

## Agenda Item 13

### **Scottish Local Government Pension Scheme Advisory Board 11<sup>th</sup> September 2024 Scheme Advisory Board Workplan – Review of Activities**

#### **Purpose**

1. This report provides an update on the current status of the LGPSAB Workplan (Appendix I) and highlights progress in certain areas.

#### **Recommendations**

2. The Board are asked to:
  - i. Note the updated position for all Workplan items; and,
  - ii. Provide direction and steer as appropriate; and,
  - iii. Provide a view on each of the completed items as to whether they should be retained or removed.

**APPENDIX I**

**Current Workplan areas**

No	Title	Description	Output Required	Completion Date	Update
1	SAB Training Plan	The SAB has an agreement to ensure appropriate training for all SAB Members an ongoing basis.	An action plan covering training and communications actions for the Board was previously agreed. Training plan to be developed annually.	Ongoing	<p>3 Workshops held for 2023.</p> <p>1<sup>st</sup> Workshop held 26<sup>th</sup> July. 2<sup>nd</sup> Workshop held on 12<sup>th</sup> October. 3<sup>rd</sup> and final Workshop held on 13<sup>th</sup> November.</p> <p>Feedback paper considered at 29<sup>th</sup> Nov 23 SAB meeting.</p> <p>Follow up workshop held on 25<sup>th</sup> March 24</p> <p>Update on SAB September Agenda</p>
2	Structure Review	Following from the data collection exercise, to complete a review of the structure of the Scottish LGPS.	A report from the Scheme Advisory Board outlining the results of the review exercise.	On pause	<p>The SAB wrote to the Minister following its meeting on 8<sup>th</sup> February, setting out the position of the review and seeking further direction.</p> <p>The Minister's reply was noted at 10<sup>th</sup> May 2023 SAB</p>
	Good Governance	The SAB agreed to re-convene a Good	A report to SAB with recommendations to SAB	Ongoing	Good Governance WG met on 12 <sup>th</sup> February and

		Governance Working Group to review the latest guidance from Pensions Regulator/ E&W SAB	for guidance/ best practice.		18 <sup>th</sup> March.  Update is on September SAB agenda
5	Transparency of Investments	To consider how to improve transparency across the Funds in relation to investment decisions.	The SAB agreed to provide funding annually for the ongoing maintenance and development of a web portal for boards to share and analyse transparency data.	Ongoing	E&W SAB Session held on 21 <sup>st</sup> September 23 for Scottish SAB/ Board/ Committee Members/ Fund managers  SAB to appoint Fund adviser to E&W Transparency group  Alan Sievewright – Lothian PF is the rep.
6	Publication of an Annual Report	To publish an Annual Report which sets out the work of the SAB and the financial position regarding the LGPS Funds in Scotland	Annual Report to be prepared for the 2022/23 Financial Year.	May/ June 2024	To be commenced.  SAB to note survey being undertaken on opt outs with SPDS adviser  Joint Secs working to finalise the report with information provided by E&W SAB – to be shared by correspondence for finalisation by end of September
7	Valuation Outcomes and Impact on Cost Cap	A triennial agenda item whereby GAD report will inform the Scheme	To allow the Board to consider the information provided by Funds from	SPPA to clarify timescales	GAD to provide a further update on Valuation final report at the February 24

		Advisory Board on the outputs of the most recent valuation exercise and provide advice on any impact on the cost cap.	the recent valuation exercise. As advised by SPPA the cost cap which had been placed on hold as a result of the McCloud discrimination ruling is now re-commencing. The triennial Valuation is to take place this year.		meeting  GAD attending September SAB to provide update
7	Cost Control Pre-Breach Mechanism	To develop a cost cap pre-breach mechanism similar to one being developed by the English & Welsh SAB	To have a mechanism which the SAB can utilise in early anticipation of potential future breaches of the cost cap, with the option to consider mitigations prior to the cost cap valuations.	The SAB agreed to establish a technical Working Group to look at pre-breach mechanism.	Working Group established, to consider the outcome of the E&W cost control mechanism and Scottish mechanism.  Working Group met on 21 <sup>st</sup> February 24 and 28 <sup>th</sup> March – update is on the September SAB agenda
8	Cessation Valuation: Guidance and Regulation Review	To consider a range of matters raised as a result of recent activity on cessation valuations	Two areas previously considered by SAB and Scottish Government on 1) regulation review and 2) good practice guidance for Funds.  The SAB at its Sept meeting requested further work to understand points raised on draft guidance and for these to be picked up by the working group which is looking at this issue.	Report from Working Group now submitted to SPPA	Joint Secs have written to Funds with guidance as agreed by SAB.  The SAB agreed a working group should develop further guidance.  SAB agreed to share English & Welsh guidance adapted for Scottish legal system at its 10 <sup>th</sup> May meeting.  A draft is currently being

					<p>considered by SAB advisers</p> <p>Update to be provided for September SAB</p>
9	Climate Reporting	To consider potential reporting on climate related disclosure by Pension Funds in Scotland	The Scottish Government is considering introducing Regulations in Scotland similar to likely Regs in England & Wales on climate reporting. The SAB will be asked for its advice on this.	Ongoing	<p>SAB agreed Working group to be reformed.</p> <p>The Working Group to convene once the position regarding climate reporting is confirmed for E&amp;W.</p> <p>Next Responsible Investment Advisory Group is 23<sup>rd</sup> September</p>

**Original Workplan Items now Standing Items on Board Meeting Agendas**

No	Title	Description	Output Required	Anticipated Timescale	Update
1	Communications Strategy	To consider an appropriate strategy on communications for members and on guidance for funds where required	This item will be a standing meeting item and will ensure that the Board are communicating effectively with all stakeholders.		No further update.
2	Review of Regulations	A standing item to ensure that regulations reflect legislation and are fit for purpose.	This item will be a standing meeting item and will inform/reflect the Board's response to existing regulations or those in draft form.		To be considered under the SPPA's Agenda item.
3	Funding Levy mechanism	To agree a mechanism to allow the Scheme Advisory Board to fund the development work required to carry out its role.	That an agreed levy approach is agreed to support the work of the Board.	Ongoing	The SAB agreed at its 10 <sup>th</sup> May 2023 meeting to bring forward a paper on developing a proportionate robust and transparent levy for future years to the 29 <sup>th</sup> November 2023 meeting. The levy is agreed for 2024/25 with a further paper on future years as part of SAB Budget to be considered in November 2024

**SAB working groups - current**

Scottish SAB Good Governance Working Group	SAB members: Davena Rankin; Cllr Many Watt; Joint Secretaries; Fund Advisors
Scottish SAB Cost Control Working Group	SAB members: Stephen Smellie; Kenny Dick; Joint Secretaries; Fund Advisors; Actuarial Advisor (GAD)
Cessations Working Group	SAB advisers: Laura Colliss; Richard Warden (Hymans); Joint Secretaries
Funds Annual Reporting Working Group	SAB advisers: Laura Colliss; Albert Chen; Joint Secretaries

#### **SAB representatives and observers on E&W SAB groups**

SAB (E&W) Responsible Investment Advisory Group	SAB member nomination required (Stephen Smellie has left the SAB), Jonathan Sharma
SAB (E&W) Gender Pension Gap Working Group	Davena Rankin
SAB (E&W) Joint CIPFA Technical Working Group	Richard McIndoe
SAB (E&W) Compliance and Reporting Committee	Richard McIndoe
SAB (E&W) Transparency Group	Alan Sievwright