

Scottish Parliamentary Pension Scheme

Minutes of the Fund Trustee meeting held on 6 June 2023 at 5.30pm via Microsoft Teams

Attendees:

Pauline McNeill (Trustee and Chair)
Murdo Fraser MSP (Trustee)
Gordon MacDonald MSP (Trustee)
Dawn Gibbons (Secretariat, SPCB Pay and Pensions Office)
Memet Pekacar (GAD)
Chris Ward (GAD)
Nam Le (GAD)
Catriona McCallum (Solicitors Office)

Item 1: Attendance/apologies

1. Apologies were noted for Mark Ballard (Trustee)

Item 2: Minutes of the meeting held on 7 March 2023

2. The minutes of the meeting held on 7th March 2023 were formally agreed.

Item 3: Previous matters arising

3. Pauline advised trustees that SPCB accepted the recommendation to increase the sponsor contribution rate by 0.8% each year until the next valuation in 2025. The increased sponsor rate was effective from April 2023 and will increase the sponsor rate from 20.2% to 21% 23/24, 21.8% 24/25, 22.6% 25/26.

Item 4: Final valuation report March 2022

4. Memet confirmed the March 2022 valuation report has been finalised to include the increased sponsor contribution rate. Whilst the valuation confirms a surplus in assets, this could be eroded by prolonged higher than expected rates of inflation, as well as other financial and demographic factors. The sponsor contribution rate increase will help to reduce risk and remains below the full cost allocation.

Trustees noted the final report.

Item 5: Investment update

5. Chris provided an update on fund performance for Q1 2023. Fund has performed well over quarter with increases to asset value but remain volatile with assets sensitive to market and inflation.

Item 6: Investment Strategy Review

6. Chris provided a summary of the investment strategy review. The scheme has now reached a level of maturity with more deferred and pensioner members than active members and would benefit from further diversification to reduce risk and widen approach to investment. In order to make an informed decision on any changes to the investment strategy, trustees agreed the following principles with further discussion on the following points to take place at the next trustee meeting:

- Comfortable to maintain current level of expected return
- Investigate more diversification with an additional Fund Manager(s) and sources of return, such as property.
- Further discussion on inclusion of environmental, social and governance factors, including the role of stewardship, noting trustees' fiduciary duties
- The investment strategy to continue to be within the trustees' governance budget, whereby any additional complexity remains manageable.
- Review implementation and ongoing associated costs and any legal constraints
- To update Corporate Body once a strategy proposal is prepared

Item 7: Any other business

7. Trustees discussed the notification of interest received from pensioner member. Trustees wish to ensure a fair and open process in appointing any new Trustee. Process to be discussed at next Trustee meeting.

AP: Dawn to provide Trustees with process for appointing Trustees

Item 8: Date of next meeting

8. Date for next meeting set as Tuesday 26 September 2023