

**Item 3**

**Local Government Pension Scheme Advisory Board**

**10:30-12:30, 8 February 2023**

**Microsoft Teams Meeting**

**Attendance**

Jonathan Sharma	COSLA
Ed Gordon	COSLA
Cllr Simon Mountford	Scottish Borders Council
Cllr David Parker (Chair)	Scottish Borders Council
Cllr Vaughan Moody	East Dunbartonshire Council
Cllr David Richardson	East Ayrshire Council
Brian Robertson	UNITE
Simon Watson	UNISON
Annette Drylie	GMB
Catherine McFadyen	Hymans
Andy Thompson	Scottish Water
Bruce Miller	Lothian Pension Fund
Kenny Dick	Care Inspectorate
Angela Rainey	SPDS
Iain Coltman	SPPA
Kimberly Linge	SPPA

**Apologies**

Sarah Watters	COSLA
Wendy Dunsmore	UNITE
Stephen Smellie	UNISON
Cllr Mandy Watt	City of Edinburgh Council
Martin Booth	Glasgow City Council
Richard McIndoe	Strathclyde Pension Fund

**Discussion**

**1 – Welcome and Apologies**

The Chair opened the meeting and noted apologies as listed above.

**2 – Conflict of Interest**

None stated.

**3 – Minute of Last Meeting and Matters Arising**

### Item 3

The SAB raised a number of comments regarding the attendance section of the previous meeting. The minute was agreed pending the agreed changes.

The SAB was updated on matters arising, noting ongoing work involving the establishment of working groups on good governance and climate. It was stated that the work of the climate group is contingent on developments in the England and Wales SAB, but that Ministers are keen to hear the opinion of SAB members on the next steps.

#### 4 – Cost Transparency Reporting Tool

The SAB noted work surrounding the Cost Transparency Reporting Tool. The SAB heard that templates are generated through the Cost Transparency Initiative. This has a number of benefits to the SAB, including the ability to compare the performance of pension funds across the UK. However, the Group was advised that the Tool suffers from a lack of awareness.

The SAB agreed the recommendations in the Paper, agreeing to request that Byhiras run an awareness session for Scottish Funds, pension committees, pension boards, and SAB members and advisors.

#### 5 – GAD Request for Costs for SLGPS Services

The SAB was updated on the wider context of the request for Government Actuaries Department (GAD) work on the Scottish Local Government Pension Scheme to be recharged to the relevant sector as contained in the Paper.

The SAB was reminded that in 2018 SAB members did not support a previous request for the Local Government Pension Scheme to meet the cost of the work at a total of £425,000 per annum. Following this, SPPA colleagues wrote to COSLA officers who, working with Local Government Directors of Finance, fed a series of recommendations back to SPPA. Following recent talks with the English and Welsh SAB this item has been included back on the agenda for reasons of transparency.

It was noted that if the SAB agreed to the SPPA's request this year, any charges would only apply from the next financial year (2023-24).

There was a consensus from SAB members not supporting the request. Concerns were raised regarding the rationale for the cost of work conducted by the Scottish Government, for statutory purposes, to be paid by the Local Government Pension Scheme, as well as regarding potential opposition from Local Government Directors of Finance.

**ACTION:** The SAB agreed to write back to SPPA and to copy the letter to the Directors of Finance for the lead Pension Fund Councils, noting the SAB's view.

#### 6 – SPPA Update (Verbal Update)

The Chair invited SPPA colleagues to give a verbal update on ongoing SPPA work. SPPA colleagues noted:

### Item 3

- The cost management process consultation is ongoing and has a closing date of 24 March
- A recent meeting with Hymans discussed regulation amendments and guidance on employer exits – noting that the SAB is convening a working group to look further at this.
- SPPA noted the request from the SAB to proceed with changing the pensions revaluation date to protect some members from impact of inflation on their annual allowance, with a Ministerial statement expected w/c 6 February.

The SAB approved the item.

### 7 – Letter to the Minister

The SAB noted that the draft letter had been circulated to colleagues for comment and that SAB members have reached a consensus and that no particular concerns have been raised.

The SAB heard that a minor change on the Employers side had been suggested regarding the opening line (“on behalf of the SAB...”).

**ACTION:** The SAB agreed for the letter to be issued with agreed change.

### 8 – SAB Training Workshops

The SAB heard of the need for ongoing training to aid development and increase knowledge around pension fund structures. This would consist of four workshops and may assist with decisions on larger more complex issues such as the proposed National Care Service.

The SAB noted conversations with Jeff Houston (formerly from the English and Welsh SAB) and Claire Scott (former CEO of the Lothian Pension Fund) who came back with a number of thoughts on reforms, shared services, FCA regulation impact, and the future of the Scottish LGPS.

Points were raised by SAB members regarding potential conflicts of interest and potential costs to the SAB. However, SAB members agreed with the need for SAB members to have a common level of knowledge regarding pension issues.

**ACTION:** SAB members agreed that the Joint Secretaries should supply a briefing note on the proposals to be circulated ahead of the next SAB meeting.

### 9 – NCS and LGPS

The SAB were advised that the NCS remains a significant piece of work, noting that Scottish Ministers have not yet invited the SAB to give their thoughts on the NCS' impact on pensions.

SPPA officers noted that there is a significant piece of work underway in the Government on the NCS and the options for pensions if the NCS is implemented. An initial report is anticipated around April 2023.

### Item 3

The Group accepted the Item noting they will see how matters develop in weeks and months ahead.

#### 10 – Additional Specialist Support for the SAB

The Chair invited SW to open the discussion. The SAB noted that the Joint Secretaries have considered issues such as conflicts of interest and suitable experience, advising that individuals do exist who have experience and could supply certain specialist advice on occasion.

The SAB agreed that the joint secretaries should proceed with developing the preferred approach proposed in the paper.

#### 11 – SAB Workplan

The SAB was asked for comments on the SAB Workplan. The Group also heard that work with the SAB Levy had been delayed but was ongoing. SAB Members questioned the length of the delay and asked for agreement on a starting date of this work. The Group noted agreement to remove items and that work on the Levy should commence as soon as possible.

**ACTION:** The Group heard that an update on the SAB Levy would be available at the next SAB meeting.

#### 12 – AOB

The Group noted that the next meeting would be held in-person on 10 May at UNISON offices in Glasgow.

#### **Actions**

The SAB agreed to write back to SPPA and Directors of Finance noting the SAB's opposition to the move.
The SAB agreed for the Letter to the Minster to be issued with agreed change.
SAB members agreed that the Joint Secretaries should supply a briefing note on the training workshop proposals to be circulated ahead of the next SAB meeting.
JS to provide an update on work involving the SAB Levy at the next SAB meeting in March.
EG to circulate revised minute of the previous meeting.