

**Scottish Local Government Pension Scheme Advisory Board**

**10:30-12:30, 30 November (by video-conference);**

**MINUTES**

**Present**

Ed Gordon	COSLA
Jonathan Sharma	COSLA
Cllr David Parker (Chair)	Scottish Borders Council
Cllr Simon Mountford	Scottish Borders Council
Cllr Vaughan Moody	East Dunbartonshire Council
Cllr David Richardson	East Ayrshire Council
Cllr Mandy Watt	City of Edinburgh Council
Angela Rainey	SPDS
Brian Robertson	UNITE
Stephen Smellie	UNISON
Simon Watson	UNISON
Bruce Miller	Lothian Pension Fund
Richard McIndoe	Strathclyde Pension Fund
Catherine McFadyen	Hymans
Iain Coltman	SPPA
Kenny Dick	Care Inspectorate

**Apologies**

Wendy Dunsmore	UNITE
Kimberley Linge	SPPA
Alan Wilkinson	SPPA
Sarah Watters	COSLA
Martin Booth	Glasgow City Council
Andy Thompson	GMB
Davena Rankin	UNISON
Annette Drylie	GMB

**Attending for Presentation**

Jenny Bullen (GAD), Michael Scanlon (GAD), Susan Black (Hymans).

**1. Welcome and Apologies**

The Chair welcomed attendees to the meeting, introduced Angela Rainey as a new adviser from SPDS, and gave formal thanks for Lynne Robertson who has stood down as a member. The Chair noted the need to find a replacement on the Employers side.

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JS suggested that any member of, or representative on, the SAB can suggest a new member.

**ACTION:** Iain Coltman to write to pension funds to canvas potential interested parties.

## **2. Conflict of Interest Declarations**

None we're aware of.

## **3. GAD Presentation on Section 13 Valuation and Cost Cap**

The Chair introduced Jenny Bullen from GAD.

JB updated the Group on the initial findings from the draft Section 13 Valuation Report for 2020, with a report due by the end of December 2022. JB noted requirements for Scottish Funds to consider compliance, consistency, solvency, and long term cost efficiency.

JB summarised the position of Scottish Funds as broadly positive and outlined recommendations for Funds to disclose information on a more standardised basis for comparative reasons.

JB described a linear relationship with lesser funded funds paying more in contributions compared to better resourced funds.

SAB members questioned the impact of rising fund size vis-à-vis declining local authority budgets and the potential implications of a National Care Service. JB noted concerns around potential volatility in the future posed by decreased local authority budgets.

The Chair introduced a second presentation from MS on the 2020 valuation of the LGPS. MS covered valuation and cost control, process and timeline, and the role of the SAB and wider stakeholders. MS noted a judicial review on transitional protection remedy costs with a hearing expected in January 2023, though the outcome would not be until later in the year. There are also cost-cap reforms by HMT – including only including new scheme costs, a widening of the corridor to +/-3% and the introduction of an economic check. MS informed the SAB that there would be further updates at the next couple of SAB meetings in 2023.

The Chair thanked JB and MS for their presentations.

## **4. Minute of Last Meeting and Matters Arising**

SW informed the SAB that the cost cap working group will convene when HMT directions available E&W cost cap mechanism finalised.

The minute of the last meeting was approved and that matters of arising were noted as on the agenda.

## 5. SPPA Update

IC asked for comments on the paper supplied. IC noted Part 3 of the SPPA Update presentation relating to annual allowance and moving the date revaluation is applied to CARE pensions from 1 April to 6 April. IC noted issues relating to the use of the CPI figures from different years in the same calculation. As outlined by MS, the SAB heard that for those on annual salaries of above £80,000 and those on lower salaries but who received a promotion, this problem is particularly acute as the proposed shift would reduce the potential for those individuals to breach their annual allowance. MS proposed harmonising the revaluation date with the start of the tax year, to 6 April.

The SAB agreed that members should seek to supply the Joint Secretaries with comments on the item before Christmas 2022. After this, in early January, the Chairs and Joint Secretaries would meet with IC to discuss the way forward.

SS noted a potential detriment to those planning to retire prior to the 6 April. IC noted plans to protect those individuals affected.

The SAB agreed of the need for a clear timeline when changes are due to be made.

**ACTION:** SAB members to submit comments to the Joint Secretaries by Christmas.

**ACTION:** Meeting of Joint Secretaries and Chairs to consider SAB comments to take place in early January 2023 to consider advice to give to SPPA. It was agreed that, if necessary, a special meeting of the SAB would be held.

The SAB also considered the update on guidance for exiting employers from the LGPS (cessations). This has been an ongoing consideration, with guidance on flexibilities having previously been issued. During discussing it was agreed that further clarification is needed in the regulations, with guidance updated to reflect this. It was noted that English & Welsh guidance could be helpful to this.

**ACTION:** The joint secretaries would follow up with advisers, with a view to feeding back comments to SPPA.

## 6. Presentation from Hymans on Good Governance

The Chair introduced Susan Black. SB presented findings from the England and Wales SAB Good Governance Project report and how these findings could be related to Scottish Funds.

SB presented a number of recommendations from England and Wales.

SB proposed two options: i) replicating the English and Wales process adapted to Scottish circumstances or ii) leveraging what has been done through the creation of a working group to review what work has already been completed.

The Chair thanked SB for the presentation.

**ACTION:** There was a preference expressed to explore the leveraging approach therefore the Joint Secretaries would follow this up.

## **7. Structure Review feedback from Workshop**

JS updated the SAB on discussions held in-person at the previous workshop. The SAB noted a future workshop due to be held on 9 December at UNISON offices in Edinburgh. The SAB agreed with the benefits of in-person discussion.

MW noted the importance of local democratic control and asked for its inclusion at discussions on the 9<sup>th</sup> December.

## **8. Climate Reporting**

JS updated the SAB on Ministers request for climate reporting from Scottish Funds and asked the SAB what form of feedback SAB members should offer. SAB members predicted that reporting would be made mandatory in the future and noted the benefits of being proactive on the matter.

**ACTION:** The SAB agreed to reform the working group which looked at climate reporting to review developments and to report back to the SAB.

## **9. National Care Service and LGPS – Minister’s Reply Attached**

The Chair asked for comments on the Minister’s Reply.

The SAB accepted the item.

## **10. Additional Specialist Support for the SAB**

SW presented the need for additional specialist support and noted previous discussions.

The SAB accepted the Item.

**ACTION:** The Joint Secretaries to perform further work on developing options on bringing back options to the SAB.

## **11. SAB Work Plan – Review of Activities**

JS presented the Item. JS noted queries regarding the completed workplan areas and agreed to make the appropriate changes.

**ACTION:** JS to make changes suggested by SAB members.

## **12. AOB**

Item 3

The Chair asked SAB members about the format (in-person or online) of SAB meetings in 2023. SAB members noted the benefits of in-person meetings but advised on the potential challenges of hold regular in-person meetings.

The Group agreed to have the February SAB meeting on Teams and May SAB meeting in person with an afternoon start.

The 2023 Dates:

Wednesday 8 February, 10.30am to 12.30pm

Wednesday 10 May, 1:30pm to 3:30pm (afternoon start to reflect in-person meeting)

Wednesday 6 September, to be confirmed

Wednesday 29 November, to be confirmed