MINUTE OF MEETING of SCOTTISH LOCAL GOVERNMENT PENSION SCHEME ADVISORY BOARD

UNISON Offices, Edinburgh

## **25th February 2016**

Board Members Present:

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| Cllr Stewart Cree (Chair) | COSLA  |
| Cllr Jim Goodfellow | COSLA |
| Cllr Alasdair RankinCllr John MitchellCllr Ian McAlpine | COSLACOSLACOSLA |
| Brian Strathie | Scottish Water |
| Harry Frew (Vice Chair)Dave Watson (Joint Secretary) | UCATTUNISON |
| Stephen SmellieWilliam McGonigle | UNISONUNITE |
| Brian Gallagher | UNITE |
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Board Members Apologies:

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| Rebecca WilsonAlex McLuckie | Barony Housing AssociationGMB |
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In attendance:

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| Jane O’Donnell (Joint Secretary)Clare ScottStruan FairbairnBryan SmailSteven McNabObservers:Kim LingeAnnette Greenslade | COSLALothian Pension FundLothian Pension FundDirectors of FinanceSPDSSPPASPPA |
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**The Board received an awareness session on Data Collection and Analysis from Dr Christopher Sier in the morning of the 25th February. All Board members agreed that the session was interesting and informative and extended their grateful thanks to Dr Sier for supporting the morning session.**

**1. Welcome and Apologies**

* 1. Cllr Cree welcomed everyone to the meeting. Apologies were noted.

**2. Conflict of Interest Declarations**

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

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

3.1 The Board agreed to the minute of the meeting of 26th November 2015 and noted that all matters arising were covered on the agenda.

**4. Pensions Regulator**

4.1Robert Plumb and Bryan McDaniel from the Pensions Regulator provided a brief presentation to the meeting. The presentation set out the role of the regulator and the range of resources available for pension board members and others. Robert also outlined the findings of the regulator’s recent survey of progress on governance and administration.

4.2 The SAB asked a number of questions and extended their thanks to Robert and Bryan for their attendance and the presentation which was both informative and helpful.

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

5.1 The SAB noted that Mr Swinney has now endorsed the Work Plan and that this document can now be made public knowledge.

5.2 Each item on the Workplan was discussed. A summary picture of the results from the first data collection exercise was noted and the SAB agreed that this should be published in the Annual Report later this year.

5.3 The SAB noted the consultation from the UK Government on the pooling of investments. The SAB agreed that this is part of a wider workplan item on the future structure of the LGPS in Scotland.

**6. Investment Strategies in Infrastructure**

6.1 The SAB noted a report from the Scottish Parliament Local Government and Regeneration Committee on infrastructure investment. This report makes two recommendations which refer to the SAB explicitly.

6.2 The SAB agreed to provide an update on their first data collection and transparency exercise. The SAB agreed to maintain an interest in the joint work which Funds are progressing in relation to collaboration in investments.

**7. Review of Advisers to the Board – Update Paper**

7.1 The SAB agreed that Joint Secretaries should work with the ACA to identify a suitable actuarial adviser to attend the next SAB meeting in May 2016.

7.2 The SAB agreed that general legal advice was not required at each meeting and that they would identify and commission legal advice on specialisms as and when required.

**8. Fiduciary Duty – Update Paper**

8.1 The SAB noted the legal opinion provided by Pinsent Masons to the SAB in line with its instruction, following review by the Joint Secretaries and incorporating their comments.

8.2 The Trade Union Side requested an opportunity to allow a peer review of the paper. This was agreed, albeit that an early resolution would be helpful to allow local discussions on investment decisions to proceed without hindrance. If a cost was to be associated with the peer review, the SAB asked that this be clarified as soon as possible.

**9. Cessation Valuations**

9.1 The SAB received a paper from SPPA which set out an interim position in relation to existing and potential cessation valuations. The SAB agreed that further data collection exercises may be interesting but the time and financial cost of such exercises should be considered and should not hold up the guidance which they had undertook to provide to Mr Swinney.

9.2 The SAB agreed a number of areas under which guidance should be issued in relation to cessation valuations. The Joint Secretaries and Advisers were asked to proceed with a draft for agreement at the next meeting.

**10. Review of Regulations – Update Paper**

10.1 The SAB noted that their recommendation on an amendment to regulations to allow increased investment in infrastructure had been made and was welcomed by the Funds. However, it was noted that this was a short term solution and that officers should continue to work with SPPA colleagues to consider the regulatory requirements in this area in the long term.

10.2 The SAB noted that there were some concerns raised by employers in relation to the early retirement and pensionable pay regulation proposals. The Joint Secretaries were asked to address these concerns and report back by the next meeting.

**11 SPPA Papers**

11.1 The SAB noted papers provided by SPPA in relation to AVC flexibilities and clarification required in relation to HMRC protection. The SAB thanked SPPA for bringing these matters to their attention and asked SPPA to keep them advised on these matters.

**12 Communications Update – Website Proposal**

12.1 The SAB noted and agreed to a proposal to design and develop a website for the SAB. The Joint Secretaries were asked to proceed with the proposal and to report back to the next meeting on progress made.

**13 AOB**

Cllr Cree noted that this would be his last meeting as Chair and that the Chair would pass to the Trade Union Side for 2016-17. Cllr Cree thanked everyone for contributing to and supporting the SAB in its first year of operation.

Future Meeting Dates for Noting:

Weds 25th May 2016, Thurs 29th September 2016, Weds 23rd November 2016,

Thurs 23rd February 2017

The meeting closed at 4.30pm.