

# Scottish Teachers' Pension Scheme Advisory Board

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## DRAFT MINUTE

<b>Date:</b>	7 October 2021
<b>Location:</b>	Virtual meeting via MS Teams
<b>Chair:</b>	Cllr Jim Goodfellow (COSLA - Employer)
<b>Attendees:</b>	Archie MacIver (Higher Education) Cllr Alastair Forsyth (COSLA) Dave Wilkinson (NASUWT) Des Morris (EIS - Member) Euan Duncan (SSTA) Fiona Dalziel (SSTA) Greg Dempster (AHDS – from 11:00) John Edward (SCIS) Louise Wilson (EIS) Mary Senior (UCU) Michael Dolan (EIS – from 10:20) Neil Shaw (SLS) Simon Cameron (COSLA) Stephen Stewart (EIS)
<b>SG/SPPA Officials</b>	Brenda Callow (SPPA) Finn MacKenzie (SPPA) Greg Walker (SPPA) Iain Coltman (SPPA – until 10:30) Stephanie Walsh (SG) Stuart MacArthur (SPPA)
<b>GAD</b>	Anne-Marie Pettie (GAD) George Russell (GAD)
<b>Observers</b>	Clare Scott (Scottish Teachers' Pension Board Chair)
<b>Secretariat</b>	Clare Moffat (SPPA)
<b>Apologies:</b>	Andy Witty (Colleges Scotland) Cllr David Parker (COSLA) Dougie Atkinson (The Voice) Phil Doggart (COSLA) Stuart Robb (SG)

## **1. Welcome and introductions**

The Chair extended a welcome to all attendees, noted apologies and Cllr Ramage's resignation and introduced new employer representative, Cllr Forsyth.

## **2. Conflicts of interest**

2.1 No conflicts of interest were declared.

## **3. Minute of previous meeting, action points and matters arising**

3.1 The minute of the meeting held 24 May 2021 was approved.

3.2 Action points were discussed and tracker updated.

3.3 Employer side confirmed a representative would attend future Pension Board meetings (AP 109).

3.4 Employer side confirmed a workshop took place in July 2021 and work continues to progress review of SNCT Terms & conditions following unintended consequences and costs from previous changes made; a work plan will be developed for full SNCT to consider, with SPPA expected to be involved in discussions. (AP 107 & 86).

3.5 Member side advised AP 102 to be carried forward; awaiting evidence from England & Wales.

## **4. NMPA Consultation response**

4.1 SPPA summarised HM Treasury's reply to the responses submitted on the consultation to increase the normal minimum pension age from 55 to 57 years from 6 April 2028.

4.2 SPPA confirmed the view on unqualified rights was unchanged and advised a response from HMT was awaited on transition to the new CARE scheme from April 2022.

4.3 Employer side asked if a EQIA assessment had been completed and if all implications had been considered. SPPA agreed to check this however confirmed only protections were considered in this consultation.

### **Action point 110 – SPPA to confirm if EQIA assessment has been completed**

4.4 Member side queried if a reply had been received to their last letter to HMT on this matter.

### **Action point 111 – SPPA to confirm if HMT replied to SAB's response to consultation.**

## 5. Reduction in pension entitlement period

5.1 Member side asked SAB to consider whether the impact of increases in the Scheme's Normal Pension Age and the resulting reduction of member's pension entitlement period was fully understood. Member side highlighted a comparison of the Normal Pension Age in the NPA 60 Scheme, and the Normal Pension Age in the 2015 Scheme, which is linked to a member's State Pension Age (SPA) (e.g. age 67). Therefore, as a result, they questioned if it was fair that members in the 2015/CARE Scheme would receive a pension for 7 years less than someone retiring from the NPA 60 Scheme. Member side had questioned if information on member's average pensions and lump sums could be provided so they could better understand what the difference of 7 years might equate to.

5.2 GAD outlined the history of the broader move to higher Normal Pension Age (60 in NPA 60 Scheme, 65 in NPA 65 Scheme, SPA in 2015/CARE Scheme). These changes reflected an acknowledgement that members are living longer than when the schemes had been designed. Indeed, life expectancies were expected to increase over time too (i.e. the life expectancy at age 60, was greater for someone currently aged 40, than someone currently aged 60). The changes to Normal Pension Ages were therefore deemed necessary to ensure payment of pensions was sustainable.

5.3 GAD then highlighted that it was important not to review one element of the benefit provisions in isolation (i.e. the Normal Pension Age) as for instance, the accrual rate is more favourable in the 2015/CARE Scheme. Each scheme's overall benefit package needs to be considered as a whole.

5.4 GAD also advised it would likely be some time before many members of scheme would be retiring with only 2015 benefits. It also seems likely that members retiring with only CARE benefits will be younger, and therefore expected to live longer.

5.5 SAB questioned what the implications were of recent evidence they had seen that life expectancy is actually decreasing. SAB asked if GAD had any recent scheme-specific analysis.

5.6 GAD advised that scheme-specific data has been collected for the purposes of the 2020 actuarial valuation. GAD were currently processing this data, and once content the data could be used for analysis, investigations will begin to determine a recommended assumption for life expectancy of members in this Scheme. This analysis will be shared with SAB and input sought from them on an appropriate assumption to make in relation to life expectancy of current and future pensioners. This analysis was expected to be ready later in 2022.

### **Action 112 (a) – GAD to liaise with SPPA to provide summary report of current life expectancy data, including teacher-specific life expectancy data, late 2022.**

5.6 Member side highlighted deaths-in-service related to members who die between the previous Normal Pension Age (i.e. 60 or 65) and their SPA (e.g. 67)

should also be monitored to better understand impact on scheme costs. Employer side added early retirements due to ill health should also be considered. Member side added affluence and wealth would affect figures.

**Action 112 (b) – SPPA to consider what information would be helpful in relation to this.**

## **6. McCloud remedy subgroup**

6.1 SPPA introduced report which gave an overview of McCloud remedy subgroup discussions at meetings held on 1 July 2021 and 23 September 2021 and advised the subgroup will meet in late October 2021 and monthly thereafter until December 2021. SPPA asked SAB to note and approve the paper as the SAB's advice on the policy positions discussed.

6.2 Member side asked for timeline of when remedy would be in place and when fixes for those who had retired with split benefits would be revisited.

6.3 SPPA confirmed retrospective legislation was expected to be in place around October 2023.

6.4 The board acknowledged the complexity of the issue and thanked SPPA for transparency during discussions of all issues.

## **7. Ill health – long covid**

7.1 Member side raised concerns the number of ill health retirements in STPS would increase due to long covid and requested SPPA consider more flexible policy provisions for long covid – e.g. interim decision to be revisited after three years for new and emerging conditions like long covid.

7.2 The SAB discussed the early development of support and therapies to treat such conditions, the definition of permanent incapacity and the potential difficulties likely to be encountered by younger scheme members in this regard.

7.3 Member side supported the call for review however SPPA highlighted a new approach would be a lengthy process requiring HMT approval and changes to regulations.

7.4 SPPA advised they had not received any ill health applications citing covid to date and going forward will summarise the numbers received.

**Action 113 – SPPA to consider an approach to provision of ill health benefits to deal with emerging conditions like long covid.**

**Action 114 – SPPA to gather and circulate number of ill health applications which have been received citing covid.**

## **8. SNCT terms and conditions**

8.1 Discussed under matters arising – no further update

## **9. Participation rates**

9.1 SPPA presented key findings and highlighted many older members may have left the scheme because they are already in receipt of a pension and re-employed.

9.2 Employer side queried if there was any support employers could provide however cautioned information from employers must not be construed as advice.

9.3 Member side advised some members were confused by SPA on transition to CARE from 2022 and were considering leaving teaching to preserve pension age.

9.4 SPPA confirmed the current opt out process and website information outlined valuable benefits of the scheme and confirmed imminent communications on McCloud remedy, developed in junction with key stakeholders, will seek to address many myths around transition.

9.5 Member side offered to support promotion of myth-busting communications and asked SPPA to share when available. SPPA confirmed opt out form also outlines the benefits the members would lose on leaving the scheme.

**Action 115 – SPPA to provide SAB with link to opt out form and share McCloud communications with SAB when available.**

## **10. Teachers' Pension Board update**

10.1 Teachers Pension Board chair thanked SAB for allowing chair/vice chair to observe meetings and provided overview on board activities and offered to share a further updates at future meetings to provide an update on pension board activities, if the SAB considered this helpful.

## **11. Date of next meeting**

11.1 The board discussed upcoming activity and agreed the next meeting should be held mid-January 2022.

**Action 116 – Secretariat to arrange a doodle poll to schedule next meeting for January 2022.**

## **12. Any other business**

12.1 The Chair requested the SAB's view on HMT's letter dated 4 October 2021 outlining the government's response to the consultation on the cost control mechanism.

12.2 The board expressed concerns with the decisions outlined by HMT and collectively agreed a letter of response should be prepared for HMT to address these concerns and where applicable, opposing changes. After further discussion, it was agreed two separate letters would be drafted, from member side and employer side.

**Action 117 – SAB to draft letter with opinion on CCM changes proposed by UK government**

12.3 With no further business raised, the Chair thanked everyone for their attendance and closed the meeting at 11:45.

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Action Ref.	Action	Action Owner	Latest position	Action status
<b>117</b>	SAB to draft letter with opinion on CCM changes proposed by UK government	SAB		New
<b>116</b>	Secretariat to arrange a doodle poll to schedule next meeting for January 2022.	SAB Secretariat		New
<b>115</b>	SPPA to provide SAB with link to opt out form and share McCloud communications with SAB when available.	SPPA		New
<b>114</b>	SPPA to gather and circulate number of ill health applications which have been received citing covid.	SPPA		New
<b>113</b>	SPPA to consider an approach to provision of ill health benefits to deal with emerging conditions like long covid.	SPPA		New
<b>112(b)</b>	SPPA to consider what information would be helpful in relation to this.	SPPA		New

<b>112(a)</b>	GAD to liaise with SPPA to provide summary report of current life expectancy data, including teacher-specific life expectancy data, late 2022.	GAD		New
<b>111</b>	SPPA to confirm if HMT replied to SAB's response to NMPA consultation.	SPPA		New
<b>110</b>	SPPA to confirm if EQIA assessment has been completed re. changes to NMPA	SPPA		New
<b>109</b>	Employer side to consider Pension Board invite for SAB representative to attend Pension Board meetings.	Employer side	Employer side confirmed they would like a representative to attend Pension Board meetings	Closed
<b>107</b>	Following query on Pay & Leave specification, COSLA to share update regarding information held by Councils	COSLA		Open
<b>102</b>	SCIS will gather the views of any schools that see withdrawal of their participation (employer and employee contributions) as their remaining alternative.	SCIS	Carried forward 7 October 2021: <ul style="list-style-type: none"> <li>await evidence from England &amp; Wales.</li> </ul>	Open



<b>86</b>	COSLA to update SAB on SNCT Terms & Conditions (including rescheduled meetings with Payroll Managers) at next meeting	COSLA	Carried forward 7 October 2021: <ul style="list-style-type: none"> <li>• Workshop held 14 July 2021</li> <li>• work plan to be developed and SAB update when available.</li> </ul>	Open
<b>78</b>	Scheme Comparison Paper - Chair confirmed SAB members should go back to member organisations for further consideration	SAB Members	Ongoing	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