

**Scottish Local Government Pension Scheme Advisory Board
Board (Special) Meeting**

14th April 2021 (by video-conference)

MINUTES

Present

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

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.

Apologies were noted from Frank Anderson, Alasdair Rankin, David Parker.

2. Conflict of Interest Declarations

None noted.

3. Structure Review Project

Pat Tomlin, who has been appointed Strategic Programme Manager for the Structure Review Project introduced herself to the SAB. Members thanked Pat for her introduction and that they looked forward to working with Pat as the Project unfolds.

Pat indicated that she would welcome initial contact with each Board Member and would be in touch to arrange phone calls with them.

The SAB considered Pat's suggestion for a more formal support group to be established and agreed that the Joint Secretaries should advise on this for the next meeting.

4. AOB

GAD (represented by George Russell; Brian Allan and Mike Scanlon) presented its report on its findings on the initial cost cap calculations for LGPS (Scotland).

The SAB noted that draft Directions are to be published summer and that GAD/ SPPA will finalise the results of the Cost Cap Review. If revised calculations show a floor breach of the cost cap then this would require action. However, the SAB noted that the initial results show the cost cap has not been breached, once taking into account of McCloud costs valuation.

Members questions included the following:

Q: Why stick to 2017 membership – given the picture since then on age/ salary growth?
GAD's response: there is a need for consistency pre-McCloud and for a level playing field across all public service schemes; HMT makes assumptions on salary growth.

Q: Why not use Scottish data?
GAD's response was that it would follow up on details around Scottish data.

Q: TU legal challenge re inclusion of McCloud in the Cost Cap?
GAD's response it is aware of this.

Q: re the value of the exercise for funded schemes which already have triennial valuations?
GAD's response: HMT is due to review in light of the 2020 cost cap valuation.

Q: confirmation whether employers will have to meet the cost of McCloud over the 3 years in the valuation assumptions?
GAD's response: 3-year spread is HMT cost mechanism for cost cap directions. As long as we're in the corridor – then there should be no collision with local LGPS valuation. Should there be a breach then this should not immediately add to local valuations, however this would be a matter for scheme regs and local valuation.

Q: Will we be re-visiting McCloud in 2020?
GAD's response: This is a part of shape of scheme – but it's not possible to say as the cost management framework may evolve. Regarding the 2020 Cost Cap valuation GAD are starting to work on it.

Having concluded the questions there remained the key question of whether the SAB needs to take any action as a result of the interim findings?

SPPA advised that the SAB is being consulted on GAD's cost calculation. For the mid-May SAB, SPPA would welcome any key points the SAB feels it needs to raise (via the joint secretaries). The letter from SPPA on the assumptions would be shared with the advisors, to help facilitate any key points.

5. AOB

The SAB noted that the position of Chair and Vice Chair are due to rotate and that Cllr Goodfellow will stand down at the May meeting.

It was agreed therefore that the Employees side would look for nominations for the next Chair and likewise the Employers side a nomination for the Vice Chair.

Future Meeting Dates for Noting:

Wednesday 19th May 2021
Wednesday 22nd September 2021
Wednesday 24th November 2021