

STPS Scheme Advisory Board

Date	07 June 2022
Location	Virtual meeting via Microsoft Teams
Chair	Simon Cameron (COSLA)
Members	Andy Witty (Colleges Scotland) Archie MacIver (UWS) Councillor Alastair Forsyth (COSLA) Dave Wilkinson (NASUWT) Des Morris (EIS) Euan Duncan (SSTA) Fiona Dalziel (SSTA) Greg Dempster (AHDS) John Edward (SCIS) Louise Wilson (EIS) Mike Dolan (EIS) Nicola Lee (UCU) Phil Doggart (COSLA) Stuart Robb (SG)
SPPA / SG	Finn MacKenzie (SPPA) Greg Walker (SPPA) Murray Kellock (SPPA)
GAD	Anne-Marie Pettie (GAD) Greg Donaldson (GAD)
Secretariat	Murray Kellock (SPPA)
Apologies	Councillor David Parker (COSLA) Dougie Atkinson Mary Senior (UCU) Neil Shaw (SLS) Stephanie Walsh (SG) Stephen Stewart (EIS)

1. Welcome and Apologies

1.1 The Chair welcomed attendees and noted the apologies.

2. Conflicts of Interest

2.1 No conflicts of interest were declared

3. Minutes of previous meeting, action points and matters arising

3.1 The minutes of the meeting held 21 February 2022 were approved.

3.2 The following updates were provided on outstanding actions points:

- **Action Point 86** – SNCT – COSLA confirmed that Technical Working Group (TWG) was established and have met a couple of times already. Further meetings between COSLA and SPPA with regards to SNCT terms and conditions to follow.
- **Action Point 112a** – Reduction in pension entitlement period – 2020 scheme valuation data has undergone testing and validation. GAD to provide an update on available data at the next meeting.
- **Action Point 112b** – SPPA data on Deaths and Ill Health retirement. Work is underway and SPPA will share this data at the next SAB meeting.
- **Action Points 115** - SPPA to provide link to McCloud communications and opt out form – Sent again prior to SAB Meeting in the event board members did not receive this after 7 October meeting. Action point to be closed following board agreement.
- **Action Point 118 & 119** - Independent Schools Phased Withdrawal – Documents from NASUWT shared, views of SAB sought and consultation published in May, closing in July. Consultation document on Agenda. Action points closed.
- **Action Point 120** – Long Covid ill health retirals – SAB agreed this data will be reviewed at the first meeting of the calendar year. Action point carried forward.
- **Action Point 121** - Participation Rates (opt out data) - To be shared at the next SAB meeting which will review the last two quarters. Thereafter share on a 6 monthly basis with the board.
- **Action Point 122** – SPPA sent out copies of McCloud remedy letters prior to this meeting. Agreement to close action point from the board.
- **Action Point 123** - McCloud Remedy, Early Retirement Reduction Buy Out (ERRBO) election – A query was raised about the ability of those affected by the McCloud remedy to make an ERRBO election at the point the retrospective remedy takes effect in October 2023, as they will have been in the CARE Scheme for more than six months.

- The SPPA confirmed that it seemed reasonable that discretion should be applied to the six month rule for purchasing ERRBO, for those who are returned to the legacy scheme under the McCloud remedy in October 2023.
- The UCU suggested that 'discretion' is too informal and they would like more certainty that an easement to the six month timescale will be provided. SPPA confirmed they will consider how this easement could potentially be included within the retrospective remedy regulations. SPPA and the SAB will look at this further when the McCloud sub-group consider the 'added pension' provision definition document (PDD).
- The EIS raised a subsequent query about how those who were moved into the CARE scheme, with the effect from 1 April 2022, are made aware of the existence of ERRBO and the six month deadline, from when they first join the Scheme, in order to make an ERRBO election.
- SPPA confirmed they will be introducing a monthly newsletter for employers/members which will hopefully cover a variation of topics and can include information on ERRBO. Action point carried forward.

4. Independent Schools Phased Withdrawal Consultation

4.1 SPPA provided an update on consultation which went live on 6 May and closes on 29 July. SPPA briefly ran through the 5 questions and asked if the SAB wished to provide a joint response or individual responses. The general feeling and agreement around the board was that individual responses from organisations represented on the SAB will be submitted.

4.2 SPPA have received eight responses at the time of meeting and these will continue to be collated. Following the closing date in July, SPPA will consider the responses and engage with the SAB first before publishing a consultation response.

5. Scheme Eligibility Update

5.1 SPPA presented an update to the group on Scheme Eligibility following discussions with HM Treasury (HMT) on the initial proposals agreed on by the SAB working group.

5.2 The SAB were generally content with taking forward the proposals which have been agreed, however, both UCU and Colleges Scotland expressed serious concern about HMT not agreeing to extend eligibility to senior managers in the further and higher education sectors. Both UCU and Colleges Scotland highlighted the difficulties this would present for recruitment and retention of senior managers if former lecturers, moving into senior management roles, could not retain STPS membership.

5.3 UCU asked why the specific definitions relating to eligibility in post-1992 institutions, which had previously agreed by the sub group, had not been agreed by HMT. Particularly in relation to eligibility for 'an employee engaged in leading learning'. SPPA agreed to check that these definitions were part of the criteria agreed by HMT.

Action Point 126: SPPA to check that the definitions relating to eligibility in post-1992 institutions were part of eligibility criteria agreed by HMT

5.4 SPPA agreed to discuss further with Colleges Scotland after the SAB meeting with a view to preparing a case to HMT for the inclusion of senior managers in further education colleges

Action Point 127: SPPA to liaise with Colleges Scotland about making a case to HMT around extending scheme eligibility criteria to cover senior managers in further education colleges

6. STPS Cost Cap Valuation 2016 – Final Report

6.1 GAD provided a verbal update on the final 2016 STPS Cost cap valuation report and summarised the key outcomes. The report had previously been shared with the SAB on 17 May 2022.

6.2 The assessment of the cost control element of the 2016 scheme valuation was paused in 2019 following the Court of Appeal's judgment in the McCloud and Sargeant cases. The pause was lifted in 2020 and it was confirmed that the costs of the McCloud remedy would be deemed a 'member cost' and considered as part of the cost control element of the valuations process. It was confirmed that the cost cap cost of the STPS is 1.1% above the employer cost cap. The cost cap cost of the scheme is within the $\pm 2\%$ corridor, resulting in no changes to benefits or member contributions are required.

6.3 There was a brief general discussion amongst the SAB and it was noted that the decision to treat McCloud costs as a member cost is subject to a judicial review.

7. McCloud Remedy Policy Development

7.1 – SPPA presented update on McCloud remedy policy development and PDDs, 20 of which have now been finalised. SPPA will continue to work through these further to help to develop the required provisions for the STPS.

7.2 A SAB sub-group has already been constituted to look at the application of the McCloud remedy for the STPS. SPPA set out a plan for how the PDDs will be considered by the sub-group over the next 5 months.

7.3 UCU asked if all of the PDDs could be shared with the SAB. SPPA confirmed that this would be fine, however, the tax PDD has not yet been finalised. Other SAB members confirmed that they would find this helpful.

Action Point 128: SPPA to share copies of final PDDs with the SAB.

7.4 The EIS asked about rules around partial retirement with the added complication of remedy. SPPA confirmed that these issues would be worked through when the sub-group considered the partial retirement PDD.

8. SAB Chair Arrangements

8.1 SPPA raised the issue of the SAB chair arrangements because the employer side had come to the end of their 12 month rotation in the chair. SPPA sought to confirm that the SAB were content to continue with the bipartite chair arrangements and for the member side to take over for the next 12 months. SPPA also raised the issue of introducing an independent chair for the SAB following recommendations made by SG Internal Audit.

8.2. In October 2021, the SG Internal Audit Team completed a review of SPPA Corporate Governance. Within their report they have referenced the 2017 KPMG governance review and also, independently, identified that conflicts of interest, perceived or otherwise, could remain based on the current Chair arrangements, not only from an SPPA perspective but also from an employee and employer representative perspective.

8.3. SPPA sought initial views from the SAB on the introduction of an independent SAB Chair

8.4 NASUWT commented that they did not accept the issues raised in the KPMG report with regards to the operation of the SAB and believe that the recommendations on independent chairs were more appropriate for the Pension Board. NASUWT also asked that the SAB be given more time to consider the issue and asked if the KPMG and Internal Audit reports could be shared with the SAB prior to the next meeting.

Action Point 129: SPPA to add ‘SAB chair arrangements’ to the next SAB agenda and to consider sharing the KPMG and Internal Audit reports on SAB governance.

8.5 The EIS confirmed they would be happy to take over as member side chair for the next 12 months while the SAB consider future chairing options further.

9. Any other business.

9.1 The EIS raised lifetime allowance circular which caused confusion and concern for members after being sent to all members when it actually affected only a small number of members.

9.2 SPPA accepted the issues caused by that particular communication and confirmed that lessons will be learned as a result. SPPA highlighted that it would be valuable to have an independent eye cast over similar communications in the future and would welcome the SAB's support. The group were very supportive of that idea and offered help going forward.

STPS Scheme Advisory Board

Action Ref.	Action	Action Owner	Latest position	Action status
130	SPPA to add 'SAB chair arrangements' to the next SAB agenda and to consider sharing the KPMG and Internal Audit reports on SAB governance.	SPPA		Open
129	SPPA to share copies of final PDDs with the SAB.	SPPA		Open
128	SPPA to liaise with Colleges Scotland about making a case to HMT around extending scheme eligibility criteria to cover senior managers in further education colleges	SPPA		Open
127	SPPA to check with HMT that the definitions relating to eligibility in post-1992 institutions were part of eligibility criteria agreed by HMT	SPPA		Open

126	SPPA to check that the definitions relating to eligibility in post-1992 institutions were part of eligibility criteria agreed by HMT	SPPA		Open
125	SPPA Secretariat to issue Doodle Polls to seek availability for meetings in Sept and Dec 2022	SPPA	Polls for Sept/Dec done. December SAB date to be confirmed.	Closed
123	SPPA to check time limits for ERRBO election following McCloud prospective and retrospective remedies.	SPPA	SPPA to issue monthly employer/member newsletter in which we will notify those moved into CARE scheme of availability of ERRBO and time limits. Carried forward.	Open
121	Participation Rates: SPPA to provide Q4 2021/22 and Q1 2022/23 data to the Board when available. Consideration of moving to annual / biannual reporting to be considered after requested data is provided	SPPA	Participation Rates - To be shared at the next SAB meeting which will review the last two quarters. Thereafter share on a 6 monthly basis with the board. Update – To be issued with Papers ahead of SAB on 27 Sept	Open

120	SPPA to provide the SAB with an annual review of ill health retirement / long covid data. To be provided at the first SAB meeting of the year	SPPA	Long Covid ill health retirals – Due to the small number to date, and with agreement from the board this will be reviewed during first meeting of the year. Action point to carry forward.	Open
112(b)	Reduction in pension entitlement period: SPPA to consider what would be possible in terms of providing data on deaths in service between 60 and SPA and also number of ill health retirements in that period	SPPA	SPPA to issue along with papers ahead of SAB on 27 Sept.	Open
112(a)	Reduction in pension entitlement period: GAD to liaise with SPPA to provide summary report of current life expectancy data, including teacher-specific life expectancy data, late 2022.	GAD	(Anne-Marie) Scheme Specific Analysis requested – valuation data supplied to GAD from SPPA underwent testing and validation. Worked extensively with SPPA for year or so and are now happy with data as at 31.3.20. Experienced Analysis ready to kick off now	Open

<p>86</p>	<p>COSLA to update SAB on SNCT Terms & Conditions (including rescheduled meetings with Payroll Managers) at next meeting</p>	<p>COSLA</p>	<p>SNCT – Technical Working Group (TWG) was established and have met a couple of times already. Meetings between Cosla and SPPA with regards to SNCT to follow. (SC)</p>	<p>Open</p>
<p>8</p>	<p>Secretariat to ensure approved agendas, minutes, and work plan are shared with the Pension Board and published on the SPPA website as appropriate</p>	<p>SPPA 18/06/2015 Secretariat</p>	<p>C/F to action when minutes approved</p>	<p>Remains open, no action necessary</p>