

Scottish Parliamentary Pension Scheme

Minutes of the Fund Trustee meeting held on 10 September 2024 at 5.30pm via Microsoft Teams

Attendees:

Pauline McNeill MSP (Trustee and Chair)
Murdo Fraser MSP (Trustee)
Gordon MacDonald MSP (Trustee)
Mark Ballard (Trustee)
Dawn Gibbons (Secretariat, SPCB Pay and Pensions Office)
Neil Mackie (on behalf of SPCB Pay and Pensions Office)
Chris Ward (GAD)
Memet Pekacar (GAD)
Eva Grace (GAD)
Catriona McCallum (Legal Services)
Nicholas Fraser (Legal Services)
Mark McCluskey (BDO)

Item 1: Attendance/apologies

No apologies were noted.

Item 2: Draft 2023/24 SPPS scheme annual audit report

Mark presented key finding from the SPPS audit of the 23/24 scheme annual report and accounts. Management override and scheme contributions were the focus of the report discussion. BDO confirmed no anomalies, errors or fraud were detected. Trustees in attendance and scheme secretariat also confirmed no awareness of fraudulent activity. Trustees in attendance were content with the audit findings but as accounts required minor amendments, final version will be circulated to Trustees and formal sign off will be actioned via correspondence.

AP: Dawn to organise sign-off of scheme accounts and audit report via written correspondence

Item 3: Minutes of the meeting held on 12 March 2024

The minutes of the meeting held on 12 March 2024 were formally agreed

Item 4: Investment Strategy Review and Procurement Exercise

Chris provided an overview to Trustees on the investment Strategy Review and fund selection manager advice. Chris reminded Trustees that following the March 2022 scheme valuation, a review of the fund investment strategy had been completed. Trustees previously discussed appointing a second fund manager with index tracking

funds. A streamlined procurement exercise was completed in April 2024 with two responses received from potential investment managers. Of the returns received, GAD's recommendation is L&G who provide good corporate structure and a wide fund choice. GAD's recommendation is to allocate 5% of current assets to the L&G All Stocks Index-Linked Gilts Index Fund and 15% of current assets to the L&G Future World Global Equity Index Fund. The Future World Global Equity Index Fund invests in developed and emerging markets and includes screens and tilts based on L&G's proprietary environmental, social and governance (ESG) factors ratings.

Trustees agreed GAD's recommendations and approved the appointment of L&G as fund manager based on the recommendations set out in the September 2024 Investment manager and fund selection advice paper presented to Trustees. Trustees agreed that the investment strategy and ESG policy statement should be updated to reflect the index tracking position on ESG.

Funds to be reallocated and exercise complete before end of 2024/25 financial year ahead of March 2025 scheme valuation.

On commencing of the March 2025 scheme valuation, the Trustees will also review their investments, including their views and policy on ESG factors.

AP: SPCB procurement and Legal Services Office to undertake contract review

AP: GAD to draft a letter for Dawn to then use on behalf of the Trustees to advise the Corporate Body on Trustee decision.

AP: Assets to be reallocated over a transition period of 4-6 weeks

Item 5: Investment Monitoring Report

Chris provided an update on fund performance for Q2 2024. Fund value as at end August 2024 is £108m. Fund performance over quarter has been positive but continues to underperform the benchmarks. Diversification of funds with the addition of a second investment manager continues to remain appropriate based on recent Baillie Gifford fund performance.

Item 6: Actuarial annual update

Memet provided Trustees with an update on the scheme funding position as at March 2024. Valuation as at March 2022 showed scheme assets of £104.4m and liabilities of £77.8m. As at March 2024, approximate figures show assets of £105.1m and liabilities of £75m. Analysis of the funding position shows surplus has increased from £26.6m to £30.1m due to improved changes in the financial markets offset against lower than expected investment returns and higher rates of inflation than predicted.

The next full actuarial valuation of the scheme will be carried out as at 31 March 2025. This will include a review of the scheme finances and the contribution rates payable by the sponsor.

Item 7: Any other business

Dawn advised Trustees that the Members' pension surgeries held in May had received overwhelmingly positive feedback from MSPs and consideration should be given to holding surgeries on an annual basis and in the run up to election periods.

Pauline advised Trustees that Dawn would be leaving the Parliament to take up other employment. Pauline thanked Dawn for her support and wished Dawn well for the future. Dawn advised Trustees that Neil Mackie will be taking over the role of Secretariat of the scheme, supported by Kirsten Knox from the Pay and Pensions Office.

Item 7: Date of next meeting

Date for next meeting set as Tuesday 3 December 2024