

September 2023

BULLETIN

Regulation of Investment

The SAB discussed increasing government regulation of investments, both restricting them (the UK-wide “Economic Activities of Public Bodies Bill” on Boycotts, Divestment and Sanctions), and requiring them (the DLUHC consultation on minimum investments in private equity and “Levelling up” projects – England and Wales only). The SAB felt that LGPS Funds should retain freedom to invest based on their fiduciary duty, due diligence, and ESG considerations, and agreed to submit a response to the latter consultation.

Gender Pensions Gap

The SAB also considered work by the English and Welsh SAB on the Gender Pensions Gap, and accepted the offer to send a representative to the working group. It also agreed to send a representative to the LGA working group looking at pensions codes of practice, which replaced the previous CIPFA group.

National Care Service

The SAB was presented with the results of the options appraisal on pensions issues in the National Care Service, a report commissioned by the Scottish Government. Questions were raised on the underlying assumptions of this report, and over basis of some of the financial findings.

CARE Revaluation and McCloud

On CARE Revaluation Regulations, the SAB had previously recommended to Scottish Ministers that the annual revaluation for 2015 CARE pension increases changes from 1 April to 6 April each year to align the rate of CPI used in both calculations, and avoid unintended tax charges for many members. The SAB now stressed the importance of the legal deadline of 6 October being met for any changes to be introduced in Scotland. On the McCloud remedy, the SAB heard that the remedy regulations were due to be laid on 1 October and an accompanying ‘Policy note’ would be issued.

Board training

The first of three training sessions for SAB members has been delivered and well received. It focussed on governance, regulation, contemporary challenges, scheme funding and valuations. The presentations from the session are on the website. Future

sessions will return to good governance, and include reviewing the results of the SAB survey of Funds governance.

Scheme Cost Management

The SAB had previously expressed an interest in a cost management process to lessen the likelihood of a cost-collar breach. As the UK government has responded to a consultation on this for the English and Welsh SAB, it was agreed to re-establish a Scottish working group on this.

Other issues

The SAB also considered the latest assumptions by GAD relating to the 2020 scheme valuation, agreed a strategy to procure specialist support, and agreed its annual report.

Further details on our website www.lgpsab.scot.