

Local Government Pension Scheme Advisory Board
10:30-12:30, 11 October 2024
MS Teams

Attendees

<u>SAB Members</u>	
Cllr David Parker (Chair)	Scottish Borders Council
Andy Thompson (Vice Chair)	GMB
Simon Watson (Joint Secretary)	UNISON
Arthur Nicoll	UNISON
Annette Drylie	GMB
Brian Robertson	UNITE
Graham McNab	UNITE
Cllr Simon Mountford	Scottish Borders Council
Cllr Mandy Watt	City of Edinburgh Council
Kirsty Robb	Scottish Borders Council
Kenny Dick	Care Inspectorate
<u>Advisers and observers</u>	
Jonathan Sharma (Joint Secretary)	COSLA
Gary Leadbetter	COSLA
Martin Booth	Glasgow City Council
Laura Collis	NESPF
Ian Coltman	SPPA
Alan Wilkinson	SPPA
Eva Sobek	SPPA

Apologies

Cllr David Richardson	East Ayrshire Council

Discussion

1. Welcome and Apologies

The Chair (Brian Robertson) welcomed everyone to the meeting and apologies were noted.

2. Appointment of Chair and Vice Chair

3. As the Employee Side had assumed the role of Chair for the previous year and the Employer's Side the role of Vice Chair, these would now reverse, with David Parker as Chair and Andy Thompson as Vice Chair.

With regard to the discussion at the 18th September SAB meeting (main meeting postponed to 11th October), it was confirmed that the letter from the Scottish Government's Minister for

Public Finance, regarding the appointment of the joint Chairs, had been shared with the SAB Members.

The Employer's Side nominated David Parker as joint Chair and the Employee Side nominated Andy Thompson as joint (Vice) Chair.

Unison raised their desire to put on the record their position in relation to the appointment of Chairs. Unite agreed that they also shared this position. It was noted as follows:

Members of the Trade Union side of the SAB acknowledge the provisions around appointment of SAB chairs set out in The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 and the SAB Terms of Reference. However, we wish to note our concerns around perceived conflicts of interest with the nominee for chair put forward by the Employers side. As the leading role-holders, we believe that the actions of SAB chairs should be beyond reproach and be seen to be beyond reproach. This includes absolute clarity in what role they are acting in, and not being seen to use their SAB position to exert influence out-with the SAB's decisions. We believe the idea of a conference of stakeholders to discuss options for the future of LGPS Funds in Scotland has merit, but this should properly be organised under the auspices of the SAB.

David Parker was appointed Chair and Andy Thompson as Vice Chair. The Chair thanked the previous Chair, Brian Robertson, for all the work they had undertaken in the role over the previous year.

4. Conflict of Interest Declarations

None advised.

5. Minute of Last Meeting and Matters Arising

The Minute of the previous meeting of 15 May 2024 was submitted and approved as a correct record.

6. SPPA Update

The SAB were informed that the previous UK Government had published their Mansion House Review, and that the new government was pressing ahead with reforms. The new UK Government also have a pension review ongoing at the moment. Whilst the Mansion House Review does not impact the Scottish LGPS, the Minister was grateful for the feedback on this and was also keen to understand SAB's views on changes being proposed in England.

The update covered the Local Government Pension Scheme (Remediable Service) (Amendment) (Scotland) Regulations 2024; Exit credits; government actuary department – McCloud interest calculator; and guidance updates.

7. Gender Pensions Gap

The SAB were informed that a number of people had been contacted in relation to this issue to deliver a briefing/presentation on this issue, as per the request of the SAB. It was noted that there had been positive responses to this and that an appropriate date to organise an online seminar was being sought.

8. Update on Working Groups

The SAB were provided with updates on the Good Governance, Cost Control and Employer Exit Credits Working Groups.

In relation to good governance, it was noted that a seminar around the Code of Practice will be organised, and the SAB and Pension Boards will be invited to this. It was also noted that something that was being considered was inviting the pensions regulator to the seminar and that an external provider, Clare Scott, who ran the initial governance training sessions could be approached to run a session, which would need SAB agreement as this would have a cost attached to this.

On exit credits, it was noted that now there is clarity around where the Regulations are going, the aim is to pull together a working group on this to look at outline guidance by the SAB. The purpose of this guidance would be to highlight some of the key issues Pension Funds want to take into consideration.

Regarding cost control, it was noted that information had been received from GAD about the work it takes to have a parallel mechanism for the SAB. If the paper on external support, being considered in this meeting, is agreed by the SAB, then an external consultancy can be contracted to write a paper up on this and brought to a future meeting of the SAB.

9. Training Workshop Follow Up

The SAB considered a paper providing an update on areas agreed to progress from the SAB May meeting, following the detailed update provided at that meeting. The paper detailed the intention to invite Pension Board Chairs to future SAB meetings, as observers. It also outlined that the Joint Secretaries are continuing to develop options for future resourcing of the SAB, with a more substantive paper on options to be brought forward at the first meeting of the SAB in the new year (as agreed at item 10).

It was agreed that the invite should be opened up to all Pension Board Chairs each time and that a list of individuals invited to each SAB meeting will be shared with SAB Members ahead of each meeting.

The SPPA invited the Joint Secretaries to discuss further resourcing of the SAB with them.

10. Specialist Support to the SAB

The SAB considered a paper which noted that the SAB had previously agreed to issue a tender for a specialist support to the SAB, for 5 days a year with a possible extension for another 5 days. This was awarded to Barnett Waddingham, and the Joint Secretaries have engaged them around contemporary issues where support would be helpful. It is proposed to engage them to provide three additional papers to the SAB on cost-collar “pre-breach mechanism,” risk assessment of climate change and the UK Government policy agenda. Barnett Waddingham would prepare these papers in conjunction with the Joint Secretaries, and these would be presented to the SAB.

It was raised that there was a previous discussion on the exploring boosting the full-time resourcing available to the secretariat. The SAB were informed that there is still some thinking to do around this, including potential discussions with the SPPA, and that proposals would be brought forward in relation to this at a future SAB meeting early in 2025.

The SAB approved the recommendations within the paper.

11. Fund Annual Reports

The SAB considered a paper which recommended that the SAB advises all Scottish Pension Funds that they should comply with the Fund Annual Reporting Guidance, as per previous CIPFA produced guidance, and for this to be applied formally from 1 April 2025 (recognising that Funds are likely to be complying already).

The SAB approved the recommendation within the paper.

12. SAB Work Plan – Review of Activities

The SAB considered a paper which provided an update on the current status of the Workplan and highlighted progress in certain areas.

The SAB heard that the Joint Secretaries are recommending that representatives of the SAB that sit on external groups provide a bit more feedback on the meetings they attend, with it being recognised that this is already in the process of happening.

It was noted that there is a vacancy for a representative on the E&W Responsible Investment Advisory Group (RIAG) and that Kenny Dick had shown an interest.

The SAB was provided an update in relation to the Transparency Group. There was feedback received from potential suppliers and current users as to how the system should evolve in the future, with the general tone being that the current system is okay but potentially not being used to its full potential, although there was no firm decision being made due to the level of cost transparency that will be needed being unclear currently. They are also currently looking at the optimal procurement approach, with a keen focus on value for money. There is also uncertainty about the optimal use of any tool. As some issues become clearer, they will be taken forward to conclusion.

There was discussion on whether there was a need for a mechanism to appoint representatives to external groups, with it being highlighted that some groups would have a representative from SAB and others would require someone from a Fund with more technical expertise. It was noted that this vacancy was for a SAB Member.

Following this, the SAB agreed to appoint Kenny Dick to the RIAG.

13. AOB

The SAB were provided with an update in relation to the SAB 2022/23 Annual Report, with plans for it to be finalised shortly. It was also noted that there are ongoing discussions with the England and Wales secretariat to look to address publish regular Annual Reports sooner than they have been getting published.

Future Meeting Dates:

- 13 November 2024 (virtual)
- 2025 dates to be agreed at November SAB