

Scottish LGPS
Scheme Advisory Board
8 February 2023

National Care Service

The SAB has previously highlighted the potential impact of the National Care Service Bill on the LGPS Funds in Scotland. The Bill has begun its progress through the Scottish Parliament, and the associated Financial Memorandum states that "Where local authorities deliver social care services directly, that delivery may in future transfer to care boards, together with the staff who provide those services. This could involve up to 75,000 employees across social work and social care."

Although the Bill may change in its passage through parliament, significant changes in numbers of employees in scheme membership could potentially have an effect on Funds. The Terms of Reference for the SAB state that its remit includes 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."

Fund advisors were consulted on whether it might be prudent to issue advice on work around the potential impact that the creation of the National Care Service may have on them. This included considering scoping work to understand:

- The potential changes that the staffing transfers related to the National Care Service may have on the membership of the funds, and the demographics of membership.
- The impact that this could have on the finances of the fund, over time.
- The impact this could have on risk profiles and contribution rates of employers.

Advisors fed back that such work might be difficult at present, due to the lack of concrete proposals to analyse, and individual funds might take differing approaches. One possibility was that the SAB actuarial advisor might have insights into these issues (though not necessarily relevant data to support such analysis) but Funds could look at such work in this year's actuarial valuation, alongside their actuaries and employers.

Whilst it was suggested that Funds might expect the SAB to take a lead on this as a national issue, it was also unclear how the role of the SAB operated alongside work that the Scottish Government may be commissioning.

The SAB is therefore asked to note the feedback from advisers and offer any comments.