

Scottish Local Government Pension Scheme Advisory Board

20th April 2022 (by video-conference)

MINUTES

Present

Brian Robertson (Chair), David Parker (Vice Chair), Simon Watson, Davena Rankin, Stephen Smellie, Lynne Robertson, Cameron Rose, Annette Drylie.

In attendance

Bruce Miller (LGPS Funds), Alan Wilkinson (SPPA), Kim Linge (SPPA), Iain Coltman (SPPA); Jonathan Sharma (COSLA - Joint Secretary); Catherine McFadyen (Actuary); Richard McIndoe (LGPS Funds); Stewart Clanachan (SPDS); Martin Booth (Directors of Finance); Laura Collis (LGPS Funds) Sarah Watters (COSLA).

1. Welcome and Apologies

The Chair welcomed everyone to the meeting.

Apologies were noted from Brian Strathie, Simon Mountford and Andy Thompson. The SAB noted formally that Brian had stepped down as a SAB Member and his valuable contribution to the SAB was noted.

2. Conflict of Interest Declarations

None noted.

3. Cost Control – Presentation from GAD

The SAB received a presentation from Michael Scanlon and Jessica Dunsmore from GAD on cost control and the 2020 Section 13 Valuation.

The presentation provided clarification on HM Treasury's changes to the cost control mechanism including the move to 3% from 25 cap used in the 2016 cost control valuation and the mechanics of the economic check to be applied.

The SAB noted that HMT is due to regulate on the changes and will consult on directions, with an opportunity for SABs to comment. As a result, the 2020 valuation is likely to be delayed from April 2023 to April 2024. GAD is currently analysing data for the valuation and will engage with the SAB on its assumptions.

For the 2020 s13 Valuation GAD's initial analysis suggests that Scottish LGPS Funds are well funded, similar to the results of the 2017 Valuation.

The SAB thanked GAD for its helpful clarification.

4. Minute of Last Meeting and Matters Arising

The Minutes of 23rd February Meeting were approved. It was noted that Martin Booth attended and the Minute to be amended accordingly.

The Minutes of 17th March Special Meeting were approved. It was noted that there was a misspelling of Davena Rankin in both 17th March and 23rd February Minutes, to be amended accordingly.

5. SPPA Update

The paper updates the SAB on Pension Regulations, GAD and Cost Cap (covered in item 4 above), and McCloud judgement/ UK Pension Regs.

The paper was noted.

6. SAB Workplan Review of Activities

The updated Workplan was noted.

7. Structure Review Project – Letter to Minister

Following comments received on the draft shared by the joint secretaries, this item was to firm up the letter to go to the Minister on structure review.

The joint secretaries informed that written comments had been received from Stephen Smellie and Andy Thompson.

Additionally, the Employers Members had a number of comments to be made on the original draft. Employers therefore proposed to send their own letter and would share this with the SAB.

During discussion clarification was sought from the Employers Members on the reasons for not accepting the original draft letter.

Following a short recess, Employees Members proposed that they required to give this further consideration and for the SAB to hold off to June and see it can reach consensus.

To assist this, the Employers Members would provide written explanation of their concerns with the original draft.

The SAB would then consider this at the June meeting, with a view to reach consensus.

AOB

The SAB received an update from Sarah Watters on the Local Government Elections and implications for SAB membership. It was noted that the key date is COSLA Convention on 17th June where the COSLA nominations should be confirmed.

The SAB also noted that the joint secretaries have been in discussion with the English and Welsh SAB on producing the draft Scottish SAB Annual report. Work is progressing on this and a draft is expected to be circulated for approval at the SAB's June meeting.

Future Meeting Dates for Noting:

Tuesday 28th June (10.30am); Wednesday 31st August (10.30am); 30th November (10.30am)