

Cost Management, Benefit Design and Administration Committee

Item 2 Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 5th February 2019 – 11.00am

**AT LOCAL GOVERNMENT ASSOCIATION, 18 SMITH SQUARE,
WESTMINSTER, LONDON, SW1P 3HZ**

PRESENT

George Georgiou	Members (GMB)	Chair
Rachel Brothwood	CIPFA	
Sean Collins	Practitioners	
Emma Mayall	Practitioners (via cc)	
Glyn Jenkins	Members (UNISON)	
Graeme Muir	Actuaries: Barnett-Waddingham	
John Livesey	Actuaries: Mercer	
Alison Murray	Actuaries: Aon Hewitt	
Peter Summers	Actuaries: Hymans Robertson	
Jeff Houston	LGA - Board Secretariat	
Robert Holloway	LGA - Board Secretariat	
Liam Robson	LGA - Board Secretariat	
Brian Allan	GAD	
Mike Scanlon	GAD	
Jeremy Hughes	MHCLG	
Con Hargrave	MHCLG	

APOLOGIES

There were apologies from John Neal and Kevin Gerrard

1. Welcome, introductions and apologies

The Chair welcomed all in attendance to the meeting.

2. Matters arising

The Committee agreed the minutes for the previous meeting. Agenda item 3 was expected to require most time, therefore was moved to item 9, all other agenda items remained in the same order.

3. Scheme Advisory Board Cost Management Process – Update

On 30th January 2019, the Government published a written statement which announced a pause in the cost cap process for public service

Cost Management, Benefit Design and Administration Committee

pension schemes pending the outcome of the application to appeal the McCloud case to the Supreme Court.

The statement gave no timescales for the outcome of this case. However, it was understood that it could be late 2019 or early 2020 before an outcome is reached.

The Board considered, given this announcement, whether it should withdraw the benefit change recommendations made to MHCLG as a result of its own cost cap process.

Action - The Board agreed that the Chair should formally confirm to the Minister that the SAB cost cap process was being paused.

If the McCloud case is upheld, the LGPS (and other PS Schemes) could be required to make changes to the underpin and that such changes would need to be taken into account in a revised SAB cost cap result.

In taking this view, the SAB was aware that delaying benefit changes to possibly 2020 while backdating them to April 2019 would constitute a significant administrative burden on administering authorities and employers. The Board also considered that there was no clarity in approach to 2019 valuations.

Action - The Board agreed that the opinions of administering authorities should be sought regarding whether a central approach to making assumptions about benefit changes (or otherwise) should be provided, or whether pension funds should be left to their own devices.

Action - The Board agreed that the sub group of the Chair, Vice chair and lead employer representative should agree the next stage and course of action.

4. Academies/3rd Tier employer projects - Update

Bob Holloway (BH) provided an update, stating that work on both projects would resume in the near future.

5. Good Governance project – Update

The committee noted that Hymans Robertson had been awarded the contract, previously known as the separations project. An update to

Cost Management, Benefit Design and Administration Committee

the timescales was provided, with an expected final report to be made to the Board in June/July.

6. Late Retirement Factors - Update

Jeremy Hughes (JH) presented his paper on the proposed new approach to Late Retirement Factors (LRFs). The committee welcomed the efforts to smooth the transition between current factors and the next.

7. Local Pension Board Survey II - Update

A new, follow up survey for Local Pension Boards was planned. This would build on the 2017 survey.

Agreed - A draft would be circulated to the committee for comment before released.

8. GAD factor review - Update

Mike Scanlon (MS) and Brian Allen (BA) explained the updates to the suite of factors, highlighting that in addition to amended figures in tables there were also so format changes. Revision of discount rates had resulted in an uplift in transfer values compared with previous factors.

Action - Practitioners, in light of Freedom and Choice, were asked to monitor levels of transfers out for information.

9. TPR scheme return – Conditional Data - Update

The tPR governance and administration survey was run at the end of 2018.

10. AOB and date of next meeting

Fair Deal – New Fair Deal – continued protected membership of the LGPS on TUPE transfers would apply. MHCLG statutory consultation will be issued shortly.

The next meeting date was to be confirmed, but likely to be in April 2019.

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