

STPS Scheme Advisory Board

Date	27 September 2022
Location	Virtual meeting via Microsoft Teams
Chair	Des Morris (EIS)
Members	<p>Andy Witty (Colleges Scotland) Archie MacIver (UWS) Councillor Alastair Forsyth (COSLA) Dave Wilkinson (NASUWT) Euan Duncan (SSTA) Fiona Dalziel (SSTA) Greg Dempster (AHDS) Louise Wilson (EIS) Mark Cook – Pension Board Chair (Observer) Mary Senior (UCU) Mike Dolan (EIS) Neil Shaw (SLS) Stephen Stewart (EIS) Stuart Robb (SG)</p>
SPPA / SG	<p>Brenda Callow (SPPA) Finn MacKenzie (SPPA) Greg Walker (SPPA) Iain Coltman (SPPA) Stuart McArthur (SPPA)</p>
GAD	<p>Anne-Marie Pettie (GAD) Greg Donaldson (GAD)</p>
Secretariat	Lesley Hood (SPPA)
Apologies	<p>Councillor David Parker (COSLA) John Edward (SCIS) Phil Duggart (COSLA) Stephanie Walsh (SG)</p>

1. Welcome and Apologies

- 1.1. The Chair welcomed attendees and noted the apologies.
- 1.2. The Chair advised Finn Mackenzie (SPPA) would join the meeting at 2.30 pm.
- 1.3. The Chair updated that Paper 5 will be considered under agenda item 7 the McCloud Remedy Policy Development. Papers 6 & 7 are the two papers on SNCT terms and Conditions.
- 1.4. It was noted the staff-side will raise 'Potential Capacity Issues within SPPA' under any other business - agenda item 11.

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 7 June 2022 were approved.
- 3.2. The following updates were provided on outstanding actions points:

- **Action Point 86** – Impact regarding SNCT Pay and Leave Specification and pension information submitted to SPPA. This action was raised at the last Technical Working Group (TWG). In an attempt to move this issue forward, GAD colleagues have been asked to consider potential mitigations. To be considered further under agenda item 6.
- **Action Point 112a** – Reduction in pension entitlement period – 2020 scheme valuation data has undergone testing and validation. GAD are not in a position to share scheme specific analysis at this point. Updated timescale noted as February/March 2023, where GAD hope to share scheme specific analysis and discuss all scheme specific assumptions for the purpose of the 2020 valuation.
- **Action Point 112b** – SPPA data on Deaths in Service and Ill Health retirement of members aged between 60 and 67 over the previous 7 years was shared with the Board. The numbers were as follows: (Action closed)

Deaths in Service – members aged between 60 and 67

Year	2016	2017	2018	2019	2020	2021	2022
No. Deaths	7	8	3	2	6	4	2

There were only three ill health retirements of those aged 60 to 67 over the same period.

- **Action Point 120** – Long Covid ill health retirals – SAB agreed this data would be reviewed at the first meeting of the calendar year. (Recurring action point).
- **Action Point 121** - Participation Rates (opt out data) - To be shared at today's meeting. Data will review the last two quarters. Thereafter information to be shared with the board on a 6 monthly basis.
- **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.
- SPPA previously confirmed, it seemed reasonable that discretion should be applied to the six-month rule for purchasing ERRBO, for those returned to the legacy scheme under the McCloud remedy in October 2023. SPPA will write to members who recently joined the 2015 Scheme from the 1 April 2022. This letter will extend the timescales for anyone wishing to make an ERRBO election for a further three months.
- The EIS noted members require time to fully consider the challenges of understanding an ERRBO election and balance of payment, in relation to benefits gained.
- SPPA provided a background on discussions undertaken by the SAB in 2016/17, with agreement that the six-month timeframe would be removed in line with the NHS scheme. Although implemented the regulations have still to be updated. SPPA to consider further and provide clarity at the next SAB meeting.
- **Action Point 127 & 128: Duplicate** - SPPA to consult with Colleges Scotland regarding making a case to HMT around extending the scheme eligibility criteria to cover senior managers in further education colleges.
- Feedback from colleges on impact has now been received and provided to HMT. Confirmed, members who currently hold eligibility will not lose their eligibility while we continue to clarify the criteria. This will include anyone in a senior management position whose job holds an academic focus and links to teaching. SPPA have provided details to Colleges Scotland for consideration. If content, legal instructions will be drafted to extend scheme eligibility and brought back to the SAB for discussion.

- **Action Point 129:** SPPA to share copies of the final Definition Provision Document to the SAB. Currently waiting on the Tax Definition Provision Document to become available. (Carried Forward)
- **Action Point 130:** SPPA to add 'SAB Chair Arrangements' to the agenda. To be discussed under agenda item 8.

4. Independent Schools Phased Withdrawal Consultation

4.1. The chair referred the SAB to paper 3, a working draft to the response of the consultation on 'Independent Schools Phased Withdrawal'. It was noted that the SPPA were working through responses and the SAB were asked if they wish to provide any further advice to Scottish Ministers for consideration before they finalise their position.

4.2. SPPA noted that a good range of responses had been received to the consultation, which took place in July, (eight individual and six employers - all Independent Schools, three unions and one Independent Financial Adviser). The central issue remains around the SCAPE rate set by HMT. Although there is no defined timescale for the decision on SCAPE methodology, the outcome will focus this issue and provide a timeframe to work towards with an idea on the impact for the preliminary results. SPPA wish to engage further to consider and explore any viable scheme provisions. In addition, SPPA will collate a more detailed equality impact assessment.

4.3. Staff-side noted difficulties within the younger generation to fully engage with the consequence and significance of their pension. Therefore, the younger generation may be enticed into a situation where they later have a substantial pension detriment to rectify.

4.4. NASUWT noted a key concern around induced opt out. If Ministers wish to go ahead would welcome thought on how to reduce the practice of induced Opt Out's. Linked to this the SAB would welcome a commitment from Ministers, if they wish to allow Independent Schools to close the pension scheme to new employees from a particular date it is not brought into any other sector and that no state funded school in Scotland would be allowed the same flexibility. It was noted the importance for Scottish Ministers to provide a statement of commitment to teachers in Scotland to have confidence of government maintaining their pension Scheme.

4.5. SSTA noted, members who move from State Schools to Independent Schools on a supply basis should be protected in their pension

arrangements and that this is the safety net for young people entering a teaching career.

4.6. SPPA are grateful for the supplementary comments provided in addition to consultation responses.

5. Participation Rates / Opt Outs (Q4 21/22 & Q1 22/23) – Paper 4

5.1. SPPA provided SAB members with a breakdown of Opt Out figures for CARE and Non-CARE scheme leavers for Quarter 4 2021/22 and Quarter 1 2022/23.

5.2. Although the number of Opt Out in the two quarters are almost identical, they are however notably higher than the Opt Out rate in Q2 of 2021/22 which is the last data considered by the SAB.

5.3. The breakdown of age profiles for members leaving the scheme was noted with the majority of members over 51 years old. This is consistent with the reasons noted – ‘already in receipt of pension or retired.’ The cost of living was also noted as a reason for Opt Out’s.

6. SNCT Terms and Conditions

6.1. The Chair highlighted an updated version of paper 6 – “Potential policy changes for determining member and employer contributions” had been provided by GAD. Paper 7 provides the initial background to the issues involved.

6.2. GAD talked through the paper which focussed on the interaction between the calculation of pay under the Scottish Negotiating Committee for Teachers (‘SNCT’) pay and leave specification, and the accrual of STPS benefits. The paper suggested two policy options which could potentially mitigate the issues created by the incompatibility of the pay and leave specification with the information required for pension returns. The paper focused primarily on the career average scheme with an additional section added on final salary benefits. The paper provided worked examples demonstrating difficulties with the current process and suggested two mitigation options: the 1/12th approach and using a spread notional pay over the year.

6.3. The staff-side noted the paper provides a reasonable map of options, however, there has been an ‘SNCT Pay and Leave Specification Review Group’ established to look at problems with the pay and leave specification. If changes are made by SPPA to address current problems,

they may have to be revisited in the future depending on changes suggested by the review group.

6.4. NASUWT raised a question around page 8 of the paper regarding Death in Service eligibility. The question covered the issue if a member dies before they have paid a contribution in their new employment do they receive the death in service benefit. The paper stated, "GAD understand SPPA currently believe the scheme regulations provides scope to award benefits to members in this situation." It was noted this is the understanding of Unions. SPPA confirmed when a member commences pensionable employment the regulations allow for Death in Service cover to start from a member's first day of employment. It was asked this should be clearly noted in the minutes.

6.5. SPPA thanked the SAB for their comments. In relation to a point previously raised, it was noted the NHS scheme does not have the same issues in terms of how NHS staff are paid and how this influences pensions. Historically there was no flexibility on how Pay and Leave Specification is applied. An area which the SAB have previously raised. As COSLA were leading on this, it would be interesting to receive an update on the SNCT Review Group. In terms of priority this issue has been on the SAB work plan for a considerable period, however consideration will be applied to timescales and other current issues.

Action Point 131: COSLA to provide an update on the work of the SNCT Pay and Leave Specification Review Group, including the purpose and scope of the review

6.6. The EIS suggested revisiting this issue following conclusion of the work of the Review Group - the SAB agreed this. In addition, the SAB are content for the Technical Working Group (TWG) to consider how the potential mitigations suggested by GAD might work in practice.

Action Point 132: SPPA to share mitigation options with TWG and seek feedback on the practicality of their application

6.7. EIS raised the issue of how retirement cases **affected by the application** of the pay and leave specification should be raised with SPPA in the interim. Although number of cases remain low, SPPA agreed that a channel of communication with SPPA Awards Team should be established to address this issue and will take forward following this meeting.

Action Point 133: SPPA to provide the EIS with a contact in the Teacher's Awards Customer Service Team in order to take forward queries about the impact of SNCT on individual pension calculations

7. McCloud Remedy Policy Development – Paper 5

7.1. SPPA provided a summary update of the first meeting of the 2105 Remedy Sub-Group held on the 22 August and information on the 2015 Remedy calculator.

7.2. SPPA confirmed a statement was included in the Deferred Choice Underpin paper indicating SPPA would attempt to time the release of the Remediable Service Statements based on an assessment of the needs of the member cohorts. SPPA will consider how communication is delivered to members ensuring SPPA hold sufficient capacity to deal with response.

7.3. EIS updated on additional contributions an area currently being examined by the sub-group. EIS noted, it would be beneficial to receive additional support and guidance to assist with member enquiries. Worked examples would be welcome detailing the level of contributions, length of payment and what this means in terms of mitigation. Examples for varying age ranges to i.e. younger age group and members in a later stage with possible NPA of 60 years would be helpful to receive.

7.4. EIS enquired on the uptake in use of the Remedy Calculator and if this is a useful communication tool, or if this has generated additional enquiries. SPPA thanked GAD colleagues for development of the Remedy Calculator on SPPA's behalf. The calculator has been deployed on the live environment and communicated through Pension Board members. SPPA website has been updated accordingly. A circular will be issued imminently to employer members on the circular distribution list. SPPA will ask their Communications Team to collate statistics of uptake for consideration at the next SAB meeting.

8. SAB Chair Arrangements – Paper 8

8.1. Stuart McArthur, Corporate Governance Manager, provided an introduction to SAB members and outlined the briefing note Chair Arrangements to support discussions at today's meeting.

8.2. Stuart outlined that the purpose of the discussion was to consider recommendations made by the SG's Internal Audit Team who completed a review of SPPA Corporate Governance in October 2021. Whilst the Internal Audit Review had considered the historic 2017 KPMG Governance Review, the Internal Audit recommendations were not based on the points raised in the KPMG report.

8.3. It was noted that the Internal Audit review identified a potential conflict of interest, perceived or otherwise, around the current Chair arrangements on the basis there could be potential for

unconscious bias and that best practise would be the introduction of an independent chair. Although nothing has been mandated, the Internal Audit recommendation was that SAB should discuss and consider the issues raised with views recorded within the minutes of the meeting. Questions for SAB consideration were highlighted within the paper.

8.4. The staff-side made clear their satisfaction with current chair arrangements, which are currently on a bipartite basis between employer and staff-side representatives. The staff-side would, however, welcome a return to a tripartite chair arrangement including the Scottish Government.

8.5. NASUWT stated they did not believe there is any issue to address with current chair arrangements and echoed views that it would be beneficial to have tripartite chair arrangements. NASUWT indicated in all meetings attended and chaired by either COSLA or scheme member representatives no bias has been demonstrated. Codifying the role of the chair and setting out in guidance may be helpful.

8.6. SPPA summarised discussion and noted the following action points:

Action Point 134: SPPA to consider documenting guidelines and expectations on the role of the chair

Action Point 135: SPPA will discuss and consider further the re-introduction of tripartite chair arrangements

9. SAB Membership and Vacancies

9.1. SPPA propose to produce a paper and address at a future SAB meeting.

Action Point 136: SPPA to produce a paper on SAB membership and vacancies to be considered at a future SAB meeting

10. Date of Next Meeting

10.1. SPPA will take forward and arrange a suitable date for the next meeting.

11. Any Other Business

11.1. The capacity within SPPA was previously discussed with EIS noting difficulties experienced by members who have submitted their retirement application as early as March 2022 and still await confirmation of pension entitlement. EIS enquired if members would be expected to submit applications even earlier than 5-6 month period for future years. EIS also updated on recent changes where SPPA have requested member

authority before information is released to union representatives, further delaying issues.

11.2. SPPA recognise the difficulties experienced in administration of retirement applications with a considerable increase in numbers received. Key restructuring within the Customer Service Teams is underway to address on-going issues and the Pension Board have been alerted. Details of specific cases where pension entitlement is still to be awarded should be forwarded for SPPA for address following this meeting.

STPS Scheme Advisory Board

Action Ref.	Action	Action Owner	Latest position	Action status
136	SPPA to produce a paper on 'SAB membership and vacancies' to be considered at a future SAB meeting	SPPA		New Action
135	SPPA will discuss and consider further the re-introduction of tripartite chair arrangements	SPPA		New Action
134	SPPA to consider documenting guidelines and expectations on the role of the STPS SAB Chair	SPPA		New Action
133	SPPA to provide the EIS with a contact in the Teacher's Awards Customer Service Team in order to take forward queries about the impact of SNCT on individual pension calculations	SPPA		New Action

132	SPPA to share SNCT pay & leave specification mitigation options with TWG and seek feedback on the practicality of their application	SPPA		New Action
131	COSLA to provide an update on the work of the SNCT Pay and Leave Specification Review Group, including the purpose and scope of the review	COSLA		New Action
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	Discussed as part of agenda for meeting of 27/9/2022	Closed
129	SPPA to share copies of final PDDs with the SAB.	SPPA	Carried forward 27/9/2022 – awaiting final Tax PDD	Open

128	SPPA to consult with Colleges Scotland about making a case to HMT around extending scheme eligibility criteria to cover senior managers in further education colleges	SPPA	Carried forward 27/9/2022. Ongoing discussion between SPPA and Colleges Scotland	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	Merged with Action 128	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 considered at meeting of 27/09/2022. To be considered again in six months. To be presented again at SAB meeting in Q2 of 2023.	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	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

86	COSLA to update SAB on SNCT Terms & Conditions (including rescheduled meetings with Payroll Managers) at next meeting	COSLA/SPPA		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, no action necessary