

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

18th August 2021 (by video-conference)

MINUTES

Present

Brian Robertson (Chair), David Parker (Vice Chair), Simon Mountford, Jim Goodfellow, Andy Thompson, Simon Watson (Joint Secretary), Davina Rankin, Brian Strathie, Stephen Smellie, Lynne Robertson (for part of the meeting), Cameron Rose

In attendance

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

1. Welcome and Apologies

The Chair welcomed everyone to the meeting. The Chair welcomed Ewan McNiven (GMB, Highland) and Sharon Dali (Police Scotland, Lothian) as local Board Chair observers.

Apologies were noted from Frank Anderson and Annette Drylie.

2. Conflict of Interest Declarations

None noted.

3. HMT Consultation on cost control mechanism

The SAB were informed that the draft response was for SAB discussion, with a view to finalise this in time for submission by HMT's deadline of 19th August.

During discussion the SAB expressed significant disquiet about the short notice of the consultation and that this has been conducted over the summer period. It was felt that the SAB had not been able to have properly informed discussion, given the extremely tight timescale. In this regard, GMB Members requested that the SAB records that they do not support the paper and have significant concerns over how the consultation has been conducted.

It was therefore agreed that the SAB's concerns be conveyed at the top of the response to HMT, that given the extremely tight timescales, the SAB has not been able to reach consensus. The SAB has equally noted that other SABs across UK have made clear their concerns over HMT's consultation timescales and demands and included this in their responses. Finally, that there is a request that HMT re-opens the consultation.

It was also agreed to add a line that having a 4-year cost cap review period is out of sync with LG Pension Fund 3-yearly valuations.

On Q2, the SAB agreed to amend the wording in the draft response to state that the SAB is not convinced that a 3% collar is an improvement. The response would also be strengthened to emphasise that there needs to be agreement on the secondary mechanism option for the SAB to employ in Scotland.

The Joint Secretaries were also asked to see if the final version of the English and Welsh SAB's response is available. A near final response was shared with SAB Members post meeting.

4. Cessations

The SAB considered a paper on the outcome of the working group on Cessation issues.

The SAB agreed the following recommendations set out in the paper:

To issue guidance to Funds that they should:

- Ask administering authorities to engage with admitted bodies, on request, as to the extent and limitations of any guarantees so they are aware of the outcome of leaving the fund before any decision is made.

Include in their Funding Strategy Statements:

- Relevant steps to permit transfers of staff between funds as a pragmatic solution to cessation issues
- Include proportionate steps for identifying historic liabilities which are relevant to the specific admission agreement and exit plan.
- Their approach to using the 90-day stability option, when this is available in regulations.

On wider issues around cessation, the SAB should:

- Consider the E&W SAB draft guidance (see appendix) on cessation flexibilities, and share this with the working group and Funds for comment.
- Subsequently consider issuing guidance to ensure Scottish fund authorities are treating employers in a fair and transparent way.
- Consider any new ICAS guidance when it is available, and whether to endorse and circulate it.

In agreeing the recommendations, the SAB noted concerns from Lynne Robertson on the continuing financial pressure of membership of the LGPS for admitted bodies from the voluntary sector.

The Joint Secretaries would write to the Funds setting out the SAB's advice on Cessations, based on the above recommendations and with assistance from advisers.

5. Structure Review Project

The SAB considered a paper on governance direction to the Structures sub-group as it had been unable to reach consensus on membership of a technical review group to take forward the review work. Some Members expressed concern at receiving the paper very late in the day.

During discussion Members expressed concern about moving away from consensus and using a governance solution such as majority vote to enable the sub-group to reach a decision, as suggested in the paper.

Instead, Members agreed that the SAB should instruct the sub-group to reach a decision by consensus.

6. AOB

No items of AOB were raised.

Future Meeting Dates for Noting:

Wednesday 22nd September 2021

Wednesday 24th November 2021