

# Scottish Teachers' Pension Scheme Advisory Board

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## DRAFT Minutes

**Date:** 24 February 2020

**Location:** Verity House, Haymarket Edinburgh

**Chair:** Jim Goodfellow (COSLA - Employer)

**Attendees:** Greg Dempster (AHDS), Fiona Dalziel (SSTA), Michael Dolan (EIS), Des Morris (EIS), Jim Preston (SPPA), George Russell (GAD), Stephen Stewart (EIS), Stuart Robb (SGEWU), Finn Mackenzie (SPPA), Brenda Callow (SPPA), Andy Witty (Colleges Scotland), Neil Shaw (SLS), Debbie Walls (COSLA), John Edward (SCIS), Stephen Uphill (Abertay University), Dominic Allen (UCU), George Russell (GAD), Dave McGinty (EIS substitute), David Parker (COSLA), Euan Duncan (SSTA), Dave Wilkinson (NASUWT), Stuart MacArthur (SPPA),

**Secretariat:** Claire McGow

**Apologies:** Mary Senior (UCU), Dougie Atkinson (VOICE), Clare Campbell (SPPA), Stephanie Walsh (SGEWU), Louise Wilson (EIS), Phil Doggart (COSLA), Clair Ramage (COSLA), Tom Nash (SPPA)

### 1. Welcome and Introductions

1.1 The Chair welcomed everyone to the meeting, noting apologies.

### 2. Conflict of Interest

2.1 None noted.

### 3.1 Minutes from Previous Meeting

3.1 The minutes of the 22 January 2020 meetings were agreed as accurate and the amendments to the minutes of 9 September 2019 agreed.

#### **4. McCloud/Sargeant**

4.1 The SAB met initially on the 22 January to consider the options set out in the HMT paper. Additional information was provided by the Government's Actuary Department (GAD) at the meeting on 24 February which set out in more detail the value of the pre and post 2015 benefits covering the remedy period. GAD presented the paper which provides examples covering a number of scenarios which concluded that in general, pre 2015 final salary benefits were of higher value to members when compared to 2015 CARE benefits for the same period. The clear exception to this was provided by the example of an ill-health retirement example where due to the longer period over which service enhancements were provided, resulted in a higher 2015 benefit. The Board thanked GAD for the paper which was recognised as a useful tool for members to consider views on the HMT proposals.

4.2 The two options provide for an immediate and deferred choice to determine the benefit accrued during the remedy period. Initial views from the employers side was that the immediate option provides greater certainty on scheme costs over a significantly shorter period. The member side however felt that the deferred option provides greater certainty for members at retirement allowing them to make an informed choice on what scheme during the remedy period would be more beneficial for them at the point of retirement.

4.3 Both sides recognised, as set out in the HMT paper, that key issues still need to be finalised around tax implications, scheme design/landscape post remedy, the impact of applying the 2016 valuation cost cap breaches and how the costs of implementing the remedy will be met.

4.4 The member side was clear that its view was that any remedy solution should apply to the member's full membership and not be restricted to the remedy period. By restricting membership of the pre 2015 schemes only to the remedy period creates a cliff edge whereby those closest to retirement and therefore older, suffer less detriment by moving to the CARE arrangements when compared to those with longer periods to retirement who are generally younger members. This creates a further potential challenge based on age discrimination. The member side also felt that scheme members needed greater assurances about their pension and that creating short periods of additional membership of the final salary schemes simply creates greater confusion and complexity, if members are going to make informed choices on their pension planning.

4.5 SPPA recognised these concerns but confirmed that occupational pensions policy was reserved and any decision on how an agreed remedy solution is to be implemented, along with scheme design post the remedy period, would be for HMT to determine. Given that the rationale for introducing the 2015 reforms was based on affordability and sustainability it is not expected that HMT will be considering any review of the 2015 reforms. The remedy seeks to address the accepted age discrimination resulting from the introduction of the transitional protections and remove any age discrimination going forward. This is what the paper is trying to achieve in the initial proposals set out for technical discussions. SPPA confirmed that the final details on proposals will be set out in HMT's formal consultation due to be issued later in the year. SPPA reiterated there was still a considerable amount of information needed to finalise the HMT position on a formal consultation. This includes how tax charges will be managed, what the public service pension landscape will be post remedy and how the current pause on the cost cap will factor into the CARE scheme both during and after the remedy period.

4.6 The member side also raised significant concerns on who will be meeting the costs for introducing the McCloud changes. It understood that at discussions between HMT and the TUC HMT will expect these costs to be met by members. The member side felt that these costs should be met by HMT given that it was the UK Government's error to introduce the unlawful age discriminatory transitional protections.

4.7 The Board agreed that a consensus view was not required in providing comments to HMT on this technical discussion. Whilst the member side had set out its position the employer side stated that whilst the additional information was helpful it would be premature to form a final position until further consideration had been given to colleagues. SPPA confirmed that although there was no fixed closing date for comments to be provided it would be helpful that any comments are provided to HMT no later than mid-March. It was agreed that a response would come from the SAB reflecting individual side's views and an initial draft will be prepared by SPPA and circulated.

**Action – Employer side to feedback to the SAB by mid March.**

**Action – SPPA to draft a letter responding to HMT which reflects the views of both the member and employer sides.**

## **5. SNCT Terms and Conditions**

5.1 COSLA introduced an update on paper "Scottish Negotiating Committee for Teachers (SNCT) National Pay and Leave Specification. It was noted that some background work had been done and that page 2 of the paper has some "quick wins". Whilst there are some challenges with the introduction of i-Connect, the authorities are familiar with the system as the Local Government scheme already use it. The Teachers' Pension Board is currently looking at how data can be improved. It is recognised that there is work to be done, however COSLA and SPPA Customer Services are working together and are setting dates for completion. Discussion will also take place with the payroll advisory group with pension contributions to be the top priority. The member side noted that it is a very helpful paper and look forward to its progress. The Chair thanked COSLA for bringing this issue together. The SAB await response.

## **6. SAB Member Training**

6.1 SPPA's new Governance Manager introduced himself and gave an overview of his and the team's role. The provision of training for SAB members falls within the remit of the Governance team. A draft agenda for a training day was circulated for consideration. The SAB were asked if anyone would be able to facilitate this day, potentially in May for approximately 30 people. COSLA confirmed that they would look into accommodating this. The Teachers' SAB is to be the pilot group and if successful it will then be delivered to the other Scottish SAB's.

6.2 Chair confirmed that:

(1) SAB are happy with a training date in May

(2) Members were happy with the proposed agenda, however would like the names attached for those delivering the training.

**Action – COSLA to confirm if they can host the training day.**

## **7. Dates of Next Meetings**

7.1 SAB agreed that the next meeting should be Monday 23 March at 1pm.

## **8. SAB Chair from April 2020**

8.1 Chair asked the member side to consider a nomination for Chair from April 2020 as the employers side takes on responsibility for the 12 months from April. This should be decided for the next meeting.

**Action – Member side to consider new chair for next meeting.**

## **9. Any Other Business**

9.1 Jim Preston informed SAB that this was his last meeting representing SPPA as he is due to retire on Friday 28 February. He thanked the group for both their support and the continued benefit of the tri-partite approach.

9.2 Chair thanked Jim for his contributions and work with the SAB.

# Scottish Teachers' Pension Scheme Advisory Board

Action Ref.	Action	Action Owner and date raised	Latest position	Action closed
84	SAB Chair from April 2020	Member side to consider for 23 March 2020		Open
83	SAB member training - location	COSLA		Open
82	Letter from the SAB to HMT with their thoughts on the discussion paper	SPPA		Open
81	McCloud/Sargeant – Employer side to feedback their views by mid-march	Employer side		Open

<b>80</b>	Training – SPPA to take forward the implementation and arrangements to facilitate a joint training day for SAB and Pension Board members.	SPPA		Open
<b>79</b>	COSLA to review the Scheme Eligibility paper on Senior Management posts with Stakeholders and take Legal Advice.	COSLA		Open
<b>78</b>	Scheme Comparison Paper - Chair confirmed SAB members should go back to member organisations for further consideration.	SAB Members		Open
<b>77</b>	McCloud / Sargeant - GAD and SPPA to produce a limitations paper to share with board members with SPPA to confirm final date for comments	GAD/SPPA		Open

76	SPPA to highlight SAB request to the Pension Board on the consideration of the geographical areas and establish if there are employers more active than others in promoting Phased Retirement. Also identify proportion of members in 55 -60 and 60 – 65 year age band who are eligible but do not apply for Phased Retirement	SPPA		Open
75	SPPA to clarify qualifying period for ill health and death benefits payable to teachers on supply contracts.	SPPA		Open
74	SPPA to include age range profiles on future participation rates papers where the number of opt outs is greater than one.	SPPA		Open

<b>73</b>	Revised version of SNCT Terms and Conditions with commentary to be circulated by 29 January 2020. SAB members to provide comments to COSLA by 5 February Paper to be drafted and issued by COSLA. COSLA to circulate final revised version by 14 February 2020	COSLA and SAB members		Open
<b>72</b>	SPPA to amend minutes of 9 September 2019 meeting.	SPPA		Open
<b>58</b>	Murray McLeod to work along with EIS on SNCT examples and forward to the SPPA	Murray McLeod		Open
<b>8</b>	Secretariat to ensure approved agendas, minutes, and work plan are shared with the Pension Board and published on the SPPA website as appropriate	SPPA 18/06/2015 Secretariat	C/F to action when minutes approved	Remains open