

Scottish Teachers' Pension Scheme Advisory Board

Minutes

Date: 3 September 2020

Location: Virtual Meeting via Webex

Chair: Des Morris (EIS - Member)

Attendees: Fiona Dalziel (SSTA), George Russell (GAD), Anne-Marie Pettie (GAD), Iain Coltman (SPPA), Stephen Stewart (EIS), Stuart Robb (SGEWU), Finn Mackenzie (SPPA), Brenda Callow (SPPA), Andy Witty (Colleges Scotland), Neil Shaw (SLS), Simon Cameron (COSLA), John Edward (SCIS), Euan Duncan (SSTA), Dave Wilkinson (NASUWT), Stuart MacArthur (SPPA), Mary Senior (UCU), Stephanie Walsh (SGEWU), Louise Wilson (EIS), Cllr Clair Ramage (COSLA), Michael Dolan (EIS), Cllr Jim Goodfellow (COSLA)

Secretariat: Clare Campbell (SPPA)

Apologies: Greg Dempster (AHDS), Cllr David Parker (COSLA), Tom Nash (SPPA), Phil Doggart (COSLA), Dougie Atkinson (VOICE)

1. Welcome and Introductions

1.1 The Chair welcomed everyone to the meeting, noting apologies. The number of outstanding vacancies on the board was highlighted and the Chair emphasised the importance of these being filled in order for meetings to remain quorate.

2. Conflicts of Interest

2.1 No new conflicts of interest were declared.

3. Minutes of the Previous Meeting

3.1 The minutes of the previous meeting on 24 February 2020 had been issued to the group on 12 May 2020, with no comments received. The minutes were agreed as accurate.

4. a) UK Government consultation on addressing discrimination "McCloud"

4.1 The Chair referenced the paper and slides provided to the group from GAD and invited Anne-Marie Pettie and George Russell to begin their presentation.

4.2 GAD confirmed that the aim of their presentation was to provide the group with further information on the consultation and summarise the key points contained within it. This would include sections on an overview of the consultation, member choice, timing of member choice, next steps and an appendix covering the various technical issues relating to the consultation, together with an overview of the interaction of the remedy proposals and pensions taxation. They also confirmed that the consultation is due to end on 11 October 2020.

4.3 Member representatives enquired as to whether they could share the GAD presentation more widely with stakeholders, for example participating schools. GAD confirmed this would be acceptable.

4.4 Member representatives thanked GAD for their clear and helpful presentation. However, they voiced their disappointment that the consultation does not fully address all of their concerns, especially with regards to the, normal pension age and the treatment of remedy costs as a member cost in the context of the cost cap mechanism. There also remains disappointment with the assumption that every member will move to the 2015 scheme at the end of the remedy period.

4.5 GAD and SPPA were asked whether at the point of retirement, members will be provided with a clear statement of both options available and their benefits. SPPA confirmed that administrators will be required to provide clear information on this and encouraged representatives to put these comments in their consultation response.

4.6 SPPA confirmed that HM Treasury will offer to chair a UK-wide Teachers' Forum to enable further discussions on the matter and that SAB members would be invited to join.

4.7 Member representatives confirmed that they would like their grave concerns regarding the consultation noted but stated that if they are required to make a choice on the options presented they would elect to proceed with the deferred choice.

The discussions continued in to the next item on the agenda listed below:

4. b) Update on the cost control element of the 2016 valuation

4.8 GAD gave a brief presentation on the second paper which had been issued to the board which was an update from HM Treasury on the cost control element of the 2016 valuation. GAD explained the main points contained within the paper and invited any comments or questions.

4.9 Employer representatives asked if the McCloud costs would be included in the 2016 valuation and if so, would this valuation be re-done or the costs picked up in the 2020 valuation. GAD confirmed that just the cost cap element of the 2016 valuation was being re-started, to determine only whether there is any 2016 cost cap breach after allowing for the McCloud remedy. The current employer contribution rate, determined by the 2016 valuation, will continue to be paid until March 2023. The 2020 valuation will then assess the contributions payable from April 2023, including the costs of implementing McCloud.

4.10 Member representatives voiced their disappointment that the treatment of remedy costs would impact unfairly on any teacher who entered employment after 2012 as they are out of scope of the proposed remedy. There was also concern that the remedy costs will be met by members rather than the Government and lead to the removal of the opportunity to create better member benefits. Member representatives also expressed their concern at the proposed review of operation of the cost cap mechanism.

4.11 The group questioned how the costs of the judgment would be absorbed efficiently and what alterations may happen to the 2015 pension scheme after 2022. GAD confirmed that they do not currently expect to see directions from HM Treasury until early 2021. SPPA reassured the SAB that they are not aware of any plans to alter the 2015 scheme.

4.12 Member representatives confirmed that they would like the SAB to write to HMT to voice their concerns regarding both the consultation and the cost control element. They invited co-operation from employer representatives. Employer representatives confirmed that they are also concerned on where the costs of the remedy will fall. It would not be sustainable for employers to bear the brunt of these costs and could lead to many independent schools leaving the scheme. It was put forward that the member representatives would draft wording for the letter to HMT and then circulate this to the employer representatives in order to facilitate a joint response suitable to both parties.

Action: Member representatives to draft wording and letter to HMT then circulate this to Employer representatives to facilitate a joint response.

5. Survivor Benefits – “Goodwin”

5.1 The Chair notified the board that SPPA had issued Teachers’ Circular 2020/08 in relation to the above which everyone should now have received.

5.2 Member representatives thanked SPPA for their swift action in issuing the circular.

6. SNCT Terms & Conditions

6.1 COSLA updated the board on progress with the SNCT Terms and Conditions. They confirmed that due to the focus on COVID-19 related work the issue had been temporarily side-lined. However, they were now in a position to re-visit this work and hoped to rearrange previously planned meetings with Payroll Managers for either late September or early October 2020. COSLA confirmed they hoped to be able to provide a further update to the SAB at the next meeting

Action: COSLA to update SAB on SNCT Terms & Conditions (including rescheduled meetings with Payroll Managers) at next meeting.

7. Scheme Eligibility Update

7.1 As with the SNCT Terms & Conditions, COSLA confirmed that progress with Scheme Eligibility had also been delayed due to COVID-19. Following discussions with legal team with regards to the matter of equal pay the intention is to undertake an Equality Impact Assessment on the issue. COSLA confirmed that GAD have agreed to undertake this for them, in liaison with SPPA, and they will update the group when they have further information to share.

7.2 Member representatives highlighted the length of time it has taken to make any progress on Scheme Eligibility. COSLA reiterated the delay was due to COVID-19 and the departure of a key member of staff.

8. Employer Contributions while in Armed Forces

8.1 The Chair highlighted the paper issued to the board prior to the meeting. SPPA confirmed the purpose of the paper was to confirm who should pay the employer contributions for teaching staff called out or recalled to the Armed Forces and whether they wished to make any proposed changes regulatory.

8.2 Both Employer and Member representatives were in agreement that it should be the responsibility of the Ministry of Defence (MOD) to absorb these costs but felt that a note to employers would be sufficient before any decision was made on whether to make this regulatory.

Action: SPPA to draft note to employers on ‘employer contributions while in Armed Forces’

9. SAB Member Training

9.1 SPPA confirmed that the previously planned SAB Member Training day had been postponed due to COVID-19 and comments were invited as to how the Board wished to proceed with this event. SPPA confirmed they could rearrange the day for 2021 or investigate the possibility of holding the day virtually.

9.2 A number of board members confirmed they would be interested in undertaking the training virtually due to the ongoing uncertainty over when this could be held in person. A suggestion was made that the training be split into two separate half-day sessions if held virtually. SPPA agreed to investigate and discuss further.

Action: SPPA to investigate and discuss the possibility of holding SAB Training Day virtually in two separate half-day sessions

10. Phased Retirement – Pension Board

10.1 Following discussions at the previous SAB about members’ awareness of the option of Phased Retirement, SPPA confirmed that the matter had been discussed by the Teachers’ Pension Board, who did not believe it was an issue requiring action at this time.

10.2 However, Member representatives highlighted that there remains a lack of understanding among members about phased retirement and believe that due to the current climate it is an option that should be publicised more. In response, SPPA agreed to review what literature is available to members on the SPPA website and update the group accordingly.

Action: SPPA to review Phased Retirement literature available on SPPA website and report back to group

11. Participation Rates

11.1 The Chair referenced the two Participation Rates papers provided to the group prior to the meeting (for Quarters 3 and 4 2019/2020 and Quarter 1 2020/2021). The Chair emphasised that to produce these papers requires a huge amount of manual work for SPPA which is extremely

labour intensive. A note of appreciation was given to SPPA for their work on producing these and comments invited on whether the structure of these papers should remain the same or become more streamlined.

11.2 Employer representatives enquired about the possibility of data being included which shows how many members opt out of the scheme and then opt out again when they are automatically re-enrolled after 3 years. SPPA confirmed that this would be extremely difficult information to obtain and would require significant input from employers.

11.3 Member representatives stated that many who opt out are not fully aware of the scheme benefits they will lose out on by doing so. Their belief is that employers should be encouraged to send a letter of confirmation to members prior to them opting out in order for them to be fully aware of the implications. SPPA confirmed that the opt out form contains a disclaimer box that members must tick to confirm they are aware of the consequences.

11.4 Member representatives confirmed that it would be helpful for members to have access to more information before they formally opt out of the scheme. In response, both SPPA and COSLA confirmed they would be willing to look at the communications provided to members on this matter.

Action: SPPA to review communications available to members on SPPA website regarding opting out

Action: COSLA to review employer communications on opting out

12. Supply Teachers – Death Grant and Ill Health Retirement

12.1 The Chair highlighted the ‘Supply Teachers – Death Grant and Ill Health Retirement’ paper that had been issued to the board prior to the meeting and confirmed that it was for information purposes only. No comments were received on the paper.

13. Date of Next Meeting

13.1 The Chair invited comments on a prospective date for the next SAB meeting, reminding the board that it would be held virtually once again. SPPA suggested that a date for the next meeting could be discussed after the Board has received invitations to join the Treasury’s Pensions Remedy Project discussions.

13.2 A number of board members enquired about the possibility of hosting the next meeting via Microsoft Teams. SPPA confirmed that they expect SG to allow Microsoft Teams to be used officially in the near future so would consider the request.

14. Any Other Business

14.1 No further business was discussed.

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Action Ref.	Action	Action Owner and date raised	Latest position	Action closed
91	COSLA to review employer communications on opting out	COSLA		Open
90	SPPA to review communications available to members on SPPA website regarding opting out	SPPA		Open
89	SPPA to review Phased Retirement literature available on SPPA website and report back to group	SPPA		Open
88	SPPA to investigate and discuss the possibility of holding SAB Training Day virtually in two separate half-day sessions	SPPA		Open
87	SPPA to draft note to employers on 'employer contributions while in Armed Forces'	SPPA		Open

86	COSLA to update SAB on SNCT Terms & Conditions (including rescheduled meetings with Payroll Managers) at next meeting	COSLA		Open
85	Member representatives to draft wording and letter to HMT then circulate this to Employer representatives to facilitate a joint response	SAB Members		Open
79	COSLA to review the Scheme Eligibility paper on Senior Management posts with Stakeholders and take Legal Advice.	COSLA	Remains ongoing, COSLA will update board members in due course.	Open
78	Scheme Comparison Paper - Chair confirmed SAB members should go back to member organisations for further consideration.	SAB Members		Open

73	<p>Revised version of SNCT Terms and Conditions with commentary to be circulated by 29 January 2020.</p> <p>SAB members to provide comments to COSLA by 5 February Paper to be drafted and issued by COSLA.</p> <p>COSLA to circulate final revised version by 14 February 2020</p>	COSLA and SAB members		Open
58	Murray McLeod to work along with EIS on SNCT examples and forward to the SPPA	Murray McLeod		Open
8	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