

**Scottish Local Government Pension Scheme Advisory Board  
Board Meeting**

**10<sup>th</sup> December 2020 (by video-conference)**

**MINUTES**

**Present**

Jim Goodfellow (Chair), Andy Thompson (Vice Chair), Simon Mountford, Brian Robertson, Simon Watson (Joint Secretary), David Parker, Annette Drylie, Davina Rankin, Brian Strathie, Stephen Smellie

**In attendance**

Martin Booth (Directors of Finance), Bruce Miller (LGPS Funds), Richard Mcindoe (LGPS Funds), Catherine McFadyen (Hymans), Iain Coltman (SPPA), Jonathan Sharma (COSLA - Joint Secretary)

**1. Welcome and Apologies**

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

Apologies were noted from Frank Anderson, Lynne Robertson, Wendy Dunsmore, Alasdair Rankin.

**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. Structure Review Procurement Process**

The SAB received a paper from the joint secretaries which followed on from actions agreed at the October meeting. Members were informed that the joint secretaries had further discussions with Scotland Excel and, resulting from these, were proposing a change to the procurement route previously agreed. The paper set out the rationale for a 2-stage approach whereby a specialist is recruited to develop the detailed spec of alternative options and then for a financial analysis to be undertaken on these. The paper suggested that this would be a preferable option as there is concern that using procurement frameworks could result in commissioning consultants to do costly work which could be done more effectively and cost efficiently 'in house' (Scotland Excel officers shared this concern). It was felt that this should not result in the project taking any longer.

During substantive discussion, the SAB agreed to note the paper and that a series of actions are required, so that Members can come to a clear view on the proposal in the paper. It was agreed therefore that a further report to be provided to the SAB setting out:

- i. The rationale of the proposed procurement route in more detail
- ii. The tasks to be undertaken by the proposed specialist role, with the recruitment process to be clarified.
- iii. The likely costs of the proposed procurement route and how this compares with the previous proposal.
- iv. The likely timescales of the proposed route and how these compare with the previous proposed route.
- v. More detail on the feedback from Funds and Trades Unions on the draft specification, with individual responses appended.
- vi. The structure review specification as it currently stands.

In order to allow sufficient opportunity to consider the report and to agree the steps to proceed with the procurement, it was agreed to hold a meeting of the SAB to look specifically at structures in early January.

## **5. Cessation Update**

The SAB agreed to bring back the paper from the working group, which was looking at cessation options, after giving further consideration to employee implications. Following discussion with the working group, whilst noting the concerns raised, it was confirmed that its work had been completed. Therefore, with the working group's acknowledgement, the joint secs proposed a wording from the SAB which would go alongside the report, to address the employee concerns. The SAB agreed that the wording is issued from the Board, noting that the word "progressed" would replace the word "accepted" and that s52 doesn't apply to most admitted bodies.

The joint secretaries would write to SPPA with the SAB's acceptance of the report and the additional wording.

## **6. Transparency Update**

The joint secretaries contacted Funds to get feedback on their experience of the transparency system to date. The SAB noted 3 funds commented with a range of admin and useability issues. It was further noted that the joint secretaries propose to speak to the English & Welsh SAB to continue engagement on the transparency portal.

## **7. SAB Advisors**

The SAB noted the paper which provided with one-pagers from the Advisors, as requested for Member's awareness and information.

## **8. SPPA Update**

SPPA provided a brief update on GAD's work on 2020 Valuation and Cost Cap. The update noted that there will be more substantive consideration of this early in the New Year.

SPPA suggested that GAD attends the February SAB to go over its work and this was agreed.

### Cost cap review

A request for views on the Cost Cap HM Treasury Consultation was circulated to Members. However, this had come at short notice and it was felt there needed to be more

opportunity to consider issues, given the complexity, and feed these back to SPPA. The SAB noted that there is a differentiation between funded and unfunded schemes which draws attention to the applicability of the Cost Cap to LGPS. Concerns which had been expressed at the October SAB meeting were re-emphasised over the timing of the GAD review given that 2020 valuations are nearly concluded to be reported by 31<sup>st</sup> March 2021. SPPA noted this but pointed out that this is caught up by UK Treasury timescales and they are seeking to get results quickly as they can.

It was noted that, depending on the outcome of the cost cap work and recommendations from the SAB to Ministers, this could potentially result in a significant change to rate of employers pay costs (3%) and therefore this requires substantive and careful consideration by the SAB. Actions were agreed as follows:

- i. SAB to feedback any further comments to SPPA for early January. The joint secretaries will then prepare a summary response to go from the SAB to SPPA.
- ii. SPPA to share GAD's Terms of Reference.
- iii. GAD will attend the February SAB meeting to present on their cost cap work.
- iv. A separate session to be arranged with Catherine McFadyen, for end of January/ beginning February, to bring Members up to speed on cost cap and likely issues to be considered.

## **9. Resource Support to SAB**

The SAB noted that the joint Secretaries had met with officers from the English SAB and agreed areas of work to focus on initially, these being the Sab website and the 2019/20 Annual Report. The joint secretaries will now take this work forward with the English SAB officers.

## **10. Scheme Advisory Board Workplan**

The current Workplan was noted and agreed. It was felt to be useful for the next iteration of the Workplan that this should set out the outline stages of the structure review procurement.

## **11. AOB**

The SAB was informed that the joint secretaries issue a Bulletin after each SAB meeting which is circulated to Fund managers and put on the SAB website. Members noted that this is not a formal minute but gives a flavour of pertinent issues considered at the meeting. It was agreed that the Bulletin should be circulated to the SAB and also that the communication with Funds should emphasise that these should be shared with Pension Boards as well.

### Future Meeting Dates for Noting:

Tuesday 12<sup>th</sup> January 2021 – Structures Meeting (held on 19<sup>th</sup> January)

Wednesday 17<sup>th</sup> February 2021

Wednesday 19<sup>th</sup> May 2021

Wednesday 22<sup>nd</sup> September 2021

Wednesday 24<sup>th</sup> November 2021