

**Scottish LGPS SAB**  
**Meeting 18 August 2021**  
**Structure Review Project**

The sub-group to oversee the Structure Review Project was established by the SAB on 19 May 2021. This is a 12-month project to produce business cases for four future options for LGPS funds in Scotland.

The sub-group comprises 4 SAB members – Jim Goodfellow, David Parker, Brian Robertson, and Davena Rankin – in addition to Pat Tomlin (Project manager), Brian Strathie (Project sponsor), Hugh Carr (sub-group chair) and the SAB joint secretaries.

It has met on five occasions - 4 June, 15 July, 22 July, 6 August and 12 August.

The group has reviewed a draft of the project overall purpose and a short paper on the next intended phase of work (to develop a baseline of evidence, from what has been produced to date, to establish what is sufficiently good to use for the business cases & what needs more work/where the gaps are) and a draft risk register for the project.

The last few meetings have been dominated by agreeing a working group of technical experts to review existing evidence. The specific point of contention is around whether an academic should be included in the group, and which academic that should be. The sub-group terms of reference require it to make decisions by consensus. The SAB is also expected to work in this way, although it does have leeway to deviate from this (under “section 12” of its ToR). The full terms of reference are annexes to this report, and the relevant sections are copied below.

A number of options are presented to the SAB to assist its discussions on the way forward:

1. Allow the sub-group to work in line with “section 12” on permanent basis
2. Allow the sub-group to work in line with “section 12” on temporary basis for the decision on the composition of the working group.
3. Not to make a decision at this SAB

Excerpts from Terms of Reference:

**From “Scottish Local Government Pension Scheme Advisory Board - Terms of Reference”  
Process for Scheme Advisory Board Advice**

12. The Scheme Advisory Board will achieve agreed and acceptable resolutions through consensus decision-making, thereby seeking the consent of all parties. In the event of failing to reach a consensus, dissenting views will be recorded (with a mechanism to reflect the proportions of different opinion) within the advice submitted to the Responsible Authority via the Scottish Public Pensions Agency.

**From SAB Sub-Group Terms of Reference**

Role of Independent Chair:

The Chair will help provide a clear structure and guidance for decision making to the work of the Sub-Group. The Chair will seek to achieve agreed and achievable resolutions to problems, or to an agreed course of action, via consent of all Sub-Group members.

This approach also applies to any endorsements being made to the SAB by the Sub-Group.

Annex A - Scottish LGPS Advisory Board - Terms of Reference

Annex B - LGPS Scotland Structure Review Project, SAB Sub-Group , Terms of Reference

## Scottish Local Government Pension Scheme Advisory Board - Terms of Reference

### Introduction

1. The Public Service Pensions Act 2013 establishes in law the requirement to establish a Scheme Advisory Board the purpose of which is to provide advice to the Responsible Authority, at the Responsible Authority's request, on the desirability of changes to the design of the scheme and the implication of other policy issues. The Responsible Authority for these purposes is the "Scottish Ministers" with the Cabinet Secretary Finance, Employment and Sustainable Growth taking the lead as the Minister with pensions' responsibility. Also to provide advice to the Scheme managers or the Scheme's pension boards in relation to the effective and efficient administration and management of the scheme.

2. The obligation to establish a Scheme Advisory Board is reflected in The Local Government Pension Scheme (Governance) (Scotland) Regulations 2014.

### Partnership Working

3. There is a long record of effective partnership working around policy discussions with representatives from Member and Employer groups. This existing partnership forum will be used as the basis for the new Scheme Advisory Board.

### Accountability

4. The Scheme Advisory Board is accountable to the Cabinet Secretary Finance, Employment and Sustainable Growth as the lead minister for pensions.

### Scheme Advisory Board Role

*5. The Scheme Advisory Board is responsible for:*

- Providing advice on request about the desirability of changes to the design of the scheme; policy issues and changes to scheme regulations
- Discussing and commenting on the potential implications of future valuation outcomes
- Making recommendations on adjustments to the Scheme in the event that costs breach the employer cost cap
- Provide advice to the Scheme managers or the Scheme's pension boards in relation to the effective and efficient administration and management of the Scheme.

### Membership & Observers

6. The Scheme Advisory Board will comprise:

#### *Members*

- Joint chairs nominated respectively by local government scheme employers and the relevant trade unions from the Scheme Advisory Board membership and to be formally appointed by Scottish Ministers

- 7 Members nominated by the staff side of the representative bodies [who reflect a broad range of interests: active, deferred and pensioner reps]
- 7 Members nominated by Scheme Employers [who reflect a broad range of employer interests], five of which will be COSLA representatives: COSLA representatives will be elected members
- Two Joint Secretaries, appointed respectively by local government scheme employers and the relevant trade unions, selected from the Scheme Advisory Board membership
- Nominated substitutions for the above members as needed

#### *Observers*

- Representatives from, and on behalf of, the Scottish Government: this will include staff from the Directorate for Local Government & Communities and pension policy advisors from the Scottish Public Pensions Agency
- Formal COSLA officials
- As necessary, other sources of expertise

#### Quorum

7. A quorum is the minimum number of members required to be in attendance in order to conduct business effectively. Whilst there is no requirement to have an equal number of employer and member representatives on the Scheme Advisory Board it is considered appropriate to set a quorum. A meeting will be deemed quorate when fifty percent of board members attend with at least one representative from each representative group.

#### Conflicts of Interest

8. The Public Service Pensions Act 2013 requires that conflicts of interest should be recognised, declared and managed. Members will therefore be required to declare any conflict of interest both on appointment and routinely thereafter.

#### Meeting arrangements

9. The Scheme Advisory Board will meet up to four times a year with the ability to call ad hoc meetings as necessary.

10. The term of office for Scheme Advisory Board members will be up to four years: this will facilitate the retention of expertise by enabling staggered terms of office. Successive terms of tenure will be permitted.

#### Sub Groups

11. It may be appropriate to establish sub groups to consider specific issues. Sub groups will operate on an “as required” basis and will be accountable to the Scheme Advisory Board.

#### Process for Scheme Advisory Board Advice

12. The Scheme Advisory Board will achieve agreed and acceptable resolutions through consensus decision-making, thereby seeking the consent of all parties. In the event of failing to reach a consensus, dissenting views will be recorded (with a mechanism to reflect the

proportions of different opinion) within the advice submitted to the Responsible Authority via the Scottish Public Pensions Agency.

#### Reporting

13. The Scheme Advisory Board will provide an annual report of its activities to the Responsible Authority and Local Government Scheme Pension Boards.

#### Review

14. These terms of reference, membership and operational practices will be reviewed within the first two years of operation and periodically thereafter.

#### Appointments' Process

15. Nominations, including named substitutions, will be considered against the board member person specification by the Responsible Authority; a letter of appointment will be sent to appointed board members.

16. A formal process for substitution will be established.

#### Training requirements

17. In order to operate successfully, Scheme Advisory Board members may wish to obtain training on issues, such as actuarial valuations and assumptions; best practice in other sectors; legal issues.

#### Secretariat Arrangements

18. The role of Joint Secretary is undertaken by an officer from both sides of the Scheme Advisory Board and should be identified within existing resources. The Joint Secretaries to the Scheme Advisory Board will carry out the secretariat function, will liaise and consult with Scheme Advisory Board members and colleagues from both sides of the Board to ensure the smooth operation of Board business. On occasion, the Joint Secretaries can be asked by the Chair of the Scheme Advisory Board to carry out specific research or consultation exercises and to assist with resolution of issues prior to these matters being raised at Scheme Advisory Board level. The Secretariat will ensure that:

- Facilities are available to hold meetings
- An annual schedule of meetings is organised.
- When it is necessary to hold additional meetings a minimum of 2 weeks' notice will be provided where possible
- Papers will be distributed 7 days before each meeting
- Draft Minutes of each meeting will normally be circulated within 7 working days following each meeting
- Make the agreed Minutes and advice available via the Scottish Public Pensions Agency's website

#### Attendance

19. Members will be expected to attend Board meetings. Non-attendance of meetings will be considered by the Chair when discussing re-appointment and could result in dismissal

#### Meeting locations

20. Meetings will be held in a venue which is most convenient for the majority of members.

#### 21. Remuneration

Scheme Advisory Board members and attendees will have their costs covered by their employer/sponsoring organisation.

#### Conflict of Interest

21. A protocol for the handling and recording of conflict of interest will be used both on appointment and routinely thereafter.

END

LGPS Scotland Structure Review Project  
SAB Sub-Group  
Terms of Reference

This Sub-Group has collective responsibility to the SAB, via the Project Sponsor, for ensuring this project has sufficient support and timely decision making to enable progress to be maintained, that the work remains within the agreed scope/specification and agreed objectives are achieved.

As such, it will operate as a Project Board.

Role of the Sub-Group:

The role of the Sub-Groups requires members to:

- Review and agree the core areas of work, in line with the SAB Draft Specification and a set of principles (agreed by the Sub-Group), to guide and 'test' the validity and relevance and of work areas/evidence (e.g. does it answer the 'exam' question?).
- Provide advice and recommendations to ensure each Option review is as thorough and balanced as possible (e.g. potential sources of evidence, 'testing' the evidence provided, identifying gaps/flaws/needs etc.)
- To receive feedback on and work from the Working Group/technical specialists and provide input, information and context so these relevant aspects can be considered (e.g. political climate)
- Regularly review progress on project plans, stakeholder engagement plan, risk/issues log and project controls across all work areas
- Agree/sign-off minor plan deviations, to avoid delays (the Sub-Group will decide what deviations are within its remit and what should be referred directly to the SAB).
- Assess and, where considered justifiable, endorse any business case by the Strategic Programme Manager to SAB (via Project Sponsor), for additional resources/budget (e.g. if external specialist work is necessary to complete the project and this is above existing budget limits)
- Help Strategic Programme Manager resolve issues, problems, and challenges to keep project on track, as well as identify opportunities for faster progress/different approaches etc.
- Review/provide feedback on report drafts.
- Submit a final draft report to SAB (via Project Sponsor), with an endorsement that it provides sufficient evidence, rigour, objectivity, and a clear presentation of each Option, to enable the SAB to make informed judgements and decisions on future direction/action. This is a Quality Assurance endorsement, rather than endorsing report findings/conclusions, which is the role of the full SAB).

Membership:

The Sub-Group will primarily consist of SAB members:

- An independent Chairperson, appointed by the SAB
- 2 SAB members from the employee side
- 2 SAB members from the employer side
- 2 SAB Joint Secretaries
- The Strategic Programme Manager (Project Manager)

The SAB Project Sponsor is not a member of the Sub-Group, but may attend by invitation, or at their own request.

Role of Independent Chair:

The Chair will help provide a clear structure and guidance for decision making to the work of the Sub-Group. The Chair will seek to achieve agreed and achievable resolutions to problems, or to an agreed course of action, via consent of all Sub-Group members.

This approach also applies to any endorsements being made to the SAB by the Sub-Group.

**Quorum:**

The Sub-Group will be quorate if the following mix of members is present: the independent Chair, one employee member, one employer member, one Joint Secretary and the Strategic Programme Manager.

Only the Independent Chair can be substituted if unable to attend any meetings and will be substituted by another Executive colleague from Scotland Excel.

**Meetings: Frequency, Attendance & Organisation:**

Meetings will be held at least monthly with additional meetings arranged if required.

If a member is regularly unable/fails to attend meetings the Chair will discuss this with the member to resolve the situation.

Meetings will be arranged through Scotland Excel and this will include taking and the distributing meeting minutes.