

## Agenda Item 11

### **Scottish Local Government Pension Scheme Advisory Board 8<sup>th</sup> February 2023 Scheme Advisory Board Workplan – Review of Activities**

#### **Purpose**

1. This report provides an update on the current status of the LGPSAB Workplan (Appendix I) and highlights progress in certain areas.

#### **Recommendations**

2. The Board are asked to:
  - i. Note the updated position for all Workplan items; and,
  - ii. Provide direction and steer as appropriate; and,
  - iii. Provide a view on each of the completed items as to whether they should be retained or removed.

## APPENDIX I

### Current Workplan areas

No	Title	Description	Output Required	Completion Date	Update
1	SPPA Governance Review	Following the report from KPMG and the actions being taken forward by SPPA, SAB to agree an action plan.	An action plan covering training and communications actions for the Board was agreed. Training plan now agreed – 2 events per annum.	Ongoing	No further update at this stage, <b>however this area may tie in with Workshops being planned for 2023.</b>  <b>This area could be re-named SAB Training Plan</b>
2	Structure Review	Following from the data collection exercise, to complete a review of the structure of the Scottish LGPS.	A report from the Scheme Advisory Board outlining the results of the review exercise.	Ongoing	Following the Workshop on 9 <sup>th</sup> December 2022, the SAB agreed for a draft letter to the Minister to be considered and signed off at the SAB's meeting on 8 <sup>th</sup> February. This is on the agenda
5	Transparency of Investments	To consider how to improve transparency across the Funds in relation to investment decisions.	The SAB agreed to provide funding for the development of a web portal for boards to share and analyse transparency data, due in mid-2019. The SAB, at its January meeting, received a presentation from BYRHAS who are developing the transparency portal. The SAB agreed joint secretaries should collate issues raised by Pension	Ongoing	Paper on Cost Transparency system to be considered at the 8 <sup>th</sup> Feb SAB.

			Funds on the portal for feeding back to the providers via the English LGPSAB and to finalise payment arrangements.		
6	Publication of an Annual Report	To publish an Annual Report which sets out the work of the SAB and the financial position regarding the LGPS Funds in Scotland	Annual Report to be prepared for the 2020/21 Financial Year.	May/ June 2023	2021/22 Annual Report work to be considered in Spring 2023.
7	Valuation Outcomes and Impact on Cost Cap	A triennial agenda item whereby GAD report will inform the Scheme Advisory Board on the outputs of the most recent valuation exercise and provide advice on any impact on the cost cap.	To allow the Board to consider the information provided by Funds from the recent valuation exercise. As advised by SPPA the cost cap which had been placed on hold as a result of the McCloud discrimination ruling is now re-commencing. The triennial Valuation is to take place this year.	SPPA to clarify timescales	GAD provided a presentation on s13 Valuation and cost cap at 30 <sup>th</sup> Nov SAB.  Further update will be contained in SPPA updates
7	Cost Control Pre-Breach Mechanism	To develop a cost cap pre-breach mechanism similar to one being developed by the English & Welsh SAB	To have a mechanism which the SAB can utilise in early anticipation of potential future breaches of the cost cap, with the option to consider mitigations prior to the cost cap valuations.	The SAB agreed to establish a technical Working Group to look at pre-breach mechanism.	Update under matters arising at 8 <sup>th</sup> February SAB
8	Cessation Valuation: Guidance and Regulation Review	To consider a range of matters raised as a result of recent activity on cessation valuations	Two areas previously considered by SAB and Scottish Government on 1) regulation review and	Report from Working Group now submitted to SPPA	Joint Secs have written to Funds with guidance as agreed by SAB.

			<p>2) good practice guidance for Funds.</p> <p>The SAB at its Sept meeting requested further work to understand points raised on draft guidance and for these to be picked up by the working group which is looking at this issue.</p>		<p>Action to seek improvements to guidance discussed at 30<sup>th</sup> November SAB</p> <p>Action to be followed up</p>
9	Climate Reporting	To consider potential reporting on climate related disclosure by Pension Funds in Scotland	The Scottish Government is considering introducing Regulations in Scotland similar to likely Regs in England & Wales on climate reporting. The SAB will be asked for its advice on this.	Ongoing	<p>Work has been undertaken by a joint working group. The SAB considered the outcome of the work at the 23<sup>rd</sup> February 22 meeting.</p> <p>E&amp;W SAB's response to DLHUC consultation considered at 30<sup>th</sup> November SAB.</p> <p>SAB agreed Working group to be reformed.</p> <p>Update to be provided as part of Matters Arising at 8<sup>th</sup> Feb SAB</p>

**Completed workplan areas – SAB’s view requested on the comments below**

1	Fiduciary Duty  Remove this item as no longer required	To review the main fiduciary duties as they apply at all levels of the Scottish LGPS and consider appropriate guidance.	To provide guidance if required across the Scheme on fiduciary duty, taking account of recent evidence and opinion, including the recent Law Commission report.	31 <sup>st</sup> March 2015	Complete – guidance now issued to funds and available on the SAB website. <a href="http://lgpsab.scot/fiduciary-duty-guidance/">http://lgpsab.scot/fiduciary-duty-guidance/</a>
2	Funding Issues for the Local Government Pension Scheme  Remove this item as no longer required	To consider the issue of funding within the Scheme and how this impacts nationally and at fund level.	This item will cover all funding issues for the LGPS in Scotland.	Training session provided by Hymans Robertson in August 2015. Standard agenda item.	No further update.
3	50:50 option review  Clarification required on whether to retain this item	To scrutinise the impact of the 50:50 option within the Scheme.	To allow for a meaningful consideration of the impact of the 50:50 offer within the Scheme.	June 2016.	SAB to clarify if further work to be undertaken on this.
4	Collection and Consistency of Fund Data  Remove this item as no longer required	To scope out a body of work which will consider the collection of data across Scottish Local Government Pension funds.	A benchmarking exercise providing information on data collected by individual funds.	Ongoing	The original work was completed in 2016. Further consideration on data collection, as identified by the Annual report working group, was included in the 2018/19 Annual Report.
	Multi-fund employers	It was agreed that the workplan would be	Report to be brought to the SAB covering multi-	SAB to agree timescales for this	SAB agreed that work on multi-fund employers is no

	Remove this item as no longer required	updated to take account of the need to address the other issues raised in the consultants' report on Structure Review concerning multi-fund employers	fund employers issue	work.	longer considered an issue for the SAB, given a facility is there in Regulations.
Infrastructure Investment	Remove this item as no longer required	It was agreed that the workplan would be updated to take account of the need to address the other issues raised in the consultants' report on Structure Review concerning infrastructure investment.	Joint Secretaries reported on feedback exercise with Pensions Funds on approach to infrastructure at the September meeting. Agreed to write back to the Minister, Ben Macpherson with outcome of this.	Joint Secs have now written to the Minister as confirmed at the October SAB	No further work expected.

**Original Workplan Items now Standing Items on Board Meeting Agendas. – SAB to note action in red below on funding levy**

No	Title	Description	Output Required	Anticipated Timescale	Update
1	Communications Strategy	To consider an appropriate strategy on communications for members and on guidance for funds where required	This item will be a standing meeting item and will ensure that the Board are communicating effectively with all stakeholders.		No further update.
2	Review of Regulations	A standing item to ensure that regulations reflect legislation and are fit for purpose.	This item will be a standing meeting item and will inform/reflect the Board's response to existing regulations or those in draft form.		To be considered under the SPPA's Agenda item.
3	Funding Levy mechanism	To agree a mechanism to allow the Scheme Advisory Board to fund the development work required to carry out its role.	That an agreed levy approach is agreed to support the work of the Board.	Ongoing	<p>The original work was completed in 2015. The levy is now being collected each financial year and the SAB considers a financial report at each of its meetings.</p> <p>Action agreed at the SAB's August 2022 meeting that the joint secretaries work with SAB advisers to develop a proportionate robust and transparent levy for future years, from 2023/24.</p>

					This is still to be commenced but ties in with discussions on SAB resourcing
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