

Local Government Pension Scheme Advisory Board
10:30-12:30, 27 February 2024
via Microsoft Teams

Attendees

Kenny Dick	Care Inspectorate
Ed Gordon	COSLA
Mirren Kelly	COSLA
Jonathan Sharma	COSLA
Cllr David Richardson	East Ayrshire Council
Cllr Vaughan Moody	East Dunbartonshire Council
Martin Smith	GAD
Michael Scanlon	GAD
Martin Booth	Glasgow City Council
Cllr Simon Mountford	Scottish Borders Council
Alan Wilkinson	Scottish Government
Kimberley Linge	SPPA
Iain Coltman	SPPA
Richard McIndoe	Strathclyde Pension Fund
Simon Watson	UNISON
Andy Thompson	GMB
Brian Robertson (Chair)	UNITE
Stephen Smellie	UNISON

Apologies

Sarah Watters	COSLA
Angela Rainey	SPDS
Cllr David Parker	Scottish Borders Council
Kirsty Robb	Borders College
Graham McNab	UNITE
Laura Collis	North East Scotland Pension Fund
Annette Drylie	GMB

Discussion

1. Welcome and Apologies

The Chair opened the meeting and noted the apologies. There were no conflicts of interest.

2. Minute of the Previous Meeting

The minute of the previous meeting was agreed.

The meeting heard that the Minister is due to provide an update to the SAB on the Scottish Government's work on the UK Government's Economic Activity Bill.

Attendees were reminded that the SAB Follow Up Training Workshop is due to take place on Monday 25 March, SAB members were encouraged to attend where possible.

3. GAD Update

Officers from the GAD updated the SAB on potential changes to the cost control mechanism, with changes anticipated to expected core costs. The SAB heard that the s13 Valuation final report is due to be published in the near future.

4. SPPA Update

The SAB received an update from SPPA colleagues, noting that regulations on pension benefits revaluation date are now laid, that GAD transfer guidance for Members protected by the McCloud remedy is expected to be made available shortly, further guidance is being produced by SPPA on exit credits, and changes have been made to ill health guidance. The SAB also noted a technical consultation on calculation of pension input in legacy schemes against the Annual Allowance.

The SAB agreed that a future meeting should discuss the impact of potential actuarial challenges on the individual policies, noting the potential for inconsistent implementation.

Following a discussion on practice in relation to cessations and exit credits, the SAB concluded that there further guidance would be beneficial and there is a need for more clarity on this issue.

Action: Catherine McFadyen to provide a note to assist guidance on exit issues with the Joint Secretaries.

Action: SPPA to share early draft of regulations and organise discussion with SAB advisers.

5. Autumn Statement – investments

The Joint Secretaries advised that the Minister is seeking advice from the SAB on investments. Members advised that fiduciary duty must remain the primary concern for the pension scheme and that this needs to remain for Funds to determine and Ministerial direction on investments should be avoided. The SAB noted that it had replied previously on this matter and that its suggestion for an investment pipeline to be considered should be re-emphasised to the Minister.

Action: Joint Secretaries to draft a response to the Minister and share with the SAB prior to circulation.

6. LGPS Fund Annual Reporting Guidance

The Joint Secretaries asked the SAB to give consideration to whether supporting guidance is needed for Scottish Funds, following the publication of updated Guidance in England and Wales with implementation from 1 April 2024. Advisers noted that it would make sense for guidance to be consistent and that guidance could be adopted in Scotland along similar lines to previous CIPFA guidance, this being advisory.

Action: Joint Secretaries to speak to CIPFA and SAB advisers, with the item brought back for discussion at a future SAB meeting.

7. Update on Working Groups

The SAB received an update on the progression of the Good Governance Working Group and Cost Control Working Group. The SAB noted that both Groups would be meeting again shortly and that further updates would be provided to the SAB in May.

8. Gender Pension Gap

Davena Rankin updated on the action log produced by the E&W SAB Group looking at the gender pensions gap, noting that the gap is around 14% (E&W). The SAB heard that the group is looking at the background to the gap, historical trends, and associated costs. The SAB noted that future research will take into account areas beyond gender, such as age and race.

The SAB heard that the E&W SAB may approach Funds for a financial contribution to go towards the completion of this work. Should the SAB wish to have Scottish Funds included in this work, then it could also be approached for a contribution.

The SAB agreed that the SAB should take a focused look at how the gap currently exists in Scotland.

Action: Davena Rankin to bring a set of points for the SAB to consider.

9. SAB Workplan

There were no comments on the workplan and the additional section on working groups was noted.

10. Specialist Support

A recommendation for appointing specialist support was presented to the SAB by the joint secretaries. The SAB agreed to appoint Barnett Waddingham to undertake this role for the next year, being five fixed days' work with a further up to five days as required.

11. SAB Pension Fund Adviser (taken in private)

The SAB agreed to appoint Laura Collis as the SAB Adviser with Albert Chen as substitute.

SAB members advised of the need for greater diversity on the Board and the benefits of different pension fund representation.