

Scottish Local Government Pension Scheme Advisory Board
Board Meeting
16th September 2020 (by video-conference)

MINUTES

Election of Chair and Vice Chair

The SAB agreed the nominations for Chair and Vice Chair. Cllr Goodfellow is nominated as Chair and Andy Thompson as Vice Chair.

Apologies

Frank Anderson, Annette Drylie, Davena Rankin, Brian Strathie, Lynne Robertson, Stephen Smellie, Alasdair Rankin

Present

Jim Goodfellow (Chair), Andy Thompson (Vice Chair), Simon Mountford, Brian Robertson, Simon Watson (Joint Secretary), David Parker, Wendy Dunsmore

In attendance

Bryan Smail (Directors of Finance), Bruce Miller (LGPS Funds), Tracey Russell (LGPS Funds), Catherine McFadyen (Actuary), Iain Coltman (SPPA), Jonathan Sharma (COSLA - Joint Secretary), Stewart Clanachan (SPDS)

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and apologies were noted.

2. Conflict of Interest Declarations

None noted.

3. Minute of Last Meeting and Matters Arising

The Minute was AGREED as an accurate record.
It was NOTED that Matters Arising are on the Agenda

4. Offer of resource support to SAB – verbal update

The SAB noted that the joint secretaries had spoken with SPPA following the discussion at the June SAB around the support they can provide via LGA initially around Annual Report and SAB Website.

The SAB welcomed the offer of support and agreed that initial work should be around the 2019/20 Annual Report preparation and a review of the SAB website. It was agreed the joint secretaries would write to SPPA with a formal request for support, specifying the specific areas of work.

5. SAB Advisers

The SAB Pension Fund Adviser has now been confirmed as Bruce Miller, following the vote by Members. Tracey Russell and Laura Collis will act as subs, should either Richard Mcindoe or Bruce be unavailable to attend.

6. Addressing Age Discrimination in LGPS

The SAB noted the consultation has been launched by the SPPA and the SAB is invited to respond, with the deadline being 23rd October.

It was agreed that the joint secretaries would prepare a draft response with the assistance of advisers and that this would be for consideration by the SAB at its meeting on 28th October (noting that SPPA are accepting of a slight extension to the deadline).

7. Cost Transparency Update

Simon Watson covered a presentation to the English SAB which he attended covering the latest position with the Transparency Compliance System, which the SAB has signed up to.

During discussion it was noted that the Scottish figures are not split out yet and that the LGA which is hosting the system is keen to receive suggestions for improvement. It was noted in particular that there are concerns around consistency in the data being collected.

It was therefore agreed that the joint secretaries would write to the funds to get a better understanding of issues and to relate these concerns to the LGA.

8. Financial Report

The SAB noted the current financial position, that there is £155,246 available which includes the 2020/21 levy. It was noted that there is a commitment to £14k for the Cost Transparency system (year 1). The joint secretaries would therefore seek clarity on the SAB contribution and when payment will be made.

9. Structure Review Procurement Process

The SAB noted that the joint secretaries have progressed the procurement process as agreed at the June SAB. This included meeting with the adviser sub-group and an amended spec was provided for the SAB to agree, along with actions to initiate the procurement.

The SAB welcomed the update from the joint secretaries, however it was felt that the amended spec and proposed procurement process was not sufficiently developed to enable the SAB to agree to go to tender. In particular, it was felt that there is a need to have the evaluation process fully established before the tendering process is commenced.

The SAB agreed that the joint secretaries should approach Scotland Excel to seek their procurement expertise covering the specification; the evaluation process and scoring matrix; and how to go out to the market.

It was felt the specification should stress more strongly the need to set out the impact on contribution rates of different approaches.

It was agreed:

- i. Joint secretaries to submit a fresh paper once they have spoken with Scotland Excel. This will set out a fully detailed procurement process with a redefined timescale as recommended by Scotland Excel.

- ii. Joint secretaries to approach all Pension Funds and Trade Union contacts with the draft specification (as amended with the reference to contribution rates) for comments over a fortnight period.
- iii. The whole SAB drives forward the project, with the joint secretaries doing the required stakeholder engagement.
- iv. To aim for 31st October to have required work completed, with a view to providing a report to the SAB in November or beginning of December (see Future meeting dates below).

10. SAB Report on Employer Exits

The SAB agreed to receive a report on the working group which has been looking at cessation issues, which is on the SAB's workplan. The report was asking the SAB to consider a number of proposals to improve the cessation process.

The SAB agreed to defer the paper to allow for employee concerns to be incorporated. The joint secretaries would gather concerns and discuss with the working group, before submitting a revised paper to the SAB.

11. Infrastructure Investment

The SAB agreed to include an area in its Workplan on infrastructure investment. This followed the structure review consultants' report recommendations and recognising the interest from the Minister, Ben Macpherson. The joint secretaries wrote to the Funds and received 6 replies. The paper contained the comments received from the Funds, for noting and for the SAB to agree the joint secretaries write to the Minister summarising the contents.

The SAB agreed to note the paper and that joint secretaries write to Minister on this basis.

12. Pension Board Recovery Plans

The SAB agreed at its June meeting to write to the Pension Boards to understand their recovery plans in response to the COVID emergency. The paper provided comments from most of the Boards, which suggested things are getting back up and running.

The SAB agreed note progress being made by the Boards.

13. Training Plan

SAB Members received an email inviting them to a training event being organised by Scottish Borders Pension Fund on 1st and 8th October. Members noted that this could count as one of the events agreed as part of the training plan and they were being encouraged to attend one or both the days.

In discussion Members felt it would be helpful for advisers to provide a one pager on their contribution to the SAB. Equally SAB Members should be encouraged to email in what training they are looking for.

14. SPPA Update

SPPA provided an update on recent consultations and regulations changes. The SAB noted the following:

- i. SPPA's welcome of advice on cessation (noting that the paper at item 10 is deferred), but that any changes are likely to have an implication for the employers' contribution rate;
- ii. That the addressing age discrimination consultation was covered under item 6;
- iii. That work by GAD on cost cap has resumed after being paused during the COVID emergency and that they will report on this in due course (likely to be beginning of 2021), due to reliance on directions from the UK Treasury. There is however a need for clarity on the timeline as soon as possible.
- iv. That there are no proposals to change triennial valuation cycle.

15. **SAB Workplan – Review of Activities**

The Workplan as it stands is for consideration, with any further work areas arising from the meeting to be added as appropriate.

Future Meeting Dates for Noting:

Wednesday 28th October 2020.

Wednesday 2nd December 2020 (joint secretaries to confirm).

Early Feb 2021 (joint secretaries to confirm).