

Local Government Pension Scheme Advisory Board
10:30-12:30, 15 May 2024
City of Edinburgh Council

Attendees

<u>SAB Members</u>	
Andy Thompson	GMB
Brian Robertson (Chair)	UNITE
Simon Watson (Joint Secretary)	UNISON
Davena Rankin	UNISON
Kirsty Robb	Borders College
Cllr David Richardson	East Ayrshire Council
Cllr Vaughan Moody	East Dunbartonshire Council
Cllr Mandy Watt	City of Edinburgh Council
<u>Advisers and observers</u>	
Jonathan Sharma (Joint Secretary)	COSLA
Kimberley Linge	SPPA
Alan Wilkinson	SPPA
Richard McIndoe	Strathclyde Pension Fund
Laura Collis	North East Pension Fund
Catherine McFadyen	Hymans

Apologies

Stephen Smellie	UNISON
Annette Drylie	GMB
Graham McNab	UNITE
Cllr Simon Mountford	Scottish Borders Council
Kenny Dick	Care Inspectorate
Cllr David Parker	Scottish Borders Council

Discussion

1. Welcome and Apologies

The Chair welcomed everyone and apologies were noted.

2. Conflict of Interest Declarations

None advised.

3. Minute of Last Meeting and Matters Arising

It was noted that Davena Rankin attended the February SAB and the Minute to be amended. It was noted that the reference to a technical consultation in the SPPA update

should be removed. A copy of the SAB's reply to the Minister on the Autumn Statement would be shared with SAB Members.

With this the Minute was agreed and it was noted matters arising are on the agenda.

4. SPPA Update

The update covered Regulations introduced on LGPS Employers exit credits (noting this is further covered in item 8 Update on Working Groups below); early and late retirement guidance produced by GAD; updated ill health guidance; and SAB follow up training (again covered in item 8).

The SAB was asked to note the specific suggestion for SAB attendance at Scottish Pension Liaison and Investment Groups.

5. 2023 Fund Valuations

It was noted that there is strong performance across all Scottish Funds, with an average increase of 30% since 2020, but that there are variations. There is a 94% likelihood meet future pension costs which is considered by Actuaries to be very high.

Whilst local authorities are feeling the benefit from reductions in employers contribution rates, it was noted that Funds have taken prudent approach – ERs contribution rates could have been reduced further, however not all of the benefit is feeding into the employers contributions, with a cautious approach and building margins being a preferred approach. It was also noted that surpluses are dependant future investment returns.

It was clarified that actuarial valuations can only impact employers contribution rates, this being the balancing item. Scheme members are guaranteed their pension.

Action:

The presentation slides would be shared with the SAB.

6. Gender Pensions Gap

The SAB was informed that Davena Rankin had joined an online webinar on 9th May and that this was a useful session. It was noted that there are offers from organisations to take on research into the pay gap and pensions gap by gender, given figures show a 41% gap for scheme members and 49% for those retired.

It was suggested that a similar seminar could be run in Scotland and that this area should be kept on the SAB agenda.

Once work is concluded, SPPA suggested that it could consider Regulations.

It was clarified that work is already progressing looking at opt outs from LGPS and that information on opt outs would be included in the SAB Annual Report with possibly gender gap information following in future.

Actions:

Joint Secretaries to work with Davena Rankin to arrange a Scottish seminar in the Autumn. It was suggested that Directors of Finance/ Heads of HR be invited to this.

7. Boycott Divestment and Sanctions Bill

A brief update was provided on the response from the Minister (circulated separately to the SAB) and work being undertaken on amendments in the Lords. It was noted that the Minister had met with Lords and have sought to ensure that Funds can disinvest based on a view that this affects investments.

8. Update on Working Groups

Updates were provided on the 2 established Groups, Good Governance and Cost Control. It was noted that 2 other Groups (advisers) have looked at Employer Exit Credits and Fund Annual Reports. The updates were noted and that the Groups are ongoing with their work.

Regarding good governance, a suggestion was put forward for a seminar with the SAB and Pension Boards, around the Code of Practice, this being felt to be a good idea.

On Cost Control it was noted that GAD has responded and that feedback is awaited from the England & Wales SAB work on this.

On the Annual Report Working Group, it was noted that the Joint Secretaries were to follow up with CIPFA regarding accreditation of any differences in approach suggested in Scotland.

On Exit Credits, it was noted there are issues around transition to revised arrangements. SPPA clarified that any payments made couldn't be re-visited, however it may be beneficial to clarify transitional arrangements in guidance. These already only allow one change in a 90 day period.

Action:

The Joint Secretaries to follow up regarding arranging a seminar for the SAB/ Boards on good governance code of practice.

9. Training Workshop Follow Up

The SAB considered a paper providing feedback from the recent workshop. The SAB noted the paper is to encourage discussion on what the SAB should consider around training, communication, advice and support, as well as SAB capacity.

Whilst noting that the SAB's purpose is to advise Ministers, SPPA clarified that this is not just advice on request and that the SAB can approach Ministers as it feels appropriate.

During discussion it was suggested that a one day conference with Board Members would be beneficial and that this could tie with good governance. It was agreed that the Joint Secretaries would work with the SAB Chairs to get this arranged.

Regarding SAB Members joining regular quarterly Pension Fund meetings, it was noted that this would be in an observer role only and it would be for Funds to consider arrangements. Equally for Pension Boards and Committees, similar attendance could be arranged.

It was agreed that the SAB would write to Boards/ Committees with a request to attend meetings as observers.

On SAB capacity it was agreed that the joint Secretaries should pull together a proposal for future resourcing the SAB, for consideration by the SAB at its next meeting.

Actions:

Joint Secretaries to write to Boards/ Committees to request SAB Member attendance at meetings as observers.

Joint Secretaries to prepare a proposal on future resourcing of the SAB for the September meeting.

10. SAB Work Plan – Review of Activities

The Workplan was noted, with Specialist Support considered at the end of the agenda to pick up anything from the Workplan.

11. Specialist Support to the SAB

The paper presented proposals from Barnett Waddingham on areas of specialist support they think may be relevant to the SAB's work. The SAB noted this was more for initial consideration and it was expected areas would be worked up for BW to take on, noting that only a limited amount of their time is available to the SAB.

It was agreed to re-share the Specialist Support paper for comments by the SAB on the suggested areas. The joint Secretaries would further develop areas to be considered at the SAB's next meeting.

12. AOB

Mandy Watt was thanked for making the room available at Edinburgh City Chambers.

It was noted that for the September meeting the current Chair and Vice Chair would step down and a new Chair/ Vice Chair recommended for appointment.

Future Meeting Dates:

- 11 September 2024 (in person venue tbc)
- 13 November 2024 (virtual)