The SAB welcomed the report and agreed it would be considered at every meeting. The SAB agreed that the 2016/17 Levy should be requested using the same methodology as the previous year.

**8. Annual Report (Draft)**

8.1 Dave Watson presented the draft annual report. The document provides an overview of the SAB and local government pension funds. The SAB welcomed the report and agreed that joint secretaries were to finalise the draft and issue the document before the next meeting of the SAB.

8.2 Chad Dawtry noted that the SPPA had comments on parts of the report relating to governance and would pass these to joint secretaries.

**9. Structural Review – Scoping Paper**

9.1 Dave Watson presented an initial Structural Review scoping paper developed by joint secretaries. The paper proposed that a project plan is developed and an options paper is produced and brought to the December SAB meeting.

9.2 The SAB agreed a sub group should be created to take forward this piece of work.

9.3 The SAB delegated authority, to the joint secretaries, to establish an officer working group to scope out this piece of work and bring a remit and early recommendations to the September meeting of the SAB.

**10. Fiduciary Duty – Guidance**

10.1 Struan Fairbairn presented the SAB with high level practical guidance to accompany the legal opinion on fiduciary duty considered at the last SAB meeting. It was proposed that the legal opinion and guidance be issued to the Pensions Committees and Pension Boards of the 11 Scottish Funds to guide and assist them in exercising their fiduciary duties.

10.2 Dave Watson welcomed the supporting guidance however expressed concerns over the tone of the original legal opinion. Dave offered to provide some additional wording to accompany the guidance highlighting the trade union position.

10.3 The SAB agreed that Dave and Struan should work together to agree this addition and the guidance should be issued to those noted in paragraph 10.1.

**11 Cessation Valuations – Good Practice Guidance**

11.1 Jane O’Donnell presented a paper on cessation valuations. The paper included information provided by SPPA in relation to their recent data gathering exercise, information provided by pension funds in relation to the existing regulations covering this area and high level bullet points to inform good practice guidance.

11.2 The SAB discussed the paper and agreed to recommend that amendments to Regulation 62(2) and 62(5) of the LGPS (Scotland) Regulations should be considered by Scottish Government and agreed the high level bullet points set out in the paper should inform the drafting of the good practice guidance from the SAB.

**12 Review of Regulations – Update Paper**

12.1 Dave Watson presented a paper in relation to potential amendments to regulations in relation to early retirement and pensionable pay.

12.2 The SAB agreed to carry out an exercise to ascertain if amendments in relation to early retirement could result in any additional costs for Local Government.

12.3 The SAB did not reach a position on the definition of pensionable pay and agreed that there should be further joint secretarial discussion to identify a potential way forward before a reference is made to the Minister.

**13 Communications Update – Website Demonstration**

13.1 The SAB received a demonstration of the SAB website by Douglas Shirlaw, COSLA. The SAB welcomed the website, thanked Douglas for his work and agreed to provide any further comments by email.

13.2 The SAB agreed the website could ‘go live’ taking into account any further comments received by email.

**14 Public Sector Pension Governance Review – SPPA**

14.1 Chad Dawtry provided the Board with a high level summary of the Review of Scheme Governance Arrangements. The Review will take place across all public sector pension boards and will report its recommendations in February 2017.

14.2 The SAB noted the presentation and agreed to assist with the Review.

**15 Review of LGPS (Scotland) valuations and employer contribution rates – Section 13**

15.1 Chad Dawtry provided the Board with a high level summary of the Review of Valuation. The Board noted the summary and will await the GAD findings.

**16** **Internal Dispute Resolution Procedure from SPPA**

16.1 Chad Dawtry provided the Board with information on proposed changes to the Internal Dispute Resolutions Procedure. The Board noted the update.

**17 AOB**

17.1 The Board thanked Harry Frew for his contribution as a Board member and Jane O’Donnell for her contribution as Joint Secretary.

Future Meeting Dates for Noting:

Thurs 29th September 2016, Weds 23rd November 2016,

Thurs 23rd February 2017

The meeting closed at 4.10pm.