

Scottish Teachers' Pension Scheme Advisory Board

Date: 4 March 2021

Location: Virtual Meeting via Microsoft Teams

Chair: Des Morris (EIS - Member)

Attendees: Ann-Marie Pettie (GAD); Archie MacIver (UWS); Andy Witty (Colleges Scotland); Brenda Callow (SPPA); Clare Moffat (SPPA); Dave Wilkinson (NASUWT); Dougie Atkinson (VOICE); Euan Duncan (SSTA); Fiona Dalziel (SSTA); George Russell (GAD); Greg Dempster (AHDS); Greg Walker (SPPA); Iain Coltman (SPPA); Cllr. Jim Goodfellow (COSLA); John Edward (SCIS); Louise Wilson (EIS); Mary Senior (UCU); Michael Dolan (EIS); Phil Daggart (COSLA)(part); Simon Cameron (COSLA); Stephanie Walsh (SGEWU); Stephen Stewart (EIS); Stuart Robb (SG); Tom Nash (SPPA)

Observer Ray Martin (Vice Chair STPS Pension Board)

Secretariat: Paul Gibson (SPPA)

Apologies: Clair Ramage (SBC); David Parker (SBC); Neil Shaw (ASCL); Stuart MacArthur (SPPA)

1. Welcome and Introductions

1.1 The Chair welcomed everyone to the meeting, introducing new attendees, noting apologies and highlighting that Ray Martin vice chair of the Pension Board was joining the meeting as an observer. The Chair confirmed that although Ray was an observer he would be giving an overview of the Pension Board later in the meeting. The number of outstanding vacancies on the Board, particularly on the employer side, was noted and the Chair emphasised the importance of these being filled. COSLA confirmed they are actively seeking Councillor representatives.

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 3 September 2020 had been issued to the group on 10 September 2020, with no comments received. The minutes were agreed as accurate with action points discussed and closed accordingly.

4. Update on McCloud Consultation response

4.1 The Chair referenced the 'Briefing on the response to the 'McCloud Consultation' paper provided to the group from GAD and invited them to brief the meeting.

4.2 GAD confirmed the aim of the presentation was to update the group on the outcome of the UK Government consultation, remind the Board of the issues at hand and provide background to the transitional protections previously considered discriminatory.

4.3 GAD updated the Board on the outcome of the consultation and confirmed that the Deferred Choice Underpin (DCU) will be adopted and that all active members will accrue benefits in reformed scheme from 1 April 2022 following closure of the Legacy schemes.

4.4 GAD also advised that with regard to 2016 valuations, the Cost Control Mechanism (CCM) had been paused by the UK Government (UKG) pending conclusion of the McCloud remedy but advised that member benefits would not be adversely affected in the event of a ceiling breach.

4.5 The SPPA briefed on the next steps and challenges which lie ahead. These included developing communications for the website and members, data analysis including events since 2015, addressing immediate detriment cases and updating administration systems as two sets of benefit designs alongside one another with the requirement that this will be the situation for 40 years plus. The Board was also advised further technical issues require to be considered on annual allowance, tax, Annual Benefit Statements, Ill Health Retirements and Deaths since 1 April 2015.

4.6 The employer side sought clarity on a member having had a less than 5 year break in service and re-joining in the 2012 – 2015 period. The member side advised that this was time for abatement to be removed from the pension scheme regulations as it would be difficult to administer for legacy administration and also to allow retired teachers to return to the workforce. In addition, the Winding Down provision should be considered as immediate detriment by the administrators.

4.7 The member side highlighted that it was fundamentally unfair to lose the court case when warned by the unions that it was discriminatory and then breach the cost cap ceiling. It was confirmed that the Department of Education (DfE) had advised that the costs of the remedy had been moved into the 2020 valuations with the costs being absorbed by younger pension members and that the link to state pension age had not been addressed.

4.8 Both the employer and member sides confirmed that they were of the opinion that neither the employer nor members should pick up the costs.

4.9 The SPPA confirmed that primary legislation would be drafted May/June 2020 with secondary legislation being drafted later in the year. Going forward the Chair asked if there was a role for the Board in an implementation technical support group, with further consideration to be given.

4.10 Following the SAB joint response to HMT in October 2020, both sides of the Board discussed the limited scope of consultation. The Board agreed that a similar letter should be drafted to HMT by the member side of the Board for agreement of the full Board.

Action: Following the consultation response, member representatives to draft wording and circulate for full Board agreement to facilitate a joint letter to HMT

5. Increasing the normal minimum pension age – HM Treasury Consultation

5.1 The SPPA made a presentation to the group on the HM Treasury consultation into the proposed increase of the normal Minimum Pension Age (MPA) from 55 years to 57 years effective from 6 April 2028. As the HM Treasury closing date for response is 22 April 2021, views were welcomed on response. The Chair confirmed that both a joint SAB, and individual, responses would be suitable but opened discussion to the group.

5.2 The member side felt it was important that a joint Board response was made, but asked that concern be raised over uncertainty relating to service of certain members when the proposed changes take effect. The member side also stated that there would be real value to challenge longevity. The employer side advised that the college sector required to have discussion around this and therefore it was agreed that member side would draft a response by the end of March in time for the next meeting with suggestion that discussion take place via email in the interim. The employer side offered support for advancing a joint SAB response but asked this be distributed in advance of the next meeting to allow time for employer discussion.

5.3 The member side referenced a change in longevity before the pandemic and requested data on the number of deaths in the 12 months of scheme members for open discussion around the mortality. The SPPA confirmed that they would provide this information.

Action – Member side to draft initial Board response and liaise with the employer side

Action – SPPA to collate data on the number of scheme deaths

6. Independent Schools Withdrawal

6.1 The chair noted that the paper had been circulated in advance of the meeting. John Edward representing Scottish Council of Independent Schools, provided an overview of the current situation in order to establish the Board view. He confirmed a number of financial issues for the schools which are not future proofed and also that some schools have asked to be put on the same footing as those in England and Wales.

6.2 The member side noted that in England and Wales, the majority of members remained in the pension scheme, but raised concerns that the Department for Education's (DfE) phased withdrawal proposal had the effect of closing the scheme to new employees and could encourage 'induced' opt-outs or the 'fire and rehire' of staff on inferior terms for those who remained in the scheme. They sympathised with the Independent Schools sector but suggested pausing on the issue as there had been reports of unintended consequences resulting from the phased withdrawal policy as proposed by DfE. The Scottish Government should give consideration to extending the policy which previously allowed schools to temporarily suspend scheme contributions due to the effects of the pandemic.

6.3 SCIS confirmed that suspension of contributions would be well received but advised that schools did not support induced opt-outs.

6.4 The Chair articulated member concerns and raised two points – 1) that the Scottish Government should be urged to extend the delay on contributions; and 2) that further evidence of unintended consequences of the action should be gathered and cautious progress was warranted.

6.5 The Board agreed that a delay in contributions should be extended with schools to communicate directly with the SPPA.

Action - SCIS to will liaise with schools on the current position and update the Board

Action – SPPA to contact Department of Education on any unintended outcomes

7. SNCT terms and conditions

7.1 The COSLA representative apologised to the SAB for the delay in progression and acknowledged that Board member Stephen Stewart had offered his support in taking this matter forward. The member side highlighted the difficulties that the terms and conditions were creating and the importance of the review. Confirmation was given that the intention would be for this work to be have been progressed by 26 April 2021.

8. Scheme Eligibility Update

8.1 The COSLA representative apologised to the Board for the delay in providing previously requested information. The member side advised of the frustrations in the time that this was taking and the massive implications for Higher Education. The SPPA confirmed that the paper was already with HM Treasury with supplementary questions being asked. The COSLA representative confirmed that progress should be made by 10 May 2021.

9. Participation Rates

9.1 SPPA advised that due to difficulties in obtaining data, it had not been possible to provide the paper in time for SAB but confirmed that paper would be produced in time for next meeting.

Action – SPPA to produce Participation Rates paper to be completed for the next SAB meeting

10. Pension Board Observer

10.1 The Chair introduced Ray Martin, Vice Chair of the Teachers' Pension Board as an observer to the meeting, extending the invitation to give an overview of the work of that Board. The chair confirmed that Clare Scott, Pension Board Chair desired to establish a regular link between the two Boards.

10.2 Ray Martin introduced himself to the Board and made representation on a number of areas, including years' Annual Benefit Statements (ABS) and GMP rectification, citing SPPA role in the processes and SPPA's part in delays to production. He also confirmed the Pension Board role with The Pension Regulator, both collectively and as individuals.

10.3 Ray Martin asked if the Pension Board could receive a copy of the SAB draft minutes rather than waiting on agreed minutes. After discussion, the consensus was that that only agreed minutes could be shared with the Pension Board. The SPPA noted they would explore ways to improve the timescale for drafting and approval of Board minutes.

10.4 Ray Martin also asked on the member being on both the Pension Board and Scheme Advisory Board as this had happened once in the past. The SPPA confirmed that following a recent decision this should not happen.

10.5 Going forward to facilitate closer communication between the Boards, the Chair sought views on this point. Following agreement from the Board, the Chair agreed to take this forward.

Action - SAB Chair to write to PB Chair to extend invitation for more regulator PB observers to attend meetings

Action – SPPA to consider improving the approval times of minutes

11. Rotational Chair from April 2021

11.1 The Chair noted that the position was due to rotate to the Scottish Government (SG). SG confirmed that due to internal managerial changes they were unable to commit to taking the chair. Confirmation was given that SG would contact the SPPA separately on this matter.

Action – SG to contact the SPPA regarding the chair from 1 April 2021

12. Date of Next Meeting

12.1 The Board agreed that the next meeting should be scheduled for 29/30/31 March with a doodle poll to be issued to seek member availability.

13. Any Other Business

14.1 With no further business, the Chair thanked everyone for attending, along with Ray Martin from the Pension Board, extending a thank you to those who gave presentations.

Scottish Teachers' Pension Scheme Advisory Board

Action Ref.	Action	Action Owner and date raised	Latest position	Action closed
100	SG to contact SPPA regarding the situation of the position of meeting Chair from 1 April 2021	SG	Paper to be produced and discussed at next SAB meeting	Open
99	SPPA to consider the approval times of minutes	SPPA Governance		Open
98	Chair to write to PB Chair to extend invitation for more regulator PB observers to attend meetings	Chair	Actioned by the Chair	Closed
97	SPPA to produce Participation Rates paper to be completed for the next SAB meeting	SPPA	Actioned and submitted to Board on 25 March 2021	Closed
96	SPPA to contact DfE to establish if there are any unintended outcomes following the change in legislation – Independent Schools	SPPA	Reply in paper for SAB – meeting 29 March 2021	Closed
95	SCIS to will liaise with schools on the current position on scheme withdrawal and update the Board	SCIS	As above	Closed

94	SPPA to collate data on the number of scheme deaths	SPPA	Supplied in email dated 24 March 2021	Closed
93	The member side to draft and liaise with the employer side on a joint response to HM Treasury on increasing the normal minimum pension age	Member and Employer Board representatives		Open
92	Following the consultation response, member representatives to draft wording and circulate for full Board agreement to facilitate a joint response to HM Treasury	Member and Employer Board representatives		Open
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

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

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
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