

# Scottish Teachers' Pension Scheme Advisory Board

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## Minutes

**Date:** 22 January 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), Darren Waplington (NASUWT), Tom Nash (SPPA), George Russell (GAD).

**Secretariat:** Lesley Hood

**Apologies:** Dave Wilkinson (NASUWT), Mary Senior (UCU), Euan Duncan (SSTA), David Parker (COSLA), Dougie Atkinson (VOICE ), Graham Nichol (COSLA), Clare Campbell (SPPA), Stephanie Walsh (SGEWU), Louise Wilson (EIS), Phil Daggart (COSLA) Clair Ramage (COSLA),

## 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 and Actions from Previous Meeting

3.1 The minutes of the previous meeting were agreed as accurate, however the employers asked for agenda item 8.3 to add in detail about the SAB request.

3.2 A copy of the Kate Forbes, Minister for Public Finance and Digital Economy reply issued to the Chair Jim Goodfellow was circulated to Scheme Advisory Board (SAB) members in attendance. This letter was in reply to the SAB's further request for Ms Forbes to write to the Chief Secretary of the Treasury (CST) requesting that the current pause on the cost cap is lifted or write to the SAB confirming the reasons for not approaching the CST on this matter. Member representatives requested time to consider the letter. They requested that it be formally noted that they remained very disappointed that a Ministerial approach was not being made to the CST. Members advised that they will revisit at a later date however would not be pursuing at this time.

3.3 SPPA conveyed SAB's position regarding Action 71. SAB Minutes will be shared with Pension Boards once agreed. A formal mechanism will be established to allow communications between SAB and Pension Board members.

3.4 Action 69 – Following liaison with GAD, SPPA supplied a summary of scheme benefits – Action Closed.

3.5 Action 65 – No training requests received from SAB members. Training is on the agenda for further discussion today.

3.8 Action 61 – Chair discussed the Opt Out process in his Local Authority undertaken by HR/Payroll Teams, confirming that as numbers were so low no further action was necessary - Action Closed.

3.9 Action 59 – SAB members to forward further questions on SNCT to SPPA, no questions received however on the agenda for discussion today

3.10 Action 52 – SPPA / GAD – Outline of initial proposals regarding a remedy solution on the effects of Sargeant / McCloud issued to SAB members on 20 January 2020.

**Action: SPPA to amend minutes of 9 September 2019 meeting.**

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

4.1 COSLA representative apologised to the SAB as they confirmed that Murray McLeod was unable to attend the meeting or dial in to deliver the presentation of the paper supplied to the group. It was confirmed that a Payroll Managers support group is being set up to take this issue forward. This would comprise of 6 to 8 Payroll Managers. The group will look at the complexities of calculations due to the differences between Financial and Academic years. SPPA Customer Services asked for a commentary around the examples as they were difficult to understand with a member representative also asking for an explanation. A revised version of the SNCT Terms and Conditions paper will be drafted and circulated to members by 29 January 2020. SAB members will have the opportunity to provide comments to COSLA by 5 February. COSLA will aim to circulate the final version by 14 February 2020.

**Action: Revised version of SNCT Terms and Condition to be circulated by 29 January 2020**

**Action: SAB members to provide comments to COSLA by 5 February 2020.**

**Action: COSLA to draft and circulate a revised version of the SNCT Terms and Conditions Paper by 14 February 2020**

## **5. Participation Rates**

5.1 Following agreement at the previous meeting SPPA confirmed that an open text question box has been added to the opt out election form with a view to using this for a 12 month trial. This removed the previous list of set questions showing the reason for opting out which have not delivered any useful information to address the levels of opt outs/participation in the scheme. This change will hopefully encourage members to provide a more accurate reason for opting out so that greater analysis can be undertaken on that information. It was noted that member representatives were content with amendments and will continue to monitor.

5.2 The Chair highlighted a concern that 46 out of 128 members opting out of the scheme were from one Council although with a high number of employees this may be proportional to its size. Member representative noted that it would be helpful to have associated age ranges allowing investigation and support to scheme members. SPPA enquired if there is potential to work with employers assisting members to make informed decisions. Following discussion, the SAB agreed an age range profile should be included in future papers where the number of opt outs was greater than one.

**Action: SPPA to include age range profiles on future participation rates papers where the number of opt outs is greater than one.**

5.3 Member representatives enquired if Supply Teachers are entitled to the equivalent death and ill health benefits for Final Salary and Care Scheme membership.

**Action: SPPA to clarify the terms of entitlement for Ill health and death benefits payable to supply teachers.**

## **6. Formal Communications between SAB and Pension Boards**

6.1 SPPA set out how communications between the SAB and Pension Board will proceed confirming that a template for communications has been established.

6.2 It was noted that the SAB await the outcome from the Pension Board on any actions it takes regarding the communication strategy applied to advertise and promote Phased Retirement.

6.3 Member representatives asked if there would be any merit in collating information on geographical areas, to establish if some local authorities are more active in participation of Phased Retirement. It was thought that this would also be useful for the employers. It was suggested that it would also be helpful to identify the proportion of members in the 55 – 60 and 60 – 65 year age band who are eligible but do not apply for Phased Retirement.

**Action Point: SPPA to highlight to the Pension Board that SAB members may wish to consider points raised in 6.3.**

## **7. McCloud / Sargeant Update**

7.1 GAD provided an overview of the HM Treasury (HMT) paper which sets out its initial thinking on a remedy to remove the acknowledged age discrimination created by the introduction of the 2015 reform transitional protections. This paper is for initial technical discussions with SABs and a formal public consultation will be issued later in the year. It essentially sets out two proposals

whereby an underpin of the better of final salary or CARE benefits is applied to each eligible member for the Remedy period (this has still to be confirmed but will commence from 1 April 2015 and may end in 2022 or 2023). The first proposal “Deferred option” is that this calculation is undertaken at the member’s retirement and the second proposal “Immediate option” is where any calculation and underpin would be applied at the end of the Remedy period. This is just an initial paper and a number of key issues remain under consideration e.g. how tax will apply to any change in pension created by the underpin. Following consideration any comments the SAB wish to make can be fed back to HMT although a formal date for comments has not been set by HMT.

**Action: SPPA will confirm the final date for comments with HM Treasury.**

7.2 Following discussion a number of questions and queries were raised given both the number of key issues still to be confirmed and how informed choices could be made without knowing the full benefits available under each scheme. An underpin is under consideration as automatically putting all eligible members back in their old scheme may not necessarily be the best option for all members. It was noted by both member and employer representatives that it would be helpful to receive a consequences paper so that a more informed position on the proposals can be taken. The initial view of employer representatives was that the immediate option would be attractive, as it would provide greater certainty. GAD and SPPA will liaise to create a consequences paper. GAD reiterated that as highlighted a number of key issues remain under consideration by HMT and are not expected to be resolved until the formal consultation is issued. SAB members agreed that a meeting should be arranged for week commencing 24 February 2020 for future discussion which will be informed by the consequence paper. The SAB agreed that rather than have a working group, the meeting should include all members. Stakeholders may come up with other proposals which can be submitted to HMT for consideration.

**Action: GAD and SPPA to produce a consequences paper to share with Scheme Advisory Board members.**

## **8. Scheme Comparison**

8.1 SPPA thanked GAD for providing a useful Scheme Comparison paper comparing benefits and employer contribution rates. This set out the public service pensions landscape which reflects the reforms introduced following the recommendations made by the Independent Public Service Pensions Commission led by Lord Hutton. Whilst there is a common approach on generally retaining defined benefit schemes the structures differ due to the scheme specific negotiating groups that considered the reforms. Although not formally agreed, reform frameworks were introduced for each schemes within a set cost envelope and reflect the differences introduced for each scheme. For example the Civil Service scheme has a more generous accrual rate than other schemes but has a less generous revaluation rate. Parity with counterpart UK schemes was generally maintained for the devolved Scottish schemes.

**Action Point: The Chair confirmed the Scheme Comparison Paper should go back to member organisations for further consideration.**

## **9. Scheme Eligibility Update**

9.1 The Scheme Eligibility paper was re-circulated to the SAB as requested at the previous meeting. The question under consideration is whether the SAB has considered the risk of an equal pay claim being raised where two employees are employed in the same education related management job but one, a former teacher retains access to the Teachers' scheme whilst the other is eligible for the Local Government scheme. Employer representative noted that they wish to obtain a legal view in order to identify and manage any risk. Member representative noted they were content with the paper.

**Action Point: COSLA would like to review the paper with stakeholders and obtain legal advice regarding the risk of any equal pay claim.**

## **10. Training**

10.1 It was noted that the draft Training Day agenda should be shared with Pension Boards. Following discussion, it was agreed that the day would provide a useful opportunity to meet informally and share any concerns.

10.2 Employer representative indicated that it would be beneficial to move the Governance and Roles item scheduled for 11.45 am to the first session.

10.3 Member representative enquired if organisations could send substitute representatives to access training. The board agreed this.

**Action Point: SPPA to take forward arrangements to facilitate a training programme.**

## **11. Dates of Next Meetings**

11.1 COSLA will assess availability for the last week in February 2020 to accommodate the next meeting and liaise with SPPA.

## **12. Any other business**

12.1 No further business was discussed.

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Action Ref.	Action	Action Owner and date raised	Latest position	Action closed
<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