

Local Government Pension Scheme Advisory Board
10:30-12:30, Wednesday, 19 February 2025
MS Teams

Attendees

<u>SAB Members</u>	
Cllr David Parker (Chair)	Scottish Borders Council
Simon Watson (Joint Secretary)	UNISON
Arthur Nicoll	UNISON
Annette Drylie	GMB
Brian Robertson	UNITE
Kirsty Robb	Scottish Borders Council
Cllr Vaughan Moody	East Dunbartonshire Council
Cllr Simon Mountford	Scottish Borders Council
Kenny Dick	Care Inspectorate
Cllr David Richardson	East Ayrshire Council
<u>Advisers and Observers</u>	
Jonathan Sharma (Joint Secretary)	COSLA
Gary Leadbetter	COSLA
Gareth Dixon	COSLA
Richard McIndoe	Strathclyde Pension Fund
Ian Coltman	SPPA
Eva Sobek	SPPA
Catherine McFadyen	Hymans
Jeff Houston	Barnett Waddingham
Martin Smith	GAD
David Stainthorpe	Chair of Dumfries & Galloway Pension Fund
Ross Mackenzie	Chair of Falkirk Pension Fund

Apologies

Cllr Mandy Watt	City of Edinburgh Council
Davena Rankin	UNISON
Andy Thompson (Vice Chair)	GMB
Graham McNab	UNITE

Discussion

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and apologies were noted.

It was noted that the SAB had received a note from the Chair of the Lothian Pension Fund about Project Forth.

The Chair noted that Jonathan Sharma (Joint Secretary, COSLA) was retiring and that this was their last meeting. Jonathan was thanked for his contributions to the SAB and was wished well for the future.

2. Conflict of Interest Declarations

None advised.

3. Minute of Last Meeting and Matters Arising

The minutes of the previous meeting of 13 November 2024 was submitted and approved as correct record.

There were no matters arising.

4. GAD Update on 2024 HMT Valuation and Section 13 Report

The SAB were provided with a presentation on the 2024 HMT Valuation and Section 13 Report. Time was also given for a short question and answer session.

It was advised that the effective date of the latest treasury valuation, which GAD carry out, was the 31 March 2024. The valuation is a test of the cost control mechanism which assesses future expected accrual costs relative to the target pension costs which are set out in legislation. It was noted that these valuations are carried out every four years, with this being the third test. To date, there have been no benefit changes stemming from these cost control mechanisms valuations.

It was noted that the SAB has a role in the valuation. In particular, the SAB will be asked within the process to consider GADs advice to SPPA and Scottish Ministers on the proposed assumptions to adopt for the valuation, which are expected to be available later this year.

In relation to the Section 13 Report, it was noted that this is a review of how local fund evaluations have been carried out under the four statutory headers, which are compliance, consistency, solvency and long-term cost efficiency. It was noted that a lot of the work by GAD and SPPA to complete the report was currently underway, with a publication date of summer 2025 being aimed for.

5. SPPA Update

The update covered the exit credits consultation, updated guidance for preparing and maintaining a funding strategy statement, the request for SAB to respond to a request for views on the intentions of the UK Government and their 'pooling agenda' and to investigate and report on the amount of Scottish infrastructure and equities investment and the updated dashboards guidance published by the pension regulator.

In relation to a query about identifying Scottish equities, it was confirmed that the SPPA would return with an answer to this.

ACTION: SPPA to confirm with SAB how Scottish equities can be identified.

6. Fit for the Future Consultation LGPS England and Wales

The SAB considered and discussed a paper which summarised the proposals of the Fit for the Future LGPS England and Wales Consultation and set out the points of interest and potential implications for LGPS Scotland. The paper also covered items which, although expected, did not appear in the consultation.

7. SAB Advice on Future of LGPS Funds

The SAB considered a paper which related to the matter around Scottish Ministers having written to the SAB, following the 2023 UK Autumn statement, requesting views upon the proposals directly affecting England and Wales, in addition to Scottish-based investments and building community wealth. A specific request was made to “investigate and provide a report on how much, if any, each of the funds currently invests in Scottish infrastructure projects and Scottish Equities.”

It was noted that it is proposed that the SAB hold an extended meeting (up to a day) with expert views from a variety of perspectives to robustly examine the different alternatives and move towards being able to give a view to Scottish Ministers.

The SAB agreed that the Chair, Vice Chair and Joint Secretaries should prepare a report for the end of March / beginning of April on how the extended meeting will work and what it will involve, for consideration and agreement by the SAB, with the meeting taking place by the end of April.

8. Climate Reporting

The SAB considered a paper which proposed a means to ensure LGPS funds in Scotland remain in line with DWP requirements for climate governance and reporting by amending the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 to effect, with appropriate clarifications, the requirements of the Schedule to the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

The SAB agreed that the matter should be referred to the Climate Change sub-group of the SAB for their consideration, to then be returned to the SAB for further consideration and endorsement of an approach to be taken.

It was noted that the Climate Change sub-group may need to be reformed, given that it has been some time since the sub-group existed. It was agreed that the Joint Secretaries should take this matter away for consideration and bring it back to the SAB. Kenny Dick was approved as a member for the sub-group for the Employers side, with a member from the Trade Union side to be confirmed.

9. Update on SAB Actions including Working Groups

The SAB considered a paper which provided updates on several agreed SAB actions, including updates from Working Groups.

It was noted that the Cost Control Working Group met on 14 February 2025, where consideration was given to a paper presented by Barnett Waddingham on options for a discussion on what should be recommended to the SAB regarding adoption of a cost control mechanism. The Working Group concluded that at this time, introducing a cost control mechanism is considered unnecessary. The SAB agreed that no further work is undertaken at this time, given the conclusion of the group, although noted that this can be kept under review.

10. SAB Update and Future Resourcing of SAB Options

It was agreed that this item would be taken last on the agenda, in private. All observers left the meeting.

The SAB considered a paper which brought forward substantive options on future resourcing of the SAB, as agreed at the September 2024 meeting, together with a proposed Budget for SAB work and a proposal for the SAB levy for 2025/26.

Following some discussion, the SAB agreed the proposed budget and levy for 2025/26 and that a Policy Officer be appointed to support the SAB's work for an initial 12-month period.

11. SAB Work Plan – Review of Activities

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

The Work Plan was noted.

12. AOB

It was noted that the SAB had previously agreed that representatives from the SAB would look to join Pension Fund meetings. It was highlighted that there was an invite for a Joint Secretary and SAB member to attend a meeting on 27 March at Northern Ireland. It was agreed an email would be sent around the SAB to secure a volunteer.

Future Meeting Dates:

The SAB agreed the future meeting dates of:

- Wednesday, 21 May 2025, 10:30 – 12:30 (hybrid)
- Wednesday, 27 August 2025, 10:30 – 12:30 (hybrid)
- Wednesday, 26 November 2025, 10:30 – 12:30 (by MS Teams)