

Scottish Local Government Pension Scheme Advisory Board

31st August 2022 (by video-conference)

MINUTES

Present

Ed Gordon (COSLA), Jonathan Sharma (COSLA), Andy Thompson (GMB), Annette Drylie (GMB), Bruce Miller (Lothian Pension Fund), Katherine McFadyen, Kenny Dick (Care Inspectorate), Kimberly Linge (SPPA), Mandy Watt (City of Edinburgh Council), Richard McIndoe (Strathclyde Pension Fund), Simon Mountford (Scottish Borders), David Parker (Scottish Borders), Davina Rankin (UNISON), David Richardson (East Ayrshire Council), Vaughan Moody (East Dunbartonshire), Stephen Smellie (UNISON), Simon Watson (UNISON).

Apologies

Alan Wilkinson (Scottish Government), Brian Strathie, Wendy Dunsmore (Unite), Brian Robertson

1. Welcome and Apologies

JS opened the meeting, noting that BR the outgoing Chair had offered apologies. JS explained that a new Chair was due to be appointed and this would be taken as item 2.

2. Appointment of Chair and Vice Chair

The SAB then noted that David Parker had been nominated the incoming Chair and this was confirmed by the SAB.

DP thanked BR for this time as Chair of the SAB.

Apologies were noted.

3. Conflict of Interest Declarations

DP asked for conflicts of interest. None were noted.

4. Minute of Last Meeting

DP asked for comments.

The Minute was agreed and it was noted that a Special Meeting of the SAB to consider structure review letter was postponed.

5. SPPA Update

SPPA colleagues opened the item, outlining the contents of the attached Paper:

- 2020 Section 13 Valuation was currently being undertaken by GAD and it was noted that they will report later this year. Given that a final report could possibly be published in November/ December, GAD could come to the November SAB meeting to outline its initial results. The SAB however noted the good position of Scottish funds.
- McCloud remedy guidance. SPPA suggested that the SAB consider guidance for Scotland, similar to that provided by the English & Welsh SAB, covering data provision.
- TCFD reporting. It was noted that the SAB has observer representation on the E&W SAB group looking at this and updates are being provided on this.

Good governance report (E&W). SPPA indicated it would like the SAB to review the report and consider appropriateness for Scotland. It was agreed that the SAB should look at something similar for Scotland and for this to be put on the agenda for the next meeting.

- LGPS Regs 2022 – SPPA asked if the SAB wished to provide guidance in Scotland, similar to E&W SAB, on deferred debt arrangements for exiting employers. It was noted the SAB had already offered guidance on cessation, shared with SPPA, so it would be helpful to understand what is specifically being looked for.

RM agreed to check with Funds on the basis that Scottish guidance may already offer sufficient flex.

A question was raised about ill health retirals and it was agreed to re-circulate to colleagues for comments

With the above, the update was agreed.

Employee colleagues asked for an update on the circulation of figures discussed at the previous meeting. SW offered to circulate this data to the SAB.

6. Structure Review Letter to Minister

The Employers side opened the Item. The SAB noted the context in which the Letter was drafted and the reason for its inclusion on the Agenda. The SAB heard that the Employers side wished to defer discussion regarding the Item until further discussions had been conducted and consensus could be reached.

The Employees side echoed the importance of reaching consensus and noted a desire to expand the options presented to the Minister in the Letter.

It was agreed that the SAB defer discussion of the Letter until November. In November, the SAB agreed to hold an in-person meeting at UNISON's Edinburgh office.

Prior to the November meeting, it was agreed that the Employers side would provide a new draft letter to send to the Employees side by the end of September.

It was also agreed that a briefing be produced for new and existing members detailing previous discussions regarding the Item and outlining the positive benefits of any suggestions

Finally, the SAB noted concerns regarding the lengthy delays in reaching consensus on the Item.

ACTION:

- JS and SW to prepare briefing and share report appendices and data.
- Employers to provide new draft of Letter before the end of September.
- In-person meeting to be organised in either October or November to discuss updated draft of the letter.

7. Pre-Breach Mechanism

The Employees side opened the discussion. The SAB noted the lesser chance of a breach occurring in Scotland, and laid out the four options. SAB members also noted the need to keep track of developments in England and Wales if the SAB adopts the recommendation.

ACTION: The SAB agreed the Paper's recommendation to take forward option 3, being a variant of the English & Welsh model and that this would be tested with Scottish Ministers and a proposal brought back to the SAB.

8. National Care Service

The Employers side outlined the Paper's proposals. It was suggested that the SAB should add the Item to the SAB workplan and seek further advice on the implications of the recommendations to the work of the SAB.

The SAB heard of the importance of the NCS to the SAB, involving potentially 30% of scheme membership.

The SAB agreed with a suggestion to start forming scenario plans.

The SAB was also informed of the uncertainty currently being felt by those workers potentially impacted by the NCS.

Finally, the SAB agreed with a suggestion from the Employees side to consider putting a set of questions to the Minister from the SAB regarding any changes brought about by a NCS.

ACTION: The SAB agreed with the Recommendations set out in the Paper.

ACTION: The SAB agreed that Employers and Employees would contribute to a set of questions they wish would be answered on the NCS.

ACTION: The SAB agreed to draft a letter to the Scottish Government.

9. SAB Workplan

ACTION: The SAB noted and agreed the Workplan.

10. SAB Levy Contributions from Pension Funds

The Employers side opened the Item. The SAB noted the need to get external support on pieces of work such as the Annual Report and Cost Cap.

SAB members agreed that the Levy should kept as it is for this year, 2022/23, but that going forward, an appropriate and fair levy for 2023/24 and future years should be explored.

SM suggested the Joint Secretaries seek advice regarding a suitable figure for the Levy and that a budget should be set for SAB work.

ACTION: The SAB agreed the joint secretaries would scope out an options paper on the Levy, following consultation with advisers.

11. Annual Report

The Employers Side opened the Item and apologised for the delay in circulating.

ACTION: The SAB accepted the Paper and agreed that the Annual Report should be published, following any further comments within the next week post the SAB meeting.

12. AOB

There was no other formal business.

Future Meeting Dates for Agreement

The SAB noted that 30th November is the last scheduled meeting of the year, therefore dates for future meetings would be proposed for the November meeting.