

# Scottish Teachers' Pension Scheme Advisory Board

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## Minutes

**Date:** 21 June 2019

**Location:** Verity House, Haymarket Edinburgh

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

**Attendees:** Neil Shaw (SLS), Greg Dempster (AHDS), Fiona Dalziel (SSTA), Michael Dolan (EIS), Euan Duncan (SSTA), John Edward (SCIS), Des Morris (EIS), Jim Preston (SPPA), Lesley Hood (SPPA), Mary Senior (UCU), Dave Wilkinson (NASUWT), George Russell (GAD), Stephen Stewart (EIS), Trudi Tokarczyk (Colleges Scotland), Stephanie Walsh (SGEWU). Graham Nichol (COSLA), Louise Wilson (EIS), Stephen Uphill (Abertay University), Debbie Walls (COSLA), Garren Conway (SPPA – Customer Service), Murray McLeod (COSLA) dialled in.

**Secretariat:** Brenda Callow (SPPA)

**Apologies:** Lorimer Mackenzie (SPPA), David Parker (COSLA), Stuart Robb (SGEWU), Phil Doggart (COSLA), Andy Witty (Colleges Scotland) Dougie Atkinson ( VOICE ),

## 1. Welcome and Introductions

1.1 The Chair welcomed everyone to the meeting noting apologies. The Chair welcomed Debbie Walls who had replaced Kathy Cameron as a member of the board from COSLA, Stephen Uphill from Abertay University who had replaced David Reeves and Stephen Stewart who replaced Jayne Rowe EIS. Confirmation was given that Appointment letters had been issued as well as re-appointments.

## 2. Conflicts of Interest

2.1 The Chair asked the board if any new conflicts of interest were to be declared. None noted.

## 3. Minutes of the Previous Meeting

3.1 At the previous SAB Lorimer Mackenzie chaired the meeting due to Stuart Robb's, SGEWU unavailability. Staff requested confirmation that should this situation arise again the substitute chair would be drawn from the same organisation as the chair or one of the three constituent

groups and not the SPPA secretariat. Members agreed that this format would be adopted as standard procedure.

3.2 Staff expressed thanks to COSLA for the use of meeting room facilities and enquired if there would be potential for future one hour pre-meets. COSLA confirmed that they would be happy to accommodate this request.

3.3 The SPPA confirmed that the recent guidance link on EU Nationals had been issued to John Edward. It was agreed that the link is to be issued to the all on the STPSAB.

**Action: SPPA to issue link on EU Nationals to the STPSAB**

3.4 The SPPA had considered adding information about phased retirement to Annual Benefit Statements (ABS). There is currently a lot of detail provided on the ABS and they are put onto the SPPA's on line My Pension where only around 20% are accessed. There is no indication of the age of those accessing ABS and the SPPA questioned the value of adding this information and wondered if there were more productive ways to promote this option. Staff advised that the current phased retirement rate in England and Wales is 0.8% of all retirements and confirmed that many are completely unaware of the availability of phased retirement, however there could be an issue for employers agreeing to this type of retirement. The SPPA confirmed that there is information on the website. It was agreed that the SPPA would consider further.

**Action: SPPA to further consider improving Phased Retirement awareness**

3.5 A discussion took place regarding training for SAB members. The SPPA asked the SAB to confirm if there was a particular shortfall in any area. It was confirmed that information on the structure of the scheme would be beneficial along with the GAD Valuation Training.

**Action: SPPA to forward details of the scheme structure and GAD Valuation Training to all new members of the SAB and consider any other training that would be helpful.**

#### **4. SNCT Terms and Conditions**

4.1 Murray McLeod provided background on the principle changes to the terms and conditions already implemented by the Scottish Negotiating Committee for Teachers (SNCT). Details of this issue were set out in SAB paper 21/06/2019-04. These changes affect both the Final Salary (FS) and Career Average Revalued Earnings (CARE) schemes. As Murray was unable to attend, he provided a presentation remotely. Following Murray's presentation and at his request a copy of the presentation and SNCT Circular 18/64 Part 2 Appendix 2.19 was distributed to SAB members.

**Action: SPPA to circulate presentation electronically**

4.2 Staff suggested that a notional pay calculation may be the most suitable method so that the annual pension and contributions reflect the period of pensionable service rather than just using the pay received. The SPPA confirmed that the current pension details for example April to August didn't match and therefore the SPPA had to contact employers. Moving forward data will be submitted on a monthly basis therefore increasing the need for accuracy. The SPPA confirmed that any notional pay would need to be provided under the scheme regulations which would require HM Treasury's agreement.

Murray agreed, together with the EIS to provide Garren Conway at the SPPA the details of the implications of the changes which would include examples of notional pay calculation that would take in supply teachers. Murray asked the group to forward any further questions they had by e-mail to Brenda Callow who would collate and forward to himself,

**Action: Murray and EIS to work on examples and forward to the SPPA**

**Action: SAB members to forward further questions to the SPPA**

## **5. Participation Rates**

5.1 A discussion took place on the latest participation rates paper issued to the Board. The paper provided Opt Out data split into two categories, that of CARE and Final Salary. The SPPA indicated the difficulty in identifying scheme participation rates and wondered whether any details of those employed and eligible to be in the scheme could be made available from employers. The Chair asked the board to consider the paper and provide comments on the scope going forward. Staff suggested that for the local authority sector details of participation rates could be determined from the census data. Staff also asked if the SPPA could find out how long a teacher has been in the scheme before opting out. Consideration is to be given to the previous raised item that employers should be more active in maintaining teachers in the pension scheme, although it was highlighted that HR/Payroll staff should not give pension advice. The Chair advised that he would make further investigation on the Opt Out procedures within his own Council.

Concern was also raised for Independent Schools, however it was confirmed that Teachers are directed to the SPPA website.

**Action: SAB members to consider more meaningful questions for future discussions which should be included in the process where a member opts out. This would allow analysis to identify trends so that policy could be considered to reduce opt outs and maintain participation rates.**

**Action: The Chair will investigate the Opt Out procedure undertaken by his own HR and Payroll Department.**

**Action: SPPA to consider the staff census information in determining the participation rates for the scheme.**

## **6. McCloud / Sargeant Update**

6.1 The SPPA provided an overview of the current developments regarding the valuation and cost cap rectification. The decision on leave to appeal has moved to July 2019 or if not then due to summer recess September/October 2019. In the event of the UK Government not gaining leave to appeal the Court of Appeal's decision remedies will need to be put in place to remove the age discrimination. HM Treasury have set up a working group to consider what remedies would be appropriate.

6.2 Staff updated SAB members on a TUC letter dated 13 June 2019, issued to the Chief Secretary to the Treasury, Liz Trust MP regarding public sector pensions. It is believed that a

pause to the valuation process is a disproportionate response and creates an impact on member's benefits. The pause in implementing the cost cap rectifications meant members were currently overpaying contributions based on the current benefit structure and should be accruing benefits at 1/49.6 from 1 April 2019 as previously agreed. Staff requested that the letter be distributed to the SAB.

**Action: SPPA to scan this letter and distribute to SAB members for information.**

6.3 The SPPA explained that the scheme although executively devolved was underwritten by HM Treasury and the cost cap and valuation process were reserved matters. The UK government had paused the cost cap process given the potential costs that may arise as a result of the McCloud/Sargeant rulings.

6.4 Following discussion the SAB are in agreement to endorse the TUC letter in principle that the pause in the cost cap should be withdrawn and rectification action continue. Staff requested that Scottish Ministers representation is made to the UK Government.

**Action: SPPA to seek Scottish Ministers position.**

6.5 Staff requested clarification on the timescale for the funding of increased employer contribution rates. The SPPA confirmed that they have no involvement in the finance of the increased costs. SG confirmed that this request should be referred back to COSLA.

## **7. Walker Updated**

7.1 The SPPA provided a verbal update on the current developments surrounding the Walker v Innospec judgement. This provided that the pension scheme of the company concerned should provide full service for Mr Walker's spouse should he pre decease him. This has resulted in changes being introduced to public service pensions where the current restriction on post 1988 service will no longer apply to survivors of same sex marriages and civil partnerships. This does not affect the restriction of post 1988 service for widowers. It is intended that the regulations will be issued later in the summer for consultation and this will also cover cases covered by the "Brewster" decision removing the requirement for a nomination form to be completed for unmarried partner benefits. Staff advised that they welcomed this however full equality would not be achieved until widowers from heterosexual relationships had the same rights.

## **8. Review of AVC's**

8.1 The SPPA discussed the Review of Additional Voluntary Contribution (AVC) paper issued to SAB members on the 14 June 2019. Following a review by GAD's it was agreed that changes should be made to the funds available to members wanting to save in the AVC scheme. The changes also introduced to the scheme in England and Wales, will provide more choice and greater flexibility.

8.2 The SPPA highlighted an error in paragraph 2, page 2 of the paper. The correct sentence should read, " It **does not** provide any guarantees present with the current with-profits default fund but would provide more transparency and lower fees".

8.3 The Chair enquired if SAB members had any comments or questions they wished to address. None Noted.

## **9. SAB Meeting Dates**

9.1 Meetings are scheduled for September 2019, December 2019 and February 2020. SPPA enquired if SAB members welcomed four meetings throughout the year or if three would be sufficient. Following discussion it was agreed that due to the complex discussions which arise it would be beneficial to continue with the current format of four.

9.2 The next SAB Meeting has been confirmed for the 09 September 2019. COSLA will consider getting two further dates.

**Action: COSLA to look into getting two further dates.**

## **10. Any Other Business**

10.1 The SPPA confirmed implementation of the new SPPA website.

**Action: SAB members to forward any feedback to Brenda Callow for consideration.**

# Scottish Teachers' Pension Scheme Advisory Board

Action Ref.	Action	Action Owner and date raised	Latest position	Action closed
63	SAB to ask SG to make representation to the UK Government on unpausing the cost cap	SPPA		Open
62	SPPA to distribute copy of TUC letter to full SAB on behalf of Staff side	SPPA	Issued to SAB on 10/07/2019	Closed
61	Chair to investigate Opt Out process undertaken by his own HR/Payroll teams	Chair		Open
60	SPPA to provide teacher census information	SPPA	Included in Q1 2019/2020 Participation Rates paper issued to board on 04/09/2019	Closed
59	SAB members to forward further questions on SNCT to the SPPA	SAB members		Open
58	Murray McLeod to work along with EIS on SNCT examples and forward to the SPPA	Murray McLeod		Open
57	SPPA to circulate SNCT presentation electronically	SPPA	Issued to SAB on 10/07/2019	Closed
56	SPPA to forward details of the scheme structure and GAD Valuation Training to all new members of the SAB	SPPA	Issued to SAB on 10/07/2019	Closed

<b>55</b>	SPPA to confirm if guidance has been produced on EU Nationals for circulation	SPPA 19/02/2019	Issued to SAB on 10/07/2019	Closed
<b>54</b>	Employers to liaise with SPPA on Chair and room availability	Employers 19/02/2019	COSLA to book rooms for 9 September and consider 2 further meetings	Open
<b>53</b>	SPPA to investigate if additional wording on Phased retirement can be included on a member's ABS	SPPA 19/02/2019	On-going	Open
<b>52</b>	SPPA/GAD to provide illustrations of effect of Sargeant/McCloud when greater understanding known	SPPA 19/02/2019		Open
<b>50</b>	Participation rates - SAB members to forward any further data requests or ideas for future Opt Out Papers	SAB Members 21/06/2019	On-going	Open
<b>27</b>	SPPA to consider training for board members and report back in due course	SPPA 05/09/2016		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, no action necessary